

THE INFLUENCE OF COMPENSATION AND CONFLICT OCCUPATIONAL TO THE PERFORMANCE OF COOPERATIVE MANAGEMENT IN EASTERN KALIMANTAN PROVINCE – INDONESIA WITH ORGANIZATIONAL COMMITMENT AS INTERVENING VARIABLES

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ABSTRACT

This study is intended to test and analyze the influence compensation, organizational of culture, occupational conflict to organizational commitment and performance cooperative management. The study found out that compensation has no significant influence to organizational commitment, organizational culture has significant influence to organizational commitment, compensation has no significant influence to performance cooperative management, occupational conflict has significant influence to performance cooperative management and organizational commitment has significant influence to performance cooperative management. The study used 120 persons of cooperative management on East Kalimantan as the respondents and used stratified random sampling method. The data was collected by using questionnaires and analyzed by Structure Equation Modeling (SEM) using SmatPLS program.

Keywords: 1) Compensation 2) Occupational Conflict 3) Organizational Commitment 4) Performance Cooperative Management

1. Introduction

The strategic role of the management in the cooperative institution is expected to provide added value and the success benchmark of cooperative institution. The success of the cooperative in achieving its goal becomes the benchmark of cooperative management performance. Sutrisno (2007, p. 170), there are two types of work duties that include the essential elements of performance namely, functional tasks and task behaviors. Functional tasks relate to how well an employee completes a job, including completing the technical aspects of the occupational. Behavioral assignments relate to how well the employees handle interpersonal activities with other members of the organization, including resolving conflicts, managing time, empowering others, working in a group and working independently. To achieve the performance of cooperative management as expected, then many factors that influence it, including: compensation, organizational culture, conflict between work and organizational commitment. Compensation is a factor affecting performance. The appropriate compensation is expected to create a commitment, since the magnitude of compensation is a measure of one's performance, Therefore, if a compensation system is provided fairly, it will encourage a person to do better in his occupational and be more accountable for each assigned task. The purpose of compensation is to undertake, among others, to honor one's achievements and ensure justice.

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Whether hourly wages or periodic salaries, the personal department usually designs and administers employee compensation. Inter-occupational conflicts can be measured based on theories of Boles, Howard and Donofrio (2001), conflicting employment indicators are: 1. The working pressure (how much work pressure interferes with the health of cooperative management); 2. The number of task demands (cooperative management overwork); 3. The busy activity for working (cooperative management has a high level of activity); 4. The conflicts of commitment and responsibility of work (the desire to resign from duties and responsibilities in the cooperative institution). Organizational commitment to cooperatives is not just loyalty to cooperatives but it is also a process of working, for instance; the cooperative managers express his concern for cooperatives achieved the success or the high achievement. Commitment of cooperative management showed as a form of mutual commitment relationship that achieve benefits goal for each element (board, member and cooperative)

This study will develop and test a simultaneous conceptual model consisting of variables, namely: compensation, organizational culture, conflicts among occupational as exogenous variables and organizational commitment and management performance as endogenous variables.

2. Literature review

Cooperative Institution

According to the Law of the Republic of Indonesia no. 17 Year 2012, the Cooperative Institution is a legal entity established by an individual or a legal entity of the Cooperative, with the separation of its members' assets as capital to run the business, fulfilling the shared aspirations and needs in the economic, social and cultural fields in accordance with the values and principles of the Cooperative. Abrahamson in Ropke (2012, p. 13) defines a cooperative is a business entity owned by members, who is a service user. This fact distinguishes cooperatives from business entities (companies) other forms whose owners, basically the investors (investors). ILO in Baswir (2000, p. 2), the cooperative is a gathering of people, usually who have limited economic capacity, through a form of democratically controlled corporate organization, each contributing equally to the required capital, and willing to risk and receive the rewards that are appropriate to the business they undertake.

