Structural Equation Modeling (SEM) Analysis of Organizational Commitment and Employee Performance in PT. Telekomunikasi Indonesia. Tbk

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Abstract: This research was conducted on telecommunications services companies where the company needs a lot of employees as well as high performance. However, the company's performance declined, so the company's target could not be achieved. The company's lack of targets is thought to be influenced by several factors, including organizational culture, leadership style, job satisfaction and compensation. The purpose of this study is to analyze the influence of organizational culture, leadership style, job satisfaction and compensation on performance with work commitment as intervening variables. The respondents in the study had 225 employees. The data analysis technique used is SEM (Structural equation Modelling) with LISREL program Version 8.

Keywords: Structural equation Modelling (SEM), Organizational Commitment, Employee Performance

I.   Introduction

PT. Telkom manages business through best practices by optimizing superior Human Resources, competitive use of technology, and building synergistic and mutually supportive partnerships. Companies that continue to grow and keep up with the changes that occur in the business environment are companies that will continue to enjoy profitability in the long run. The company has a rapid response rate of change. For a company that is unable to follow and does not respond to changes that occur in its business environment will certainly experience a decrease in both its profitability and the performance of its employees.

According to Sedarmayanti (2011: 260) performance defenisi is a translation of performance which means the work of a worker, a management process or an organization as a whole, where the work must be able to be shown concretely and measurable evidence (compared to the specified standards). In an effort to win global competition, PT. Telkom is actively developing human resources (HR) professionals through certification programs and global talent programs. Pt. Telkom understands that HR has a strategic role and position in achieving its vision to become a global standard company. That's why PT. Telkom continues to develop existing human resources while building good employment relationships with employees. Therefore, employees are required to be more professional in order to achieve the company's goals.

Robbins and Judge (2015) define organizational culture as a shared system of meaning embraced by members that distinguishes the organization from other organizations. Leadership style is a pattern of behavior of a person to influence his subordinates in order to work together to achieve the goal, leadership style is also considered important to improve employee performance. A leader who is able to motivate and direct his subordinates will be very supportive of the company's activity plan. According to Winardi (2007), leadership style is an approach used to understand the success of leadership in relationships where we focus attention on what the leader is doing. Leadership success will be derived from the leadership style that arises when the leader leads his subordinates.

An employee can be said to be satisfied if he or she feels valued or gets the appropriate remunerati ity expected. The satisfaction of an employee will vary. Employees may be satisfied with high salaries or with employees with mediocre salaries but treated well. Organizational commitment is one of the many that will affect employee performance. The commitment can be the willingness of employees to exert maximum capability for the organization. However, so far

employees have not fully worked with their abilities. So the employee's performance is not as expected. The low quality of work is inseparable from the organizational culture that exists in PT. Telkom. So far, the organization's culture has been violated by employees. Among them is the system of value system that exists in PT. telkom for example about the confidentiality of customers' data. often employees provide customer data to others. For example, selling customer data with the total value of savings to other parties.

II.   Literature Review

1.   The Influence of Organizational Culture on Performance

The culture of the organization will have significance for an employee. The culture of the organization that supports making an employee will work to the maximum, providing all his work skills and competencies. Research conducted by Haryati (2013), Ilham (2014) and Anwar (2016) stated that the culture of the organization has a positive and significant effect on employee performance. So when the culture of the organization gets better it will improve employee performance.

2.   The Influence of Leadership Style on Performance

A leader who has good competence and experience in directing his subordinates will be very helpful to the company in achieving the company's goals. The achievement of the company's goals is nothing but improved employee performance. Research conducted by Frans Sudirjo (2012), Siswanto and Hamid (2017), and Lestari and Mariyono (2017) shows that when leadership style has a positive and significant effect on employee performance. Where when the dream style gets better it will improve employee performance.

