



Effect of Compensation and Organizational Culture on Spirit of Work and Its Impact on Employee Performance at PT Mopoli Raya Medan

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ABSTRACT

The purpose of this study was to determine the effect of compensation and organizational culture on morale and its impact on employee performance at PT Mopoli Raya Medan. This study used a quantitative descriptive method. The population and sample in this study are permanent employees in all parts of PT Mopoli Raya Medan, amounting to 50 respondents. The sampling technique used is nonprobability sampling. This study uses path analysis which consists of two equations. The results of the study showed two path structural sub-structural equations, namely $Y1 = 3.817 + 0.510X1 + 0.300X2 + 0.658$ and $Y2 = 2.934 + 0.299X1 + 0.352X2 + 0.292Y1 + 0.616$. The first sub-structural equation explains that compensation variables and organizational culture have a positive and significant effect on work morale both partially and simultaneously, which partially or directly compensation variables have a more dominant influence on work morale than organizational culture variables with their respective contributions amounting to 0.510 and 0.300. Furthermore, the second sub-structural equation explains that compensation variables, organizational culture, and work morale have a positive and significant effect on employee performance both partially and simultaneously, which partially or directly compensation variables have a more dominant influence on employee performance compared to organizational culture variables and work morale with contributions of 0.510, 0.300 and 0.292 respectively. As well as simultaneous compensation variables, organizational culture and morale influence on employee performance by 62% and the remaining 38% is influenced by other variables.

Keywords: Compensation, Organizational Culture, Spirit of Work, and Employee Performance

JEL Classifications: C30, O15, O25

1. INTRODUCTION

Organizations or agencies in implementing programs that have been given by the company always aim to achieve organizational goals. One way is to improve employee performance. In an organization a system is needed that can support the performance of the employee. One of them is high morale. The spirit of work is a condition that must exist when acting the work process/process wants to run smoothly. With the high morale, the organizational goals can be achieved according to plan. A high work spirit will have a positive impact on the company, namely the attitude of wanting to fully work, concentration on his work and utilizing the skills he has. Conversely, low work morale will harm the

company such as high absenteeism, employee movement, and low performance.

In company employees is one of the most important resources. Employees function as executors in achieving company goals, even facilities in the form of awkward machines or equipment also require labor as the operator. By using a variety of work facilities, employees can do every job better to increase morale. In improving the performance of its employees the company must do ways that can encourage employees to work optimally. One of these methods is by providing compensation. Satisfaction with compensation can influence employee behavior to work more passionately and spur high performance. This is expected to form a pattern of good

relations between employees and companies where employees will think that the company where they work can understand and know the necessities of life that are the trigger why they work.

In addition to compensation, things that can affect performance to be better are organizational culture. Organizational culture is a system of disseminating trust and values that develops in an organization and directs the behavior of its members. Organizational culture can be the main instrument of competitive advantage, that is if the organizational culture can answer or overcome environmental challenges quickly and precisely.

Therefore, PT. Mopoli Raya as one of the companies engaged in the plantation sector with a high level of competition among similar companies engaged in the same field needs to improve the performance of their employees through a process that is realized by providing compensation to their employees who will eventually be expected to accumulate increases the performance of its employees in the company as a whole which can be a bargaining value for PT Mopoli Raya to compete with other companies in the plantation sector. In addition to compensation, organizational culture is also one of the problems considered for PT Mopoli Raya. Organizational culture that is not too good can have an impact on employee performance results that are not in line with company expectations.

So from the description above we can see that performance is a problem that must get serious attention from the company, because of increased performance it will not happen by itself, but there must be effort and role from both the company and the employees themselves. One way to be able to improve employee performance is by establishing a method of fair and decent compensation to these employees for the work performance they achieve and an understanding of the organization's culture of employees that is applied by the company. Thus the provision of compensation in the company must be properly regulated, so that it can be accepted by both parties. So in developing and implementing a certain compensation system the interests of the organization and the interests of its employees are absolutely to be taken into account. Based on the description above, the researcher was interested in conducting a study on "The Effect of Compensation and Organizational Culture on Work Enthusiasm and Its Impact on Employee Performance at PT Mopoli Raya."

2. LITERATURE REVIEW

Definition of compensation, according to Hasibuan (2012. p. 118), argues that: "Compensation is all income in the form of money, goods directly or indirectly received by employees as a reward for what is given to the company." According to Martoyo (2007. p. 116), argues that: "Compensation is the overall arrangement of giving remuneration for employers and employees both directly in the form of money (financial) or indirectly in the form of non-money." According to Wibowo in Subekhi and Jauhar (2012. p. 176), argued that: "Compensation is a counter-achievement against the use of energy or service provided by the workforce." According to Sunyoto in Akhmad Subekhi and Jauhar (2012. p. 176), stated that: "Compensation is all forms of financial returns

or returns, tangible services, and objectives obtained by employees as a staffing relationship."