Performance

Bernardin and Russel in Viswesvaran and Ones (2000, p. 222), states "performance is defined as the record of outcomes produced on a specified occupational function or activity during a time period". It can be interpreted that performance is likely to be seen as a result of a work process whose measurement is done within a certain period of time. Brumbrach in Armstrong (2006, p. 498), "performance means both behaviors' and results. Behaviors emanate from the performer and transform performance from abstraction to action. Not just the instruments for results, behaviors are also outcomes in their own right - the product of mental and physical effort applied to tasks - and can be judged apart from results ". Understanding the performance of Brumbrach can be explained that the performance can be interpreted as the result and behavior as part of the work because the behavior is important because it will affect the work Performance means an act, a performance or a general appearance of a skill. Mangkunegara (2011, p. 97), said that the term performance comes from the word "occupational performance" or "actual performance" is the actual performance or achievement achieved by a person in performing tasks in accordance with the responsibilities given to him. Baron and Greenberg (1990) in Armanu (2005, p. 69) suggests that performance in individuals is also called occupational performance, work outcomes, task performance.

Organizational Commitment

Newstrom and Davis (2002, p. 211), organizational commitment is one's involvement to the organization, can be seen as follows: organizational commitment is the degree to which an employee identifies with the organization and wants to continue actively participating in it. Further explained, organizational commitment is the desire of employees to stay afloat to work on the company until the future. It illustrates the employee's confidence in the company's mission and objectives, the desire to excel and keep working on what matters to a company in creating its sustainability. Mowday et al., (1982, p. 27) organizational commitment as the relative strength of an individual identification with and involvement in a particular organization. Organizational commitment is a relatively strong individual identification of the organization and its involvement with the organization. It further explained that organizational commitment is an important behavioral dimension that can be used to assess employees' propensity to survive as members of an organization Allen and Meyer (1997, p. 76) formulates a definition of commitment in organizing as a psychological construct that is characteristic of the relationship of members of the organization to its organization and has implications for individual decisions to continue membership in organizing.

Compensation

Dessler (2003, p. 350) says that employee compensation means all forms of payroll or reward that flow to employees or arise from their employment. Mondy (2008, p. 4), interpreting compensation is the total reward received by employees in lieu of services already provided to the organization. According to Schuller, Jackson and Werner (2011, p. 112), total compensation is a reward of money and not money given to employees. Schuller et al., (2011, p. 112) uses the term total compensation as an activity in which the organization assesses the contribution of workers to be exchanged for monetary and non-monetary rewards based on organizational capability and legal requirements.

Inter- Occupational Conflicts

According to Robbins (2003, p. 306) defines conflict as a situation in which the individual (someone) is faced with the expectations of different roles. Thus, conflicts arise when the individual in a particular role is confused by the demands of work or the necessity to do something different from what he wants or that is not part of his field of work.

Greenberg and Baron (2003, p. 24) suggests that conflict occurs as a process that one party or one group perceives there are other parties or groups who have taken or will take negative actions that will affect the group's main goals.

Mangkunegara (2008, p. 22) conflict is a contradiction that occurs between what is expected by someone for himself, others, people with the reality which is expected. Conflict is a situation whereas two or more people want goals that their perception can be achieved by one of them, but that is impossible for both.

3. Hypotheses

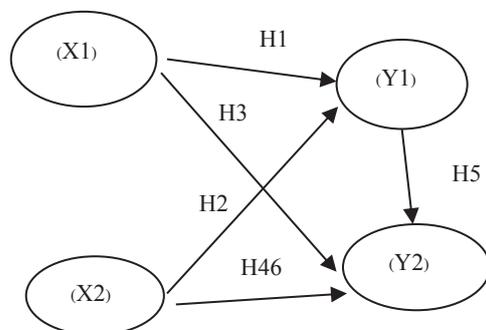
Based on the background and literature of the study, It can be forwarded that hypotheses as follows:

- 1) If the compensation given is reliable, it will have a significant effect on the organizational commitment of the cooperative board in East Kalimantan.
- 2) If the inter – occupational conflict appears, it will have a positive effect on the organizational commitment of cooperative management in East Kalimantan.
- 3) If the compensation received is reliable, it will affect the performance improvement of cooperative management in East Kalimantan

4) If the inter- occupational conflict appears, it will affect the performance improvement of cooperative management in East Kalimantan

5) If the organizational commitment is having the powerful effect, it will affect the improvement performance of cooperative management in East Kalimantan.