3.   Effect of Job Satisfaction on Performance

The pleasure of working will make an employee comfortable in completing their tasks and responsibilities. Happy in finding solutions to the problems faced reflects that employee satisfaction of work has been maximized. This will certainly have an impact on improving employee performance. Research conducted by Khairiyah and Annisa (2013), Lestari and Mariyono (2017) and Changgriawan (2017) proved that job satisfaction has a positive and significant effect on employee performance. So it can be concluded that when worker satisfaction is improved it will improve employee performance.

4.   The Effect of Compensation On Performance

Compensation provided by PT. Telekomunikasi Indonesia affects employee performance. Compensation is what can drive employees' performance. Pt. Telekomunikasi Indonesia already provides work compensation such as holiday benefits, but employees are not satisfied with the benefits already provided by the company, employees want other benefits such as old day allowance and meal allowance. Compensation is as a bond of cooperation, job satisfaction, effective procurement, motivation, employee stability, discipline, and influence of trade unions and governments as stated by Hasibuan (2001). To improve employee performance, compensation must be in accordance with the system already planned by the company because the more appropriate the compensation provided by the company then the employee will be more comfortable to stay in the company. Appropriate compensation can also encourage employees to work better so that their performance will improve so that the company can achieve its target. This is supported by previous research conducted by Ririvega Kasenda (2013), which showed that compensation has a significant effect on employee performance with coefficient value is positive.

5.   Organizational Cultural Influence, Leadership Style and Job Satisfaction, Compensation for Employee Performance Through Organizational Commitment

Companies that are able to maximize organizational culture, leadership style and job satisfaction and Employee compensation will certainly have an advantage compared to other companies. These efforts can be made through improving the organization's commitment. So a good organizational culture, attractive leadership style and improved job satisfaction and appropriate compensation will also have a good impact on improving employee performance. Research conducted by Eva Kris Diana Devi (2009), Frans Sudirjo (2012) and Ilham Sugiri (2014) stated that organizational culture, leadership style and job satisfaction have a positive and significant effect on employee performance through organizational commitment.

III.   Methodology

According to Rusiadi (2013: 14), the research approach used in this study is quantitative, i.e. research that aims to know the relationship between two or more variables with this study will be built a theory that serves to explain, predict and

control a symptom. The population in this study is a permanent employee and contract of PT Telekomunikasi Indonesia Medan which numbered 225 people.

Table 1 : List of Employees of PT Telekomunikasi Indonesia Medan

Parts	Amount
Marketting Product (HSI, Datin)	69
Customer service	27
Finance (Managing Financial Operations)	24
HRD (Human Resources Development)	17
Telkom Acceses (Network)	27
Billing and Collection	25
Home Service Delivery	17
Legal CDC (Document Creation for Telkom Project)	19
Total	**225**

Source: PT. Telekomunikasi Indonesia Medan

In a SEM model a latent variable can function as an exogenous variable or an endogenous variable. An exogenous variable is an independent variable that affects dependent variables. In the SEM model the exogenous variable is indicated by the absence of arrows derived from those variables towards the endogenous variable. Where an endogenous variable is a dependent variable that is affected by an independent variable. In the SEM model the exogenous variable is indicated by the arrow leading to that variable. In general a SEM model can be divided into two main parts namely Measurement Model and Strutural Model.

IV.   Results

Evaluation of Normality Assumptions of Evaluation Data On Outliers
The normality of unis and multivariate data used in this analysis was tested using AMOS 22. The results of the analysis can be seen in the Appendix on assessment normality. The reference reference referenced to state the assumption of data normality is the value in the C.R (critical ratio) column.

Estimates of maximum likelihood with structural equation models require some assumptions that must be met by data. These assumptions include the data used having a normal distribution, free of data outliers, and no multicolinearity (Ghozali 2005, 2008). Testing of data normality is carried out by taking into account the skweness and kurtosis values of the indicators and the research variables. The criteria used are critical ratio skewness (C.R) and kurtosis of ± 2.58 at a significance level of 0.01. A data can be concluded to have a normal distribution if the C.R value of kurtosis does not exceed the absolute price of 2.58 (Ghozali, 2005; 2008). The results of this test are demonstrated through the assessment of normality of the AMOS output.

