

# The Influence of Motivation, Leadership Style, and Compensation on Organizational Commitments at PT. Dharma Guna Wibawa

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**Abstract:-** The purpose of this study is to examine the influence of Motivation, Leadership Style, and Compensation on Organizational Commitment. The population are all employees working at PT. Dharma Guna Wibawa, amounting to 300 employees. The selection of samples using simple random sampling, the number of samples determined using the Slovin formula and determined as many as 172 respondents. The data analysis use multiple linear regression models with the help of SPSS version 20.00. The results of this study found that Motivation, Leadership Style, and Compensation partially and simultaneously have a significant effect on Organizational Commitment at PT. Dharma Guna Wibawa. Motivation, Leadership Style, and Compensation simultaneously have an effect of 71.8% on Organizational Commitment at PT. Dharma Guna Wibawa, while the remaining 28.2% is influenced by other variables outside the research model. For this reason, it is suggested that further research can add independent variables such as organizational culture, work environment, and job satisfaction.

**Keywords:-** Compensation, Leadership Style, Motivation, Organizational Commitment.

## I. INTRODUCTION

Organizational commitment and feeling of employee involvement are ideal conditions that all companies want to achieve, including at PT. Dharma Guna Wibawa. It is known that PT. Dharma Guna Wibawa was established in Jakarta in November, 2001. PT. Dharma Guna Wibawa is a joint venture company with Hextar Chemicals Sdn, Bhd. Malaysia, PT. Business group Dharma Guna Wibawa is engaged in agro chemicals agriculture, especially pesticides, seeds, and fertilizers. Opening of PT. Dharma Guna Wibawa at the beginning of its establishment was carried out in the Sulawesi region and continued to grow rapidly including Sumatra, Java, Kalimantan, and eastern Indonesia.

Organizational commitment support from employees is needed by PT. Dharma Guna Wibawa for the success of the company's business, but the current condition of organizational commitment at PT. Dharma for authority is not optimal. This can be seen from the high level of employee turnover.

Year	Total Employees	Number of Resign	% Turn Over
2015	312	37	11.86
2016	330	41	12.42
2017	326	45	13.80

Table 1:- Turnover Data for 2015 – 2017 at PT. Dharma Guna Wibawa

Source: Company Personnel PT. Dharma Guna Wibawa (2017)

Based on Table 1 above, it can be explained that the turn over presentation in 2017 has increased to 13.80% where it has become a problem phenomenon because of the turnover that has exceeded the company's standard of 10% per year. Meanwhile, the level of compliance of employees based on letters of compliance can be seen in Figure 1.

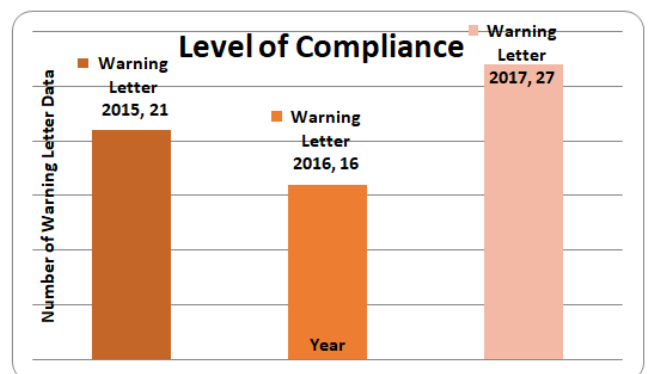


Fig 1:- Number of Warning Letter Data

Based on the data of the last three years the issuance of the number of employee warning letters namely in 2015 as many as 21 people received a warning letter in 2016 there was a decrease in the issuance of commemorative letters to 16 people then in 2017 the issuance of warning letters again increased as many as 27 employees received warning letters. Where the amount is still relatively high because the company provides maximum tolerance is 10 commemorative letters per year.

Seeing all the data that has been obtained from the company, it appears that the company is experiencing problems in working relationships with employees. Although the problem is only experienced by a small number of employees. However, the possibility that sooner or later will have an impact on the attitudes and behavior of

most other employees. This condition clearly shows the low commitment of employees to the organization, for this reason, special attention is needed to what factors are possible to influence the increase in organizational commitment.

Seeing these conditions, researchers tried to conduct research studies by distributing questionnaires containing questions related to factors that influence organizational commitment. Study pre-study was conducted on 30 people who were employees at PT. Dharma Guna Wibawa.

The results of the study can be seen in the following table.