4. Research Concept Framework



Y1: Organizational Commitment

Y2: Cooperative Management Performance

X1: Compensation

X2: Inter –Occupational Conflict

Research method

population and sample the population in this study is all cooperative managers in east kalimantan spread in 8 cities / regencies and each cooperative is represented by 1 (one) cooperative management. The cooperative chosen is a cooperative that has conducted annual meeting of members (rat), which amounts to 889 units. The sample, based on the opinion of hair et al., (1995: 112) ie the number of samples is the number of indicators multiplied by 5 to 10 times. In this study there are 24 indicators, then the number of samples taken is $24 \times 5 = 120$ respondents, therefore the number of sample cooperative board used as a respondents were 120 people.

Research variable

For this study, the research variables are classified into three variables, namely: Exogenous variables, which consist of: compensation, inter occupational conflict and organizational culture.

1. Compensation (X1)

Compensation in this study is measured by the theory put forward by Raymond, et al. (2008, p. 76), employee compensation is measured by direct compensation received by the cooperative management in the form, as follows:

- a. Salary
- b. Fee
- c. incentives,
- d. Allowance.

2. Inter –Occupational Conflict (X2)

The inter-work conflict in this study was measured by the theories of Boles, Howard and Donofrio (2001), conflicting employment indicators are:

- a. Working pressure.
- b. The number of task demands,
- c. Busy for working
- d. Conflicting commitment and responsibility of work.

3. Organizational commitment (Y1).

Organizational commitment in this study was measured by the theory put forward by Allen and Meyer (1997: 76), where there are three dimensions of organizational commitment:

- a. Affective commitment.
- b. Normative commitment.
- c. Continuous commitment,

4. Cooperative Management Performance (Y2)

The indicator used to measure the performance of cooperative management, taken from the theory put forward by Mondy, Noe and Pemeaux (1999, p. 347), using six indicators as follows:

- a. Quantity of work.
- b. Quality of work.
- c. Dependability.
- d. Initiative.
- e. Adaptability.
- f. Cooperation.

5. Result Analysis and Discussion

1. Statistical Analysis of SEM with Partial Least Square
2. Assessing the Outer Model or Measurement Model
3. Convergent validity to the compensation constructs output loading from the *SmartPLS* compensation model is explained as follows:

Table 1 Measurement of Compensation Model

Item	<i>Original Estimate (Outer Loadings)</i>	Keterangan
X1_1	0,849	Valid
X1_2	0,888	Valid

Source: Data processing with PLS, 2016

Table 2 Convergent validity of conflict constructs between occupational Measurement of Interpersonal Conflict Models

Item	<i>Original Estimate (Outer Loadings)</i>	Keterangan
X2_1	0,748	Valid
X2_2	0,698	Valid

Source: Data processing with PLS, 2016

Table 3 Measurement of Organizational Commitment Model

Item	<i>Original Estimate (Outer Loadings)</i>	Keterangan
Y1_1	0,616	Valid
Y1_2	0,729	Valid

Source: Data processing with PLS, 2016

Table 4 Measurement of Cooperation Management Performance Model

Item	<i>Original Estimate (Outer Loadings)</i>	Keterangan
Y2_1	0,740	Valid
Y2_2	0,732	Valid

Table 5 Final Model After Loading Factor Test

	<i>Composite Reliability</i>
Compensation	0,935
Inter Occupational Conflict	0,844
Organizational Commitment	0,897
Management Performance	0,911

Source: Data processing with PLS, 2016

Table 6 Average Variance Extracted

Variable/ Construct	AVE	Description
Compensation	0,783	>0,50
Inter-Occupational Conflict	0,579	> 0,50
Organizational Commitment	0,594	>0,50
Management Performance	0,632	>0,50

Source: Data processing with PLS, 2014

Based on the above table the value of AVE for compensation, organizational culture, occupational conflicts, organizational commitment and management performance have AVE values above 0.50; meaning that all variables have a high composite reliability value.