An outlier is an observational condition of a data that has unique characteristics that look very different from other observations and appear in extreme values, either for a single variable or combination variables (Hair et al, 1998). Analysis of outlier data is evaluated in two ways: analysis of univariate outliers and multivariate outliers. Evaluation of univariat outliers is carried out by first converting the value of the data into a standard score or z-score i.e. data that has an average equal to zero and a standard deviation equal to one. Evaluation of the presence of univariate outlier is shown by the size of z score range ± 3 to ± 4 (Hair, et al., 1998).

Table 2 : Normality of Critical Ratio Value Data

Var	Min	max	Skew	c.r.	kurtosis	c.r.
BO1	2,000	10,000	-7,38	- 4,52	2,63	8,07
BO2	3,000	10,000	- 4,89	- 2,99	8,58	2,63
BO3	2,000	10,000	- 7,57	- 4,63	1,75	5,37
BO4	5,000	10,000	- 3,45	- 2,11	- 2,11	- 6,48
BO5	3,000	10,000	- 5,61	- 3,43	1,16	3,55
GK1	6,000	15,000	- 8,10	- 4,96	3,82	1,17
GK2	9,000	15,000	- 3,20	- 1,96	- 6,01	- 1,84

GK3	6,000	15,000	- 7,74	- 4,74	4,00	1,23
GK4	9,000	15,000	- 3,42	- 2,09	- 5,18	- 1,58
K1	4,000	15,000	- 7,97	- 4,88	1,72	5,28
K2	4,000	15,000	- 8,58	- 5,25	2,12	6,50
K3	10,000	25	- 5,64	- 3,45	1,30	3,97
KI1	6,000	15,000	- 2,44	- 1,49	4,64	1,42
KI2	7,000	15,000	- 4,46	- 2,73	6,24	1,91
KI3	3,000	15,000	- 9,30	- 5,69	1,97	6,04
KI4	8,000	15,000	- 5,53	- 3,38	- 3,49	- 1,06
KK1	5,000	15,000	- 3,35	- 2,05	1,64	5,02
KK2	7,000	15,000	- 3,93	- 2,40	1,99	6,11
KK3	5,000	15,000	- 3,32	-2,03	2,58	7,90
KK4	7,000	15,000	- 4,96	- 3,03	3,14	9,62
KO1	6,000	15,000	- 3,20	- 1,96	3,70	1,13
KO2	6,000	15,000	- 6,38	- 3,90	1,13	3,45
KO3	6,000	15,000	- 3,78	- 2,31	4,03	1,23
Multivariate					102,09	225,79

The criteria used are if the score contained in column C.R is greater than 2.58 or smaller than minus 2.58 (-2.58) then it is proven that the distribution of data is normal. The study used a total of 225 observational data, so it can be said that normality assumptions can be fulfilled.

Confirmatory Factor Analysis (CFA)
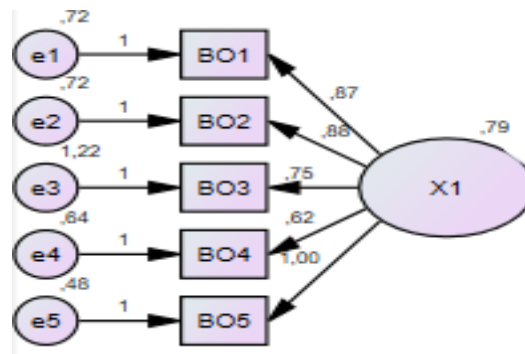1. CFA Cultural Organization Variable

Figure 1: CFA Cultural Organization

All indicators of organizational cultural constructors have significant loading factor values, where the entire loading factor value exceeds the number 0.5. If all construct-forming indicators are already significant then they can be used to represent data analysis.
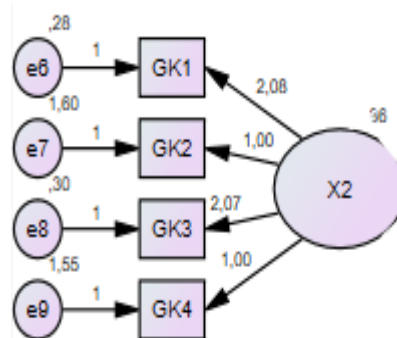
2. CFA Leadership Style Variable