Factors	Percentage
Motivation	82.67
Leadership Style	84.67
Compensation	83.33
Training	77.33
Career Development	66.67
Competence	67.33
Communication	79.33
Work Stress	76.00

Table 2:- Results of Study Pre-study (30 Respondents)

Based on the table above, questionnaire results were conducted on 30 employees at PT. Dharma Guna Wibawa shows the 3 highest factors that are thought to affect the organization, namely: 1) Motivation, 2) Leadership Style, and 3) Compensation. On the basis of the pre-study results, this study focuses on discussing motivational factors, leadership style, and compensation as factors that are thought to influence organizational commitment at PT. Dharma for authority.

## II. LITERATURE REVIEW

### ➤ Motivation

Motivation is defined as a drive or impulse in human beings that can lead to direct and organize behavior (Darmawan, 2013 in Lusri and Siagian, 2017) [1]. According to Handoko in Widagdo *et al.* [2] Motivation is defined as a condition in someone who encourages the desire of individuals to carry out certain activities in order to achieve goals. From the entire explanation above, it can be concluded that motivation is a driver or impulse that arises from within the individual or from outside the individual that can cause, direct, and organize individual behavior in behaving in certain ways. George, J.M., and Jones (2005, p. 175) in Lusri and Siagian (2017) [1] state that the elements of work motivation consist of: direction of behavior, level of effort, and level of persistence.

### ➤ Leadership Style

Leadership style is how a leader carries out his leadership functions and how he is seen by those he tries to lead or those who might be observing from outside (Robert, 1992 in Indriyati, 2017) [3]. According to Johannes *et al.* (2016) Leadership is a tool that regulates an organization to get to the goals the company wants to achieve. Therefore, management experts express many opinions about the definition of leadership, such as those presented by Hasibuan (2009) [4] leadership established by a manager in the organization can create harmonious integration and encourage employee work passion to achieve maximum goals. From several theories about leadership style, it can be concluded that leadership style is one of the ways used by a leader in influencing, directing, and controlling the behavior of others to achieve a goal. The leadership style in this study was measured based on transformational leadership style and transactional leadership style.

### ➤ Compensation

Compensation according to Milkovich and Newman (2005: 6) [5] is referring to all forms of financial rewards and measurable services and benefits received by employees as part of an employment relationship. According to Gorda (2006: 190) in Diputra (2016) [6] compensation is all remuneration in the form of money, goods, and enjoyment provided by the company to employees for the performance donated to the company. From this opinion, the researcher concluded that compensation is all remuneration in the form of money, goods, and enjoyment provided by the company to employees for the performance donated to the company. Compensation in this study is measured based on several dimensions, namely direct compensation and indirect compensation.

### ➤ Organizational Commitment

Porter, Steers, Mowday, & Boulian (1974) in Alkahtani (2016) [7] define organizational commitment as a strong belief in the organization and willingness to exert significant effort on the organization. Commitment to the organization is related to factors related to very important work such as employee absenteeism, employee turnover and employee job performance. Furthermore, Werner (2007) [8] also stated clearly that organizational commitment is a work-related attitude that is closely related to employee performance and turnover. The high turnover rate indicates the low commitment of an organization. From some of these opinions, the researcher concluded that organizational commitment is a situation in which members of the organization try to maintain their situation within an organization and side with the organization with all the existence and purpose of the organization. In this study, organizational commitment is measured from several dimensions, namely affective commitment, ongoing commitment, and native commitment.

