

Effect of Reward System, Organizational Commitment, and Work Experience on Employee Performance with Job Satisfaction as A Mediation Variable

Chrysandro Pradika¹; Ninik Probosari^{2*}; Krisnandini Wahyu Pratiwi³

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Abstract

This study aims to analyze the effect of the reward system, organizational commitment, and work experience on employee performance with job satisfaction as a mediating variable at the Main Branch Office of Bank BPD DIY. The sampling technique used a non-probability technique with the census/sampling method totaling 71 KCU employees. BPD DIY respondents. The data collection method used is a questionnaire. The analytical tool used in this study uses Smart PLS 3.2.9. The results showed that the reward system, organizational commitment, and work experience could directly or indirectly improve employee performance through job satisfaction.

Keywords: Reward System, Organizational Commitment, Job Experience, Employee Performance, Job Satisfaction.

Introduction

It is undeniable that Human Resources is important for the sustainability of a company, according to Dessler (2010), human resource management is a policy and training to meet employee needs or aspects contained in human resources such as management positions, employee procurement or recruitment, screening, training, compensation, and employee performance appraisal. According to Fahmi (2016:1), Human Resource Management is a series of organizational activities and is directed to attract, develop and maintain an effective workforce.

The sustainability resources can be seen from the performance of employees. Performance is work performance which is the result of the implementation of a work plan made by an institution that is carried out by leaders and employees (HR) who work in that institution, both government and companies (business), to achieve organizational goals (Abdullah 2014).

Regional Development Bank, commonly abbreviated as BPD, is a bank that is under the auspices of the provincial government of a region. As one of the banking institutions in Yogyakarta, BPD DIY is required to always maintain and improve its performance so that they are trusted by the people of DIY in particular. The Main Branch Office of Bank BPD DIY is located on Jl. Student Army No. 7 Yogyakarta. Bank BPD DIY was founded on December 15, 1961. The business activities carried out by Bank BPD DIY are conventional banking and banking based on sharia

^{1,2,3} Universitas Pembangunan Nasional "Veteran" Yogyakarta

* Corresponding author, email: ninik.probosari@upnyk.ac.id

principles and business activities that are commonly carried out by banks as long as they do not conflict with applicable laws and regulations.

In the world of banking, there have been many technological advances that have been created and implemented by many banks, including Bank BPD DIY. To maintain the quality of service to the community, Bank BPD DIY must keep abreast of these technological developments and keep their employees' performance good and getting better.

Variables that can affect employee performance include the reward system, the BPD DIY reward system is simultaneous to encourage performance to improve over a certain period or target. The next variable is organizational commitment, BPD DIY faces one of the problems of organizational commitment where there is a lack of normative commitment, which results in non-compliance from employees, one of which is the lateness of employees when they come to the office. Then there is the work experience variable, work experience at BPD DIY can be obtained by employees through daily work in the office or through training, but to get a good quality experience, it takes quite a long period of work, this is evidenced by the recording errors that occurred, the majority were done by employees with less than 1 year of service, compared to employees with more than 1 year of service. Both directly and through the mediation of jo.

Literature Review

Employee performance

According to Mangkunegara (2016), Performance is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him.

Job Satisfaction

Job satisfaction is a collection of positive and negative emotions, feelings, and perceptions experienced by employees in their work (Acker, 1999). According to Mangkunegara (2013), job satisfaction is a feeling that supports or does not support an employee related to his work or to his condition.

Reward System

When employees exert maximum effort and achieve success, then in return, the company gives the best award, then the level of motivation and job satisfaction will increase (Huczynski & Buchanan, 2001).

Organizational Commitment

According to Robbins and Judge (2013), organizational commitment is defined as a situation where an employee side with a particular organization and its goals and desire to maintain membership in the organization. According to Kreitner and Kinicki (2010), organizational commitment is the level of individual identification with the organization and is committed to achieving organizational goals.

Hypothesis

In this study, the hypothesis was made based on the development of previous research from Hafiz Ghufuran Ali Khan and Muhammad Afzal (2016). The hypothesis in this study is:

H1. The reward system directly has a positive and significant effect on the performance of the employees of the Main Branch Office Bank Pembangunan Daerah (BPD) DIY.

H2. Organizational commitment directly has a positive and significant effect on the performance of the employees of the Main Branch Office Bank Pembangunan Daerah (BPD) DIY.

H3. Work experience directly has a positive and significant effect on the performance of employees of the Main Branch Office Bank Pembangunan Daerah (BPD) DIY.

H4. Job satisfaction mediates the influence between the reward system and the performance of employees of the Main Branch Office Bank Pembangunan Daerah (BPD) DIY.