Figure 2: CFA Leadership Style Variable

All leadership style construct-forming indicators have a significant loading factor value, where the entire loading factor value exceeds the number 0.5. If all construct-forming indicators are already significant then they can be used to represent data analysis.
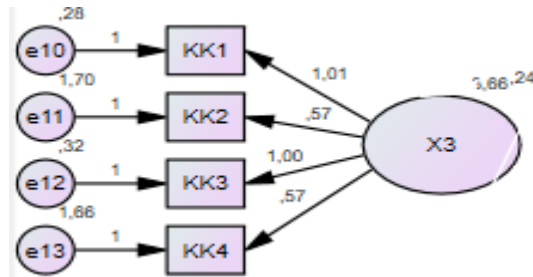
3.   CFA Job Satisfaction Variable

Figure 3: CFA Job Satisfaction

All indicators of job satisfaction construct form have significant loading factor value, where the entire loading factor value exceeds the number 0.5. If all construct-forming indicators are already significant then they can be used to represent data analysis.
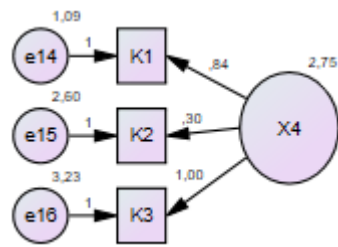
4.   CFA Compensation Variable

Figure 4: CFA Compensation

All compensation construct-forming indicators have a significant loading factor value, where the entire loading factor value exceeds the number 0.5. If all construct-forming indicators are already significant then they can be used to represent data analysis.

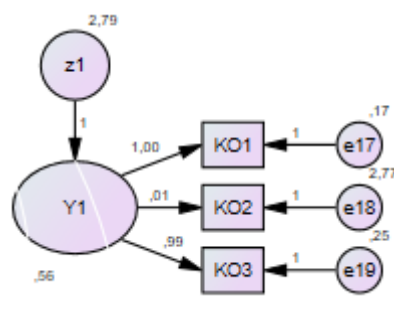5.   CFA Organizational Commitment Variable

Figure 5: CFA Organizational Commitment Variable

All indicators of construct-forming firs Commitment Organisai have a significant loading factor value, where the entire loading factor value exceeds the number 0.5. If all construct-forming indicators are significant then they can be used to represent data analysis.
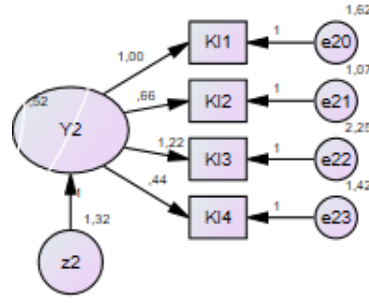
6. CFA Performance Variable