Compensation can be related to many things such as job satisfaction, employee commitment, and employee performance. Compensation is all forms of compensation both financial and non-financial provided by the company to employees as a form of work relationship between the company and the employee (Gary, 2017).

According to Griffin and Gregory in Tubagus (2015. p. 234) organizational culture is a group of shared values, often taken for granted, which helps people in an organization to understand what actions are considered acceptable and which ones are considered unacceptable.

According to Wirawan in Tubagus (2015. p. 234) organizational culture is a characteristic of organizations, not individual members. If the organization is equated with humans, then the organizational culture is the personality or personality of the organization. According to Soetopo in Tubagus (2015. p. 241) organizational culture deals with beliefs, assumptions, values, norms of behavior, ideology, attitudes, habits and expectations that are owned by the organization. According to Andrew J. DuBrin in Tubagus (2015. p. 243) organizational culture is a system of shared values and beliefs that influence worker behavior.

According to Halsey in Listyanti (2014. p. 4) work morale is "the attitude of willingness of feelings that enables an employee to produce more and more work without increasing fatigue, which causes employees to enthusiastically participate in group activities and efforts work, and make employees not easily affected by outside." According to Badriyah (2013. p. 242) work morale is "the condition of someone who supports himself to do work faster and better in a company." According to Moekijat in Nugraha (2013. p. 3) work morale is "the ability of a group of people to cooperate actively and consequently in pursuing a common goal." According to Hasibuan (2012) work morale is "the desire and sincerity of someone doing a good job and disciplined to achieve maximum work performance."

According to Colquitt, et al. In Wibowo (2014. p. 2) states that employee performance is a series of employee behaviors that contribute, both positively and negatively to the completion of organizational goals. According to Cascio in Wibowo (2014. p. 2) looking at performance is a way to ensure that individual workers or teams know what is expected of them and they remain focused on effective performance by paying attention to goals, measures and judgments.

According to Gibson et al. In Wibowo (2014. p. 2) performance is the result of work related to organizational goals such as quality, efficiency and other criteria of effectiveness. According to Tubagus (2015. p. 105) performance is the existence of an action or activity that is displayed by a person in carrying out certain activities that are his duty.

2.1. Conceptual Framework

Compensation is all income in the form of money, goods directly or indirectly received by employees in return for services provided to the company. Frame of thinking is presented in Figure 1.

Organizational culture is a behavior that can influence the way people behave, how to describe their work, how to work with their colleagues, and how to view their future with broad insights determined by norms, values, and beliefs. The spirit of work is the condition of someone who supports himself to do work faster and better in a company. Performance is a way to ensure that individual workers or teams know what is expected of them and they remain focused on effective performance by paying attention to goals, measures and judgments.

3. RESEARCH METHODOLOGY

This research was conducted in January 2017 until July 2017. The population in this study were all employees at PT Mopoli Raya Medan, which numbered 50 employees. The sampling method uses saturated sampling, where this sample is used if all members of the population are used as samples, which are based on the existence of certain objectives and remain in touch with research problems. The data analysis technique used is path analysis after fulfilling the classical assumptions concerning the normality of multicollinearity,

and heterocedasticity. Drawing conclusions on hypotheses is done by t test and F test at the 5% significance level. The entire tabulation and processing of data uses SPSS version 18 software.

4. RESEARCH RESULTS AND DISCUSSION

The structural equation of the path diagram is as follows:

$$Y1 = 3.817 + 0.510X1 + 0.300X2 + 0.658$$

$$Y2 = 2.934 + 0.299X1 + 0.352X2 + 0.292Y1 + 0.616$$

The value of a constant for Y1 is 3.817, for Y2 the constant value of a is 2.934. The value of b3X1 is 0.510, the value of b4X2 is 0.300, and the value of e1 is 0.658. The value of b1X1 is 0.299, the value of b5X2 is 0.352, the value of b6Y1 is 0.292, and the value of e2 is 0.616 (Tables 1 and 2).