H5. Job satisfaction mediates the influence between organizational commitment and employee performance of the Main Branch Office Bank Pembangunan Daerah (BPD) DIY.

H6. Job satisfaction mediates the influence between work experience and employee performance of the Main Branch Office Bank Pembangunan Daerah (BPD) DIY.

Methods

Sampling and Procedures

This research was conducted at the Main Branch Office of Bank BPD DIY, the data obtained in this study were taken using a questionnaire to employees who work at Bank BPD DIY Main Branch Office with a total of 71 employees. Respondents were asked to fill out statements that had been made with a Likert-type scale from 1 (strongly disagree) to 5 (strongly agree). In this study, the analysis technique used is the SmartPLS program.

Measures

Reward System (X1)

According to Puwanethiren (2011), awards consist of all organizational components, processes, rules, and decision-making activities in terms of allocation to provide compensation and benefits to employees as reciprocity for the contributions that have been made to the organization. The award system was measured using an instrument developed by Sedarmayanti (2017), a 5-point Likert-type scale with 10 items.

Organizational Commitment (X2)

Nitisemito (2015) suggests the notion of a work environment, namely everything that is around workers and can affect them in carrying out assigned tasks, for example, cleaning, music, and so on. Work environments were measured using an instrument developed by Afandi (2018), a 5-point Likert-type scale with 12 items.

Work Experience (X3)

According to Manulang (2013), work experience is the process of forming knowledge or skills about a work method due to the employee's involvement in carrying out work tasks. Work experience was measured using an instrument developed by Foster (2012), a 5-point Likert-type scale with 8 items.

Employee Performance (Y)

According to Afandi (2018), performance is the result of work that can be achieved by a person or group of people in a company according to their respective authorities and responsibilities in an effort to achieve organizational goals illegally, not violating the law and not contrary to morals and ethics. Employee performance was measured using an instrument developed by Robbins (2016), a 5-point Likert-type scale with 19 items.

Job Satisfaction (Z)

According to Mangkunegara (2013), job satisfaction is a feeling that supports or does not support an employee related to his work or to his condition. Job satisfaction was measured using an instrument developed by Robbins (2015), a 5-point Likert-type scale with 10 items.

Data Analysis

Data processing techniques in this study used a full structural model with the Partial Least Square (PLS) method. In the analysis test, PLS uses two evaluations, the first is a measurement model to test validity and reliability (outer model), and the second is a structural model used to test causality or test hypotheses (inner model). The outer model is evaluated through convergent validity, discriminant validity, AVE, composite reliability, and Cronbach's alpha. Testing of the inner model is done by looking at the R-square value and testing the path coefficient.

Result and Discussion

Result

Based on Table 1, overall employees at BPD DIY Main Branch Office have dominated women as many as 49 people aged 23-30 years with a total of 28 people, then the length of service of employees at BPD DIY Main Branch Office is with a working period of 6-10 years, a total of 28 people.

From the results of tests conducted with SmartPLS previously, it can be proven that the question items of the reward system variables, organizational commitment, work experience, employee performance, and job satisfaction, are valid and reliable. All indicators have a cross-loading value for each variable > 0.70 or greater than the other variables, so it can be stated that the indicators used in this study have good discriminant validity in compiling the variables. Testing of the structural model is carried out by looking at the R-square value and testing the path coefficient.

Based on Table 2 shows that the R^2 test results in this study are >0.67 , which means that the model in this study is a strong model. The R^2 value for the employee performance variable has a value of 0.878. That is, the ability of the model to explain

Table 1. Characteristics of Bank Pembangunan Daerah (BPD) DIY Employee

Identity	Category	Frequency	Percentage
Gender	Male	22	43.2 %
	Female	49	56.8 %
Total		71	100 %
Age	23 - 34 Years	37	40 %
	31 – 38 Years	27	38 %
	39 – 46 Years	11	15 %
	47 – 55 Years	5	7 %
Total		71	100%
Service Period	0 – 5 years	16	23 %
	6 - 10 years	28	39 %
	11 – 15 years	17	24 %
	15 – 20 years	10	14 %
Total		71	100%

Source: Primary data processing results, 2022

Table 2. R square

	R Square	R Square Adjusted
Employee Performance	0.878	0.864
Job Satisfaction	0.822	0.814

Source: Primary data processing results, 2022

employee performance variables is 87.8%. Meanwhile, the R^2 value for the job satisfaction variable shows a value of 0.822. That is the ability of the model to explain the supply chain job satisfaction variable is 82.2%.

Table 3 show the results of the path coefficient test.

After testing, it can be proven that the reward system, organizational commitment, and work experience directly have a significant effect on the performance of BPD DIY Main Branch Office employees.