Goodness of fit model PLS

Goodness of fit PLS model is measured through Q-square predictive relevance, to measure how well the observation value is generated by the model and also its parameter estimation. Testing goodness of fit using predictive-relevance (Q²). R² value of each endogenous variable in this study are as follows:

Table 7 R-Square Value

Endogen Variable	R ²
Organizational Commitment	0,596
Management Performance	0,578

Source: Data processing with PLS, 2014.

Based on Table 5.15 we can make an equation for calculating Q-square predictive relevance, as follows:

$$\begin{aligned}
 Q^2 &= 1 - (1 - R_{12}) (1 - R_{22}) \\
 &= 1 - (1 - 0,596) (1 - 0,578) \\
 &= 0.829
 \end{aligned}$$

The calculation results show *predictive relevance* value of 0.829 or 82.9% , Therefore the model deserves to have the relevant predictive value. The predictive relevance score of 82.9% indicates that the diversity data can be explained by the model is 82.9% or in other words the information contained in the 82.9% data can be explained by the model. While the remaining 17.1% is explained by other variables (which have not been contained in the model) and error.

This result can be explained that the SmartPLS model is very good resulted, because it can explain 82.9% of the overall information, so it is worth to be interpreted.

Structural Model Testing (Inner Model)

Table 8 Result For Inner Weights

	Original Sample (O)	Standard Deviation (STDEV)	T Statistics ((O/STERR))	pvalue
Compensation-> Organizaional Commitment	0.071	0.072	0.990	0.324
Occupational Conflict -> Organizaional Commitment	0.283	0.089	3.176	0.002
Compensation-> Management Performance	0.039	0.078	0.498	0.619
Occupatinal Conflict -> Management Performance	0.403	0.128	3.159	0.002
Organizaional Commitment -> Management Performance	0.381	0.105	3.627	0.000

Source: Data processing with PLS, 2014

In the research the writer used *bootstrap method* to the sample as much as 200 resampling. Testing with bootstrap is also intended to minimize the problem of data abnormalities, here is a test with bootstrapping from PLS analysis:

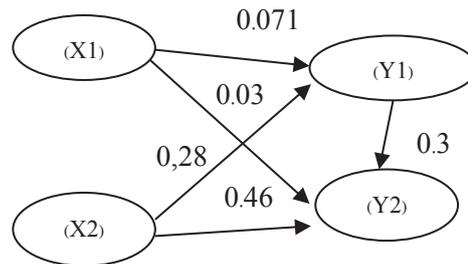


Figure II

From Table 8 and Figure II, then hypothesis testing can be done as follows:

1. Testing of hypothesis 1, shows that the effect of compensation variable on the organizational commitment of cooperative management in East Kalimantan shows the value of path coefficient equal to 0,071 with tstatistik value equal to 0,990 with p value = 0,324 ($p > 0,05$). This result means that the effect of compensation is not significant on the organizational commitment of the cooperative management in East Kalimantan, which means the first hypothesis in this study was rejected.

2. Hypothesis 2, the test shows that the influence of variable occupational conflict to the organizational commitment of cooperative management in East Kalimantan shows the coefficient value of 0.283 with tstatistik value 3,176 with p value = 0,002 ($p < 0,05$). These results means that there is a significant influence between the conflicts occupations and the organizational commitment of cooperative management in East Kalimantan, it means that the hypothesis 2 in this study is accepted.