➤ *Research Model*

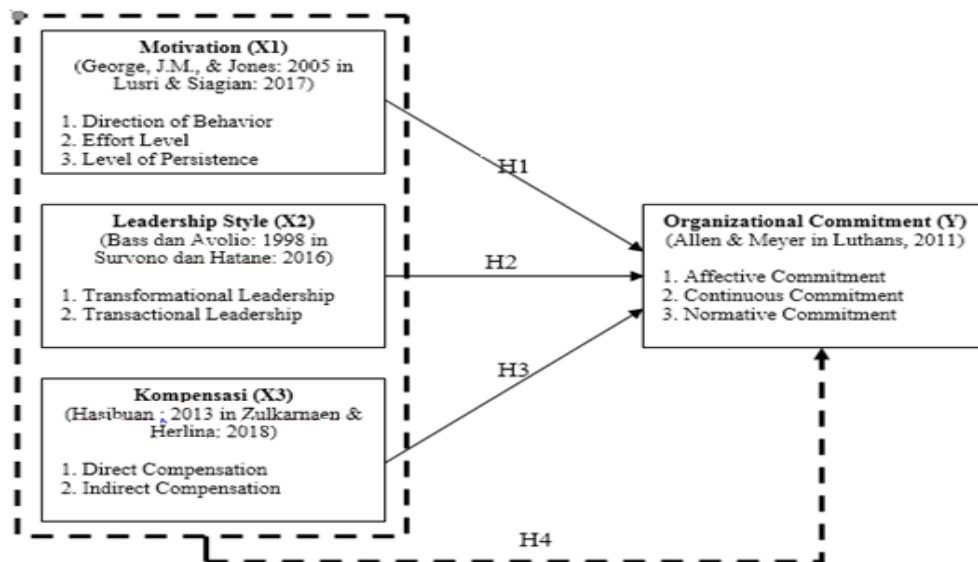


Fig 2:- Research Model

➤ *Hypothesis*

Based on the framework that has been made, in order to answer the problem of this research, the proposed Hypothesis is as follows:

- H<sub>1</sub> : Motivation has a significant effect on Organizational Commitment
- H<sub>2</sub> : Leadership Style has a significant effect on Organizational Commitment
- H<sub>3</sub> : Compensation has a significant effect on Organizational Commitment
- H<sub>4</sub> :Motivation, Leadership Style, and Compensation together have a significant effect on Organizational Commitment

**III. RESEARCH METHODS**

This study used a quantitative approach with explanatory design, namely explaining the causal relationship between variables through hypothesis testing, which aims to determine the effect of several independent variables. Furthermore, this study is cross-sectional, which is a type of research that collects information or questionnaires only once a time to the sample.

In accordance with the focus of the study, the population of the study were all employees at PT. Dharma Guna Wibawa, reach to 300 people. The sample selection uses a probability sampling method with a type of simple random sampling or a simple sampling technique because each member of the population can be used as a sample. Determination of the number of samples is determined based on Slovin formula, so that there are 172 respondents. The method used in this study is to use multiple linear regression models with the help of SPSS version 20.00.

The relationship between the independent variables and the dependent variable can be described through the following linear regression equation:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Where:

- Y = Organizational Commitment
- α = Constant
- β = Regression Coefficient
- X<sub>1</sub> = Motivation
- X<sub>2</sub> = Leadership Style
- X<sub>3</sub> = Compensation
- ε = error

To prove the hypothesis, the steps are as follows: Test the Hypothesis with t test and F test.

**IV. RESEARCH RESULT**

Before doing multiple regression testing and hypothesis. Researchers first test classical assumptions. The classic assumption test is used to obtain an estimator value or an unbiased coefficient value from the regression model. The following is a presentation of classic assumptions in the regression model.

➤ *Normality Test*

Based on the results of normality testing, it is known that the Kolmogorov-Smirnov value is 1.065 and the significance is 0.207. The significance value obtained is greater than 0.05. Then it can be concluded that the data in the regression model is normally distributed.

➤ *Multicollinearity Test*

Based on the results of the multicollinearity test, it is known that the three independent variables namely motivation obtained a tolerance value of 0.406, compensation of 0.350, and leadership style of 0.496. Meanwhile, the VIF value for the three independent variables is 2.464 motivation, 2.860 compensation, and

2.015 leadership style. The three variables have tolerance values > 0.10 and VIF < 10. Thus the results of this test show that motivation, compensation, and leadership style does not correlate with one another or there is no multicollinearity in the regression model.

➤ *Heteroscedasticity Test*

Based on the results of heteroscedasticity test, the three variables are free from the problem of heteroscedasticity, this is indicated by significant values obtained by the motivation variable (0.052), compensation (0.050), and leadership style (0.541) greater than 0.05.

➤ *Multiple Regression Analysis*

Model	Coefficients <sup>a</sup>				t	Sig.
	Unstandardized Coefficients		Standardized Coefficients	Beta		
	B	Std. Error				
	(Constant)	2.576	2.171		1.187	0.237
1	MO	0.759	0.133	0.363	5.691	0.000
	GK	0.370	0.079	0.270	4.686	0.000
	KO	0.385	0.083	0.319	4.638	0.000

a. Dependent Variable: KOM

Table 3:- Multiple Regression Test Results

Based on the test output above, a regression equation can be made as follows:

$$KOM = 2.576 + 0.759 MO + 0.370 GK + 0.385 KO + e$$

Constant value (a) = 2.576; which states that if there is no motivation, leadership style, and compensation or a value of 0, then the organizational commitment will be worth 2.576. Meanwhile, the beta coefficient value of each variable has a positive value, which means that if there is an increase in organizational motivation variables, leadership style, and compensation, it will have an impact on increasing organizational commitment.