After testing, it can be proven that job satisfaction can mediate the reward system, organizational commitment, and work experience have a positive and significant effect on the performance of employees at the BPD DIY Main Branch Office.

Hypothesis Testing

Hypothesis 1

Hypothesis 1, which states that the reward system directly has a positive and significant effect on the performance of BPD DIY Main Branch Office employees, is

Table 3. Path Coefficient Test Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	t Statistics (O/STDEV)	P Values
Job Satisfaction (Z) -> Employee Performance (Y)	0.335	0.341	0.123	2.716	0.007
Organizational Commitment (X2) -> Job Satisfaction (Z)	0.045	0.048	0.048	2.948	0.003
Organizational Commitment (X2) -> Employee Performance (Y)	0.463	0.398	0.204	2.267	0.024
Work Experience (X3) -> Job Satisfaction (Z)	0.107	0.111	0.072	1.689	0.001
Work Experience (X3) -> Employee Performance (Y)	0.528	0.523	0.109	4.864	0.000
Reward System (X1) -> Job Satisfaction (Z)	0.090	0.152	0.246	2.368	0.003
Reward System (X1) -> Employee Performance (Y)	0.448	0.519	0.194	2.306	0.022
X1-Z-Y -> Employee Performance (Y)	0.366	0.366	0.115	3.171	0.002
X2-Z-Y -> Employee Performance (Y)	0.050	0.106	0.244	2.203	0.000
X3-Z-Y -> Employee Performance (Y)	0.007	0.013	0.053	2.133	0.003

Source: Primary data processing results, 2022

supported. This statement is shown in Table 3. It can be seen that the original sample value is 0.448. A positive original sample value indicates a positive relationship. Then it can be seen that the t-statistic value > 1.68 is 2.306, and the P value < 0.05 is 0.002. Thus, the better the reward system, the better the performance of BPD DIY Main Branch Office employees. Hypothesis 1 (H1) is supported.

Hypothesis 2

Hypothesis 2, which states that organizational commitment has a direct positive and significant effect on the performance of BPD DIY Main Branch Office employees, is supported. This statement is shown in Table 3. It can be seen that the original sample value is 0.463. A positive original sample value indicates a positive relationship. Then it can be seen that the t-statistic value > 1.68 is 2.267, and the P value < 0.05 is 0.024. Thus, the higher the organizational commitment, the performance of the employees of the Main Branch Office of BPD DIY can improve. Hypothesis 2 (H2) is supported.

Hypothesis 3

Hypothesis 3, which states that work experience directly has a positive and significant effect on the performance of BPD DIY Main Branch Office employees, is

supported. This statement is shown in Table 3. It can be seen that the original sample value is 0.528. A positive original sample value indicates a positive relationship. Then it can be seen that the t-statistic value > 1.68 is 4,864, and the P value < 0.05 is 0.000. Thus, the higher the level of work experience, the performance of the employees of the Main Branch Office of BPD DIY can improve. Hypothesis 3 (H3) is supported.

Hypothesis 4

Hypothesis 4, which states that job satisfaction positively and significantly mediates the effect of the reward system on the performance of BPD DIY Main Branch Office employees, is supported. This statement is shown in Table 3. It can be seen that the original sample value is 0.366. A positive original sample value indicates a positive relationship. Then it can be seen that the t-statistic value > 1.68 is 3.171, and the P value < 0.05 is 0.002. Thus, the better the employee reward system, the higher the job satisfaction, which can then improve the performance of employees at the BPD DIY Main Branch Office. Hypothesis 4 (H4) is supported.

Hypothesis 5

Hypothesis 5, which states that job satisfaction positively and significantly mediates the effect of organizational commitment on the performance of BPD DIY Main Branch Office employees, is supported. This statement is shown in Table 3. It can be seen that the original sample value is 0.050. A positive original sample value indicates a positive relationship. Then it can be seen that the t-statistic value > 1.68 is 2.203, and the P value < 0.05 is 0.000. Thus, the higher the organizational commitment, the higher the job satisfaction, which can then improve the performance of employees at the Main Branch Office of BPD DIY. Hypothesis 5 (H5) is supported.

Hypothesis 6

Hypothesis 6, which states that job satisfaction positively and significantly mediates the effect of work experience on the performance of BPD DIY Main Branch Office employees, is supported. This statement is shown in Table 3. It can be seen that the original sample value is 0.007. A positive original sample value indicates a positive relationship. Then it can be seen that the t-statistic value > 1.68 is 2.133, and the P value < 0.05 is 0.003. Thus, the higher the work experience, the higher the job satisfaction, which can then improve the performance of employees at the BPD DIY Main Branch Office. Hypothesis 6 (H6) is supported.