Figure 6: CFA Performance

All indicators of construct-forming firs Performance have significant loading factor values, where the entire loading factor value exceeds the number 0.5. If all construct-forming indicators are already significant then they can be used to represent data analysis.
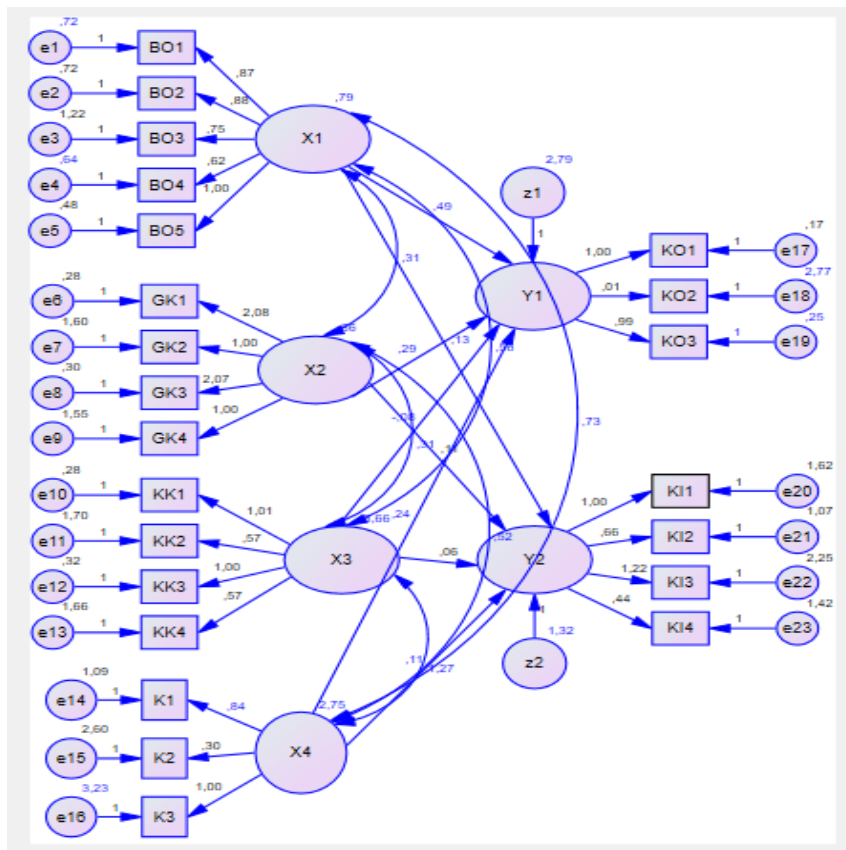
Goodness of Fit Model

Figure 7: AMOS Output Framework

Direct Effects, Indirect Effects and Total Effects

The amount of influence of each standardized direct effect and the standardized total effect can be shown in the following table:

Table 3: *Standardized Direct Effects*

	X_4	X_3	X_2	X_1	Y_2	Y_1
Y_2	,155	,099	,081	,097	,000	,000
Y_1	,211	-,080	,147	,237	,000	,000
K_1	,801	,000	,000	,000	,000	,000
K_2	,299	,000	,000	,000	,000	,000
K_3	,678	,000	,000	,000	,000	,000
KK_4	,000	,644	,000	,000	,000	,000
KI_4	,000	,000	,000	,000	,408	,000
KI_3	,000	,000	,000	,000	,702	,000
KI_2	,000	,000	,000	,000	,612	,000
KI_1	,000	,000	,000	,000	,689	,000
KO_3	,000	,000	,000	,000	,000	,965
KO_2	,000	,000	,000	,000	,000	,006
KO_1	,000	,000	,000	,000	,000	,976
KK_1	,000	,964	,000	,000	,000	,000
KK_2	,000	,639	,000	,000	,000	,000
KK_3	,000	,960	,000	,000	,000	,000
GK_1	,000	,000	,964	,000	,000	,000
BO_1	,000	,000	,000	,672	,000	,000
GK_2	,000	,000	,591	,000	,000	,000
GK_3	,000	,000	,962	,000	,000	,000
GK_4	,000	,000	,598	,000	,000	,000
BO_2	,000	,000	,000	,678	,000	,000
BO_3	,000	,000	,000	,517	,000	,000
BO_4	,000	,000	,000	,571	,000	,000
BO_5	,000	,000	,000	,789	,000	,000

Source: Amos Output

The results of direct influence on the table above can be spelled out as follows:
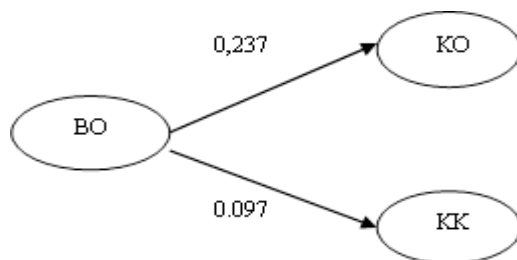