The value of b3X1 shows the magnitude of the effect of variable X1 (Compensation) on the value of variable Y1 (Work

Figure 1: Framework of thinking

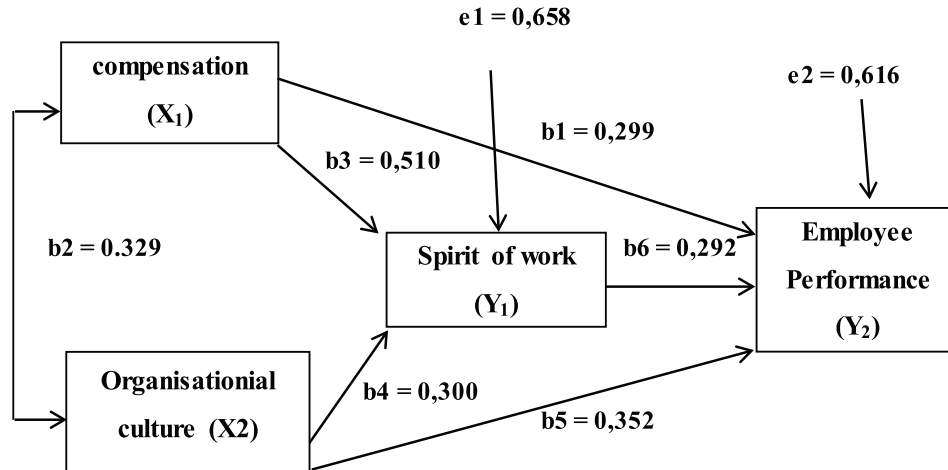


Table 1: Regression coefficient compensation, organizational culture to spirit of work

Model	Coefficients ^a				
	Unstandardized coefficients		Standardized coefficients	t	Sig.
	B	Std. error	Beta		
1 (Constant)	3.817	1.859		2.054	0.046
Total compensation	0.342	0.091	0.510	3.762	0.000
Total_Organizational culture	0.261	0.118	0.300	2.211	0.032

^aDependent Variable: Total Spirit of Work. Source: Research Results, 2017 (Data Processed)

Table 2: Regression coefficient compensation, organizational culture, and spirit of work to employee performance

Model	Coefficients ^a				
	Unstandardized coefficients		Standardized coefficients	t	Sig.
	B	Std. error	Beta		
1 (Constant)	2.934	1.238		2.369	0.022
Total_Compensation	0.231	0.109	0.299	2.124	0.039
Total_Organizational Culture	0.186	0.062	,352	2.987	0.005
Total_Spirit of Work	0.219	0.088	,292	2.487	0.017

^aDependent Variable: Total_Employee Performance. Source: Research Results, 2017 (Data Processed)

Spirit). This influence means if compensation is increased or reduced, then morale will increase or decrease by 0.510. The value of b4X2 shows the magnitude of the influence of X2 (Organizational Culture) on the value of variable Y1 (Work Spirit). This influence has meaning if the organizational culture is increased or reduced, then the morale will increase or decrease by 0.300.

The value of b1X1 shows the magnitude of the effect of variable X1 (Compensation) on the value of variable Y2 (Employee Performance). This influence means that if compensation is increased or reduced, then the employee's performance will increase or decrease by 0,299. The value of b5X2 shows the magnitude of the effect of variable X2 (Organizational Culture) on the value of variable Y2 (Employee Performance). This influence has meaning if the organizational culture is increased or reduced, then the employee's performance will experience an increase or decrease of 0.352. The value of b6Y1 shows the magnitude of the effect of variable Y1 (Work Spirit) on the value of variable Y2 (Employee Performance). This influence has meaning if the work spirit is increased or reduced, then the employee's performance will increase or decrease by 0.292.

This partial test aims to see the effect of independent variables, namely compensation and organizational culture partially on employee performance with morale as an intervening variable.

The results of the t test are obtained as below following in Table 3.

4.1. First Sub-structural

Compensation t count is 3.762 while t table = 2.012 means t count >t table. The significance level is 0.000 <0.05 so that it can be concluded that significant compensation for morale. This proves that H1 is accepted.

The t count of organizational culture is 2.211 while t table = 2.012 means t count > t table. The significance level is 0.032 <0.05 so that it can be concluded that the organizational culture is significant towards work morale. This proves that H2 is accepted.

4.2. Sub-structural Second

Compensation t count is 2.124 while t table = 2.012 means t count >t table. Significance level 0.039 <0.05 so that it can be concluded that significant compensation for employee performance. This proves that H4 is accepted (Table 4).

The t count of organizational culture is 2.987 while t table = 2.012 means t count >t table.

Significance level of 0.005 <0.05 so that it can be concluded that organizational culture is significant towards employee performance. This proves that H5 is accepted.

The t count of work morale is 2.487 while t table = 2.012 means t count >t table. Significance level of 0.017 <0.05 so that it can be concluded that morale is significant for employee performance. This proves that H6 is accepted.