➤ *Hypothesis Testing*

Partial hypothesis testing with t-test is used to find out whether the independent variable is significant or not to the dependent variable individually by comparing t-statistic with t-table at a significance level of 5% ( $\alpha = 0.05$ , if the value is significantly smaller than the level). Error 5% (sig. < 0.05) then  $H_0$  is rejected. The results of the test can be summarized briefly in the following table.

No	Variable	t statistic	Sig.
1.	Motivation	5.691	0.000
2.	Leadership Style	4.686	0.000
3.	Compensation	4.638	0.000

Table 4:- Partial Hypothesis Test Results (t Test)

Based on Table 4 above, it can be explained that each independent variable obtains a calculated t value greater than t table (1.974) and a significant value of less than 0.05. Thus all three of these hypothesis are accepted. These results indicate that Motivation, Leadership Style, and Compensation partially have a significant effect on Organizational Commitment.

The F test in this study aims to determine whether the variable motivation, leadership style, and compensation jointly influence organizational commitment. The basis of decision making is based on significance values, if the calculated F value is greater than F table or significantly smaller than the 5% error rate (sig. < 0.05) then the hypothesis is accepted. The results of testing the hypothesis with the F test can be seen in Table 5 below.

Model	ANOVA <sup>a</sup>					
	Sum of Squares	Df	Mean Square	F statistic	Sig.	
1	Regression	4911.469	3	1637.156	146.129	0.000 <sup>b</sup>
	Residual	1882.182	168	11.203		
	Total	6793.651	171			

a. Dependent Variable: KOM

b. Predictors: (Constant), GK, MO, KO

Table 5:- Results of the Simultaneous Hypothesis (Test F)

The results of the simultaneous hypothesis test or F test result in a calculated F value of 146.129 > 2.66 with a significance value (sig.) of 0.000 < 0.05. Thus  $H_4$  was rejected in this study, and  $H_4$  was accepted. It can be concluded that the variable motivation, leadership style, and compensation together have a significant effect on organizational commitment at PT. Dharma Guna Wibawa.

Furthermore, the results of testing the coefficient of determination are carried out to determine the magnitude of the effect simultaneously between the independent variables on the dependent variable, this is indicated by the magnitude of the coefficient of determination ( $R^2$ ). The results of testing the coefficient of determination in this study can be seen in Table 6 below.



Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.850 <sup>a</sup>	0.723	0.718	3.34716

a. Predictors: (Constant), GK, MO, KO

Table 6:- Results of the Determination Coefficient Model Summary

The results of testing the determination coefficient in Table 6 obtained the value of Adjusted R-Square of 0.718 or equal to 71.8%. This means that the variables of motivation, leadership style, and compensation together have an effect of 71.8% on organizational commitment at PT. Dharma Guna Wibawa. While the remaining 28.2% is influenced by other variables outside the research model.

➤ *Interdimensional Correlation Test*

The correlation test in this study aims to determine the relationship between dimensions of motivation, compensation, and leadership styles with organizational commitment variables. The results of the correlation test between dimensions in this study can be seen in the following table:

Dimension	Indicator	Affective Commitment	Continuous Commitment	Normative Commitment
Motivation (X <sub>1</sub> )	Direction of Behavior	0.407	0.611	0.500
	Effort Level	0.571	0.800	0.501
	Level of Persistence	0.464	0.675	0.506
Leadership Style (X <sub>2</sub> )	Transformational Leadership	0.495	0.611	0.531
	Transactional Leadership	0.528	0.685	0.620
Compensation (X <sub>3</sub> )	Direct Compensation	0.591	0.715	0.633
	Indirect Compensation	0.590	0.690	0.617

Table 7:- Inter-dimensional Correlation Test Results

Based on table 7 above, it can be seen that the results of the interdimensional correlation test yield the highest correlation value of 0.800, which is found in the relationship between the dimensions of the business level and ongoing commitment. Meanwhile, the lowest correlation value of 0.407 is in the relationship of behavior direction with affective commitment. That is, the relationship between the dimensions of behavioral direction and affective commitment is at the level of the moderate relationship.

**V. DISCUSSION OF RESEARCH RESULTS**

The testing of the hypothesis presented in this study shows that all hypotheses tested using multiple regression analysis methods, show that all hypotheses are accepted. Here is a discussion for each of these hypotheses.