3. Testing of hypothesis 3, showing the value of path coefficient of 0,039 with tstatistik value equal to 0,498 with p value = 0,619 ($p > 0,05$). This result means that the effect of compensation is not significant on the performance of cooperative management in East Kalimantan, which means the fourth hypothesis in this study is rejected.

4. Testing of hypothesis 4, shows that the influence of conflict variable between work on the performance of cooperative management in East Kalimantan shows the coefficient value of path equal to 0,403 with tstatistic value equal to 3,159 with p value = 0,002 ($p < 0,05$). This result means that there is a significant influence between the conflicts between occupational on the performance of cooperative management in East Kalimantan, which means the sixth hypothesis in this study is accepted.

5. Hypothesis 5 test shows that the influence of organizational commitment variable on cooperative management performance in East Kalimantan shows the coefficient value of 0.381 with tstatistic value 3,627 with p value = 0,000 ($p < 0,05$). This result means that there is a significant influence between organizational commitment to the performance of cooperative management in East Kalimantan, which means the fifth hypothesis in this study is accepted.

6. Testing the influence of mediation

a. Compensation for the performance of cooperative management through organizational commitment in East Kalimantan), The test results of organizational commitment influence on the performance of the board shows the value of the coefficient of the path of 0.381. The tstatistic value obtained is 3.627; the value is higher than ttable (1,960). This result means that organizational commitment has a positive effect on the performance management.

7. The test of the influence of mediation between intervening variables and the dependent variable is conducted by using Sobel's formula. The results of both tests obtained P1 results (coefficient of compensation path) = 0,071 and Se1 (STDEV compensation) = 0,128, P2 (coefficient of organizational commitment path) = 0,381 and Se2 (STDEV organizational commitment) = 0,105

The magnitude of indirect coefficient of variable of compensation (X1) on the performance of manager (Y2) obtained result (Se1.2) equal to 0,029, thus t test yielded result equal to 0,920. The t value of 0.920 with p value = 0.359 ($p > 0.05$) It means that the mediation parameter is not significant, hence the indirect effect model of the compensation variable on the performance management through organizational commitment is unacceptable.

b. Conflict of inter-occupational on the performance of cooperative management through organizational commitment in East Kalimantan). The influence of mediation test is conducted by using Sobel formula. The test result of the influence of organizational commitment on the performance management shows the coefficient value of the path of 0.381. The tstatistic value obtained is 3.627; the value is higher than ttable (1,960). This result means that organizational commitment has a positive effect on the performance management.

Results from both tests obtained P1 results (conflict path coefficient inter-occupational) = 0.283 and Se1 (STDEV compensation) = 0.089, P2 (path coefficient organizational commitment) = 0.381 and Se2 (STDEV organizational commitment) = 0.105

The amount of indirect coefficient of inter-occupational conflict variable (X3) on the performance of management (Y2)) obtained result $P1.2 = 0,108$

The amount of indirect standard error obtained results $Se1.2 = 0.046$, thus the value of t test obtained results of 2.342. The t value of 2,342 with p value = 0.021 ($p < 0.05$). It means that the mediation parameter is significant, hence the model of indirect influence of the conflict variable inter- occupational on the performance of the management through organizational commitment is acceptable.

6. Conclusion

Based on the results of the analysis and discussion in the previous chapter, it can be concluded as follows:

1. Compensation has a positive and not significant effect on the organizational commitment of cooperative management in East Kalimantan.
2. The conflict of inter- occupational has a positive and significant impact on the organizational commitment of the cooperative management in East Kalimantan.
3. Compensation has a positive and not significant effect on the performance of cooperative management in East Kalimantan.
4. The conflict of inter- occupational has a positive and significant impact on the performance of cooperative management in East Kalimantan.
5. Organizational commitment has a positive and significant impact on the performance of cooperative management in East Kalimantan.
6. Organizational Commitment is a pure mediation of the organizational culture and performance of the management, as well as the arbitrary mediation of inter- occupational conflict on the performance of the management.

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