F Test Results

To test this hypothesis used F statistics with decision-making criteria if the value of F count is greater than F table then H0 is rejected and H3, H7 is accepted. The effect of independent variables on the dependent variable will be tested at a significance level (α) of 5% (Table 5).

For the first sub-structural, it was found that F count of 30.732 was greater than the value of F table = 2.807 and the significance of 0.000. The comparison value between F count and F table proves simultaneously that compensation and organizational culture together influence the morale of PT Mopoli Raya Medan (Table 6).

For the second sub-structural, it is found that F count of 25.028 is greater than the value of F table = 2.807 and the significance of 0.000. The comparison value between F count and F table proves simultaneously that compensation, organizational culture, and work morale jointly influence the performance of employees at PT Mopoli Raya Medan. Determination Coefficient (R-Square) (Table 7).

Table 3: Partial test results (Uji t) path analysis first sub-structure

Model		t	Sig.
1	(Constant)	2.054	0.046
	Total_Compensation	3.762	0.000
	Total_Organizational culture	2.211	0.032

^aDependent Variable: Total_Spirit of Work. Source: Research Results, 2017 (Data Processed)

Table 4: Partial test results (Uji t) path analysis sub-structure second

Model		t	Sig.
1	(Constant)	2.369	0.022
	Total_Compensation	2.124	0.039
	Total_Organizational culture	2.987	0.005
	Total_Spirit og work	2.487	0.017

^aDependent Variable: Total_Employee Performance. Source: Research Results, 2017 (Data Processed)

Table 5: Results of the first F sub structure test

ANOVA ^b						
Model		Sum of squares	df	Mean square	F	Sig.
1	Regression	224,190	2	112,095	30.732	0.000 ^a
	Residual	171,430	47	3647		
	Total	395,620	49			

a. Predictors: (Constant), Total_Organizational Culture, Total_Compensation.

b. Dependent Variable: Total_Spirit of Work. Source: Research Results, 2017 (Data Processed)

Table 6: Results of the second F sub structure test

ANOVA ^b						
Model		Sum of squares	df	Mean square	F	Sig.
1	Regression	371,823	3	123,941	25.028	0.000 ^a
	Residual	227,797	46	4952		
	Total	599,620	49			

a. Predictors: (Constant), Total_Spirit of Work, Total_Organizational Culture, Total_Compensation. b. Dependent Variable: Total_Employee Performance. Source: Research Results, 2017 (Data Processed)

Testing the coefficient of determination (R^2) is used to measure the effect of independent variables on the dependent variable (Table 8). Conversely, if R^2 gets smaller (close to zero), it can be said that the influence of independent variables on the dependent variable is getting smaller. For the first sub-structural value of Adjusted R Square is 0.567. The magnitude of the coefficient of determination is 0.567 or equal to 56.7%, which means that 56.7% changes in work morale can be explained by compensation and organizational culture while the remaining 43.3% can be explained by other factors not included in this study such as work discipline and work environment. For the second sub-structural, the Adjusted R Square value is 0.620. The magnitude of the coefficient of determination is 0.620 or equal to 62%, which means 62% changes in employee performance can be explained by compensation, organizational culture, and morale while the remaining 38% can be explained by other factors not included in this study such as work and environmental discipline work.

5. DISCUSSION

Partially the compensation variable (X1) has a positive and significant influence on work morale, where the results of the research are obtained that the value is $3.762 > 2.012$, and the significance level of t count is $0.000 < 0.05$. This shows that partially and significantly compensation affects work morale. These results are in line with the research of Danti and Fajarrini (2014), explaining that compensation has a positive effect on morale. The spirit of work in question is a desire that comes from within the individual to complete a job, the desire will arise if there is a trigger or a trigger factor for the desire can be realized. Everyone want to fulfill they need. Everyone partially the organizational culture variable (X2) has a positive and significant influence on work morale, where the results of the study show that the value is $2.211 > 2.012$, and the significance level of t count is $0.032 < 0.05$. This shows that partially and significantly organizational culture influences work morale. These results are in line with Slamet's (2015) research, explaining that organizational culture has a positive effect on morale.