➤ *Effect of Motivation on Organizational Commitment*

The results of testing the first hypothesis indicate that motivation is proven to have a significant effect on organizational commitment at PT. Dharma Guna Wibawa. This shows that the higher the work motivation of employees the higher the organizational commitment of employees. This result is supported by previous research conducted by Putri, Hakim, and Makmur (2015) which shows that there is an influence of work motivation on organizational commitment. The results of his research indicate that the higher the work motivation, the higher the organizational commitment. In line with Wardhani *et al.* (2015) in his study found that employee work motivation had an effect on organizational commitment.

➤ *Effect of Leadership Style on Organizational Commitment*

Based on the results of the second hypothesis test it is proven that leadership style has a significant effect on organizational commitment in PT. Dharma Guna Wibawa. These results indicate that with a good leadership style in a company the employees will be more satisfied to work for the company and in the end the employees will have a higher commitment to PT. Dharma Guna Wibawa. In line with the research conducted by Zahra (2015) which states that there is a positive influence between leadership style on organizational commitment which means that the better the leadership style of a leader, the higher the employee's commitment to the organization and vice versa, the worse the leadership style of a leader the employee's commitment to the organization is also low.

➤ *Effect of Compensation on Organizational Commitment*

The results of testing the third hypothesis indicate that compensation has a significant effect on organizational commitment at PT. Dharma Guna Wibawa. This shows that the higher the compensation the company gives to employees, the organizational commitment will increase. The results of this study are in accordance with the results of previous studies conducted by Laura and Susanto (2016) that compensation proved to have a positive and significant effect on organizational commitment. Research conducted by Apriyanti (2016) also found that there was a significant effect between work compensation and employee commitment. Where compensation is important for employees as individuals, the amount of compensation reflects the size of the value of their work among the employees themselves, their families and communities. The compensation program is also important for the company, it

reflects the organization's efforts to maintain human resources or in other words so that employees have high loyalty and commitment to the company (Marwansyah, 2012: 269).

➤ *The Effect of Motivation, Leadership Style, and Compensation Together on Organizational Commitment*

Based on the results of simultaneous hypothesis testing, the variables of motivation, leadership style and compensation jointly proved to have a significant effect on organizational commitment. Motivational variables, leadership style, and compensation together have an effect of 71.8% on organizational commitment at PT. Dharma Guna Wibawa. These results indicate that if motivation, leadership style, and compensation are increased together, the employee's organizational commitment will increase. Conversely, if motivation, leadership style and compensation are lower, organizational commitment will also decrease. This result is in accordance with research conducted by Putra (2018) that leadership and work motivation have a positive effect on organizational commitment. The same results were also found by Losta *et al.* (2016) in his research proved that work motivation and leadership style influence positively on organizational commitment. In line with the findings of Sulistianto (2009) that leadership style and compensation have a positive effect on organizational commitment.

## VI. CONCLUSIONS AND RECOMMENDATIONS

The conclusion of the results of this study are:

1. Motivation has a significant effect on organizational commitment at PT. Dharma Guna Wibawa.
2. Leadership style has a significant effect on organizational commitment at PT. Dharma Guna Wibawa.
3. Compensation has a significant effect on organizational commitment at PT. Dharma Guna Wibawa.
4. Motivation, leadership style, and compensation together have a significant effect on organizational commitment at PT. Dharma Guna Wibawa.

The right advice is submitted by the researcher, is:

1. It is suggested to the management of the company to increase employee motivation by trying to build positive behaviors on employees, for the staff level, the company should provide more training and coaching that can increase employee morale in completing their work more quickly, so that at this level more is given training related to technical work. Furthermore, for the supervisor level, it is recommended that the company prioritize the level of compliance and rules so that employees are willing to always comply with company regulations, and finally to the manager level, the company should give more appreciation and recognition for every achievement achieved because at this level, employees more likely to need self-actualization and appreciation. Company leaders are advised to support staff to carry out innovative and creative work, and leaders always give attention and direction when staff get difficulties in completing their work, while for level

supervisors, it is suggested to management to show that company leaders can always prioritize company interests rather than personal interests. then for the manager level, it is recommended that company leaders have ideal behavior that is respected and trusted by company managers. In addition, providing fair and fair compensation can increase employee commitment to the company. This needs to be considered by the management in increasing organizational commitment by providing indirect compensation such as Promotion Position, Health, Safety, Praise and Awards.

2. It is recommended to further research, to add other variables that can affect employee commitment to the organization, because in this study 28.2% of organizational commitment variables are influenced by other variables outside the research model. So that further research can add independent variables such as organizational culture, work environment and job satisfaction. In addition, using different research objects and using a larger number of samples so that the results obtained are more accurate.

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