Figure 8: *Dirrect Effect Organizational Culture*

Organizational Culture has no direct effect on organizational commitment and employee performance that has a value of 0.237 >0.05, and 0.097>0.05.
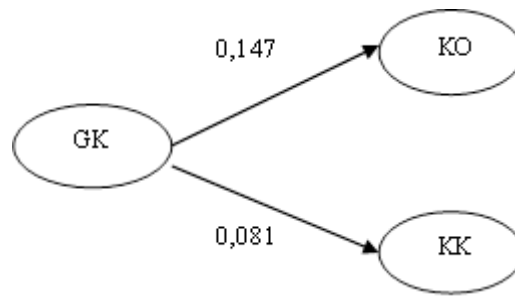
Figure 9: *Dirrect Effect Leadership Style*

Leadership Style has no direct effect on organizational commitment and employee performance that has a value of 0.147>0.05, and 0.081>0.5.
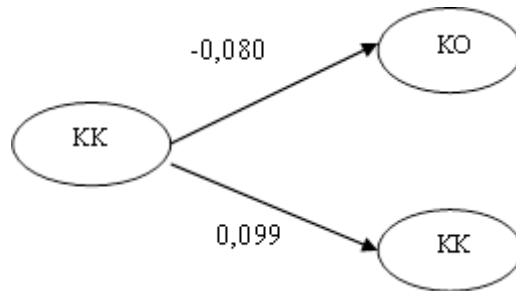

Figure 10: *Dirrect Effect Job Satisfaction*

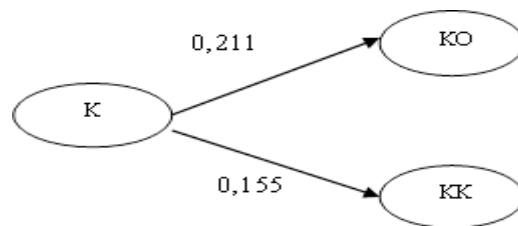Job Satisfaction directly affects Commitment -.080 <0.05

Figure 11: *Dirrect Effect Compensation*

Compensation has no direct effect on organizational commitments and employee performance that has a value of 0.211>0.05, and 0.155>0.05.

Table 4: *Standardized Indirect Effects*

	X_4	X_3	X_2	X_1	Y_2	Y_1
Y_1	,000	,000	,000	,000	,000	,000
Y_2	,044	-,017	,031	,052	,000	,000
K_1	,000	,000	,000	,000	,000	,000
K_2	,000	,000	,000	,000	,000	,000
K_3	,000	,000	,000	,000	,000	,000
KK_4	,000	,000	,000	,000	,000	,000
KI_4	,057	,043	,034	,038	,090	,000
KI_3	,098	,075	,059	,065	,156	,000
KI_2	,085	,064	,051	,056	,134	,000
KI_1	,093	,071	,056	,062	,148	,000
KO_3	,193	-,072	,135	,224	,000	,000
KO_2	,001	-,001	,001	,002	,000	,000
KO_1	,201	-,075	,141	,233	,000	,000
KK_1	,000	,000	,000	,000	,000	,000
KK_2	,000	,000	,000	,000	,000	,000

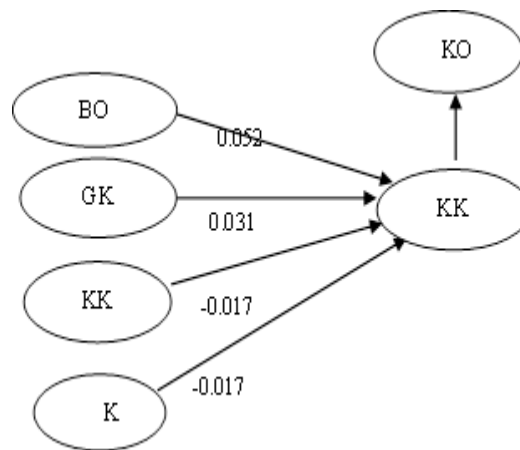|						
KK_3	,000	,000	,000	,000	,000	,000
GK_1	,000	,000	,000	,000	,000	,000
BO_1	,000	,000	,000	,000	,000	,000
GK_2	,000	,000	,000	,000	,000	,000
GK_3	,000	,000	,000	,000	,000	,000
GK_4	,000	,000	,000	,000	,000	,000
BO_2	,000	,000	,000	,000	,000	,000
BO_3	,000	,000	,000	,000	,000	,000
BO_4	,000	,000	,000	,000	,000	,000
BO_5	,000	,000	,000	,000	,000	,000