Partially the compensation variable (X1) has a positive and significant influence on employee performance, where the

Table 7: Test results for the determinant coefficient (R^2) of the first sub-structure

Model	R	R square	Adjusted R square
1	0.753 ^a	0.567	0.548

a. Predictors: (Constant), Total_Organizational Culture, Total_Compensation.

b. Dependent variable: Total_Spirit of Work. Source: Research Results, 2017 (Data Processed)

Table 8: Test results for the determinant coefficient (R^2) of the second sub-structure

Model	R	R square	Adjusted R square
1	0.787 ^a	0.620	0.595

^aPredictors: (Constant), Total_Spirit of work, Total_Compensation, Total_Organizational culture. ^bDependent variable: Employee performance. Source: Research Results, 2017 (Data Processed)

results of the study show that the value is $2.124 > 2.012$, and the significance level of t count is $0.039 < 0.05$. This shows that partially and significantly compensation affects employee performance. These results are in line with the research of Jesslyn and Andreani (2017), explaining that compensation has a positive effect on employee performance.

Partially the Organizational Culture variable (X2) has a positive and significant influence on employee performance, where the results of the study show that the value is $2.987 > 2.012$, and the significance level of t count is $0.005 < 0.05$. This shows that partially and significantly organizational culture influences employee performance. These results are in line with Nanda's (2017) research, explaining that organizational culture has a positive effect on employee performance.

Partially the morale variable (Y1) has a positive and significant influence on employee performance, where the results of the study show that the value is $2.487 > 2.012$, and the significant level of t count is $0.017 < 0.05$. This shows that partially and significantly the morale influences employee performance. These results are in line with Abdul's research, explaining that work morale has a positive effect on employee performance.

The results of the hypothesis on the F test (simultaneous) also prove that the compensation and organizational culture simultaneously have an influence on work morale can be seen from the value of F count $> F$ ta amounting to $30,732 > 2,807$. This is in accordance with the results of Fajarrini and Slamet's research stating that compensation and organizational culture simultaneously have a significant effect on morale. Also connect with the result of Igor research there is significant effect of compensation to teachers' spirit at work.

Compensation and organizational culture both have a relationship and a positive influence on work morale with Adjusted R Square value of 56.7% while the remaining 43.3% can be explained by other factors not included in this study.

The results of the hypothesis on the F test (simultaneous) also prove that the compensation, organizational culture, and morale together have an influence on employee performance can be seen from the value of F count $> F$ table of $25.028 > 2.807$. This is consistent with the results of Jesslyn, Nanda and Abdul's research which stated that compensation, organizational culture, and work morale simultaneously had a significant effect on employee performance.

Compensation, organizational culture, and work morale together have a relationship and a positive influence on employee performance with adjusted R square value of 62% while the remaining 38% can be explained by other factors not included in this study.

6. CONCLUSIONS AND SUGGESTIONS

Based on the results of the analysis and discussion that has been done, it can be concluded that:

- Compensation has a direct contribution or influence on morale at PT Mopoli Raya Medan

- b. Organizational culture has a contribution or direct influence on morale at PT Mopoli Raya Medan
- c. Compensation and organizational culture together have a contribution or direct influence on morale at PT Mopoli Raya Medan
- d. Compensation has a direct contribution to the performance of employees at PT Mopoli Raya Medan
- e. Organizational culture has a contribution or direct influence on employee performance at PT Mopoli Raya Medan
- f. The spirit of work has a contribution or direct influence on the performance of employees at PT Mopoli Raya Medan
- g. Compensation, organizational culture, and work morale together have a contribution or direct influence on employee performance at PT Mopoli Raya Medan
- h. Compensation has a direct effect on employee performance at PT Mopoli Raya Medan through morale as an intervening variable.
- i. Organizational culture has a direct effect on employee performance at PT Mopoli Raya Medan through morale as an intervening variable.

The following are some suggestions for companies that can be given based on the results and conclusions that already exist are as follows:

- a. Compensation has a more dominant influence than organizational culture on work morale, which means that compensation variables have more influence in forming morale in employees of PT Mopoli Raya Medan. Therefore, companies need to pay more attention to the level of compensation given to each of their employees.
- b. Compensation variable and organizational culture through work morale as an intervening variable provide a more dominant direct influence on employee performance at PT Mopoli Raya Medan compared to its indirect influence on employee performance variables. Therefore, the company in order to further increase the morale of employees is to pay attention to whether the company culture is good enough to meet the criteria in giving enthusiasm to its employees and provide compensation that is in accordance with the quality of each employee.
- c. It is important for companies to consider the effect of the results on each employee. because the statement above is in the organizational culture variable by having the lowest weighting score of 158, so that if the effects of these results are considered so that the results are positive or negative,

the company has been able to plan a strategy in anticipation so that employees do not feel disadvantaged over the results taken by company.

- d. For further researchers need to pay attention to other variables that might be included in the model or look for different research objects to see results that might be used as a comparison material.

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