Figure 12: *Indirrect Effect through Employee Performance*

1. Organizational Culture affects organizational commitment through employee performance
2. Leadership Style influences organizational commitment through employee performance
3. Job Satisfaction affects the Organization's Commitment through Employee Performance
4. Compensation affects the Organization's Commitment through Employee Performance

Table 5: Standardized Total Effects

	X_4	X_3	X_2	X_1	Y_2	Y_1
BO_1	,000	,000	,000	,674	,000	,000
BO_2	,000	,000	,000	,677	,000	,000
BO_3	,000	,000	,000	,516	,000	,000
BO_4	,000	,000	,000	,572	,000	,000
BO_5	,000	,000	,000	,789	,000	,000
GK_1	,000	,000	,964	,000	,000	,000
GK_2	,000	,000	,591	,000	,000	,000
GK_3	,000	,000	,962	,000	,000	,000
GK_4	,000	,000	,598	,000	,000	,000
K_1	,803	,000	,000	,000	,000	,000
K_2	,295	,000	,000	,000	,000	,000
K_3	,680	,000	,000	,000	,000	,000
KI_1	,093	,071	,056	,062	,148	,676
KI_2	,085	,064	,051	,056	,134	,614
KI_3	,098	,075	,059	,065	,156	,712
KI_4	,057	,043	,034	,038	,090	,412

KK$_1$	,000	,965	,000	,000	,000	,000
KK$_2$	,000	,639	,000	,000	,000	,000
KK$_3$	,000	,959	,000	,000	,000	,000
KK$_4$	,000	,644	,000	,000	,000	,000
KO$_1$	,201	-,075	,141	,233	,992	,000
KO$_2$	,001	-,001	,001	,002	,007	,000
KO$_3$	,193	-,072	,135	,224	,950	,000
Y$_1$	,203	-,076	,142	,235	,000	,000
Y$_2$	,138	,105	,083	,091	,219	,000

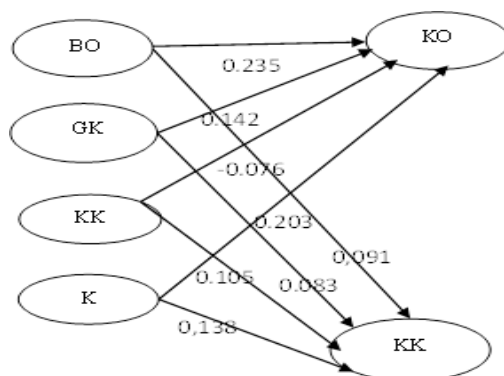The total impact results in the table above can be spelled out as follows:

Figure 13: Total Effect

Based on the above image it is known that, all exegenous variables affect endegenous in total. The total impact results showed that the largest total influence on the Organization's Commitment was the Organising Culture of 0.235 and the largest influence in total on the Organization's Commitment was Compensation of 0.203.

V.   Conclusion

1. There is a significant influence of Organizational Culture on Organizational Commitment, where the probability value is 0> 0.05
2. There is a significant effect of Compensation on Organizational Commitment, where the probability value is 0 < 0.05
3. There is a significant effect of Compensation on Employee Performance, where the probability value is 0 > 0.05
4. There is a significant influence of Leadership Style on Organizational Commitment, where the probability value is 0 > 0.05
5. There is a significant influence of Organizational Culture on Employee Performance, where the probability value is 0> 0.05
6. There is a significant influence of Leadership Style on Employee Performance where the probability value is 0> 0.05
7. There is an insignificant effect of Job Satisfaction on organizational commitments where the value is 0.267>0.05
8. There is an insignificant effect of Job Satisfaction on Employee Performance with a probability value of 0.260<0.05

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