Discussion

The reward system directly has a positive and significant effect on the performance of employees at the Main Branch Office of BPD DIY. This hypothesis has been tested, and the result is a significant positive effect of the reward system on employee performance. The reward system that is applied depends on the condition of the company. The expected response from awarding is an increase in performance for the recipient of the award or other employees who are trying to get the same award or more. This research is supported by previous research conducted by Hafiz Ghufuran Ali Khan and Muhammad Afzal (2016), which said that the reward system has a positive and significant effect on employee performance.

Organizational commitment has a direct positive and significant effect on the performance of employees at the Main Branch Office of BPD DIY. Employees who are

committed to the company will always do what is best for the company, even though sometimes it is not very profitable for them. This research is supported by research that has been conducted by Cogito Dino Utama and Frangky Stiven (2014), which says that organizational commitment has a positive and significant effect on employee performance

Work experience directly has a positive and significant effect on employee performance at the BPD DIY Main Branch Office. Good experience makes employees more flexible and better prepared to face the new challenges they face. This can also be seen from the KCU BPD DIY, which has experienced employees so that one of them can get through the Covid-19 pandemic without significant obstacles because they already understand and are experienced in dealing with new problems. This research is supported by previous research conducted by Suwarno and Ronal Aprianto (2019), which says that work experience has a positive and significant effect on employee performance.

Job satisfaction positively and significantly mediates the effect of the reward system on the performance of BPD DIY Main Branch Office employees. At KCU BPD DIY, the reward system is more aimed at stimulating performance increases from employees. This research is supported by research conducted by Hafiz Ghufuran Ali Khan and Muhammad Afzal (2016), who said that job satisfaction mediates a positive and significant relationship between the reward system and employee performance

Job satisfaction positively and significantly mediates the effect of organizational commitment on the performance of Main Branch Office employees. DIY BPD. In KCU BPD DIY, organizational commitment is a fairly important variable, it can be seen from the existence of employees who are very loyal to the company and become important employees in the company. This research is supported by research conducted by Hafiz Ghufuran Ali Khan and Muhammad Afzal (2016), who said that job satisfaction mediates a positive and significant relationship between organizational commitment and employee performance.

Job satisfaction positively and significantly mediates the effect of work experience on the performance of BPD DIY Main Branch Office employees. At KCU BPD DIY, the experience can be gained from various activities, such as supervision, learning, training, and also skills building while working there. This is what makes the work experience variable affect job satisfaction because, with high work experience, employees will be more satisfied with the performance they produce, and ultimately will further improve their performance along with the addition of experience and job satisfaction they get. This research is supported by research conducted by Hafiz Ghufuran Ali Khan and Muhammad Afzal (2016), who said that job satisfaction mediates a positive and significant relationship between organizational commitment and employee performance.

Conclusion

The reward system directly has a positive and significant effect on the performance of the employees of the Main Branch Office of the Regional Development Bank (BPD) DIY. Thus hypothesis 1 is supported.

Organizational commitment has a direct positive and significant effect on the performance of employees of the DIY Regional Development Bank (BPD) Main Branch Office. Thus hypothesis 2 is supported.

Work experience directly has a positive and significant effect on the performance of employees of the DIY Regional Development Bank (BPD) Main Branch Office. Thus hypothesis 3 is supported.

Job satisfaction mediates the influence between the reward system and the performance of the employees of the DIY Regional Development Bank (BPD) Main Branch Office. Thus hypothesis 4 is supported.

Job satisfaction mediates the influence between organizational commitment and employee performance at the Main Branch Office of the Regional Development Bank (BPD) DIY. Thus hypothesis 5 is supported.

Job satisfaction mediates the influence between work experience and employee performance at the Main Branch Office of the Regional Development Bank (BPD) DIY. Thus hypothesis 6 is supported.

Management Implication

Based on the average per-item statement of the reward system variable, the lowest score is 4.14, namely regarding the time of giving official awards to employees, there are separate provisions in this company's reward system. Companies should pay more attention to the period of awarding employees, for example, every month, or every 6 months, and so on. A clear time for giving awards can make it easier for employees to determine their work targets to try to get awards provided by the company, otherwise if the time for giving awards is not clear, it will cause difficulties for employees in determining their targets for getting awards, so that the reward system is applied become less effective.

Based on the average per-item statement of the organizational commitment variable, the lowest score is 4.24, which is about a strong sense of belonging to the company. The company should be able to further strengthen the employees' sense of belonging to the company, for example, by increasing the number of activities that can increase intimacy between employees which can strengthen the sense of belonging to the company. Activities that can be carried out include joint holidays, joint sports, or celebrating a common achievement. These activities can increase interaction between employees and will create a sense of belonging to the company. Then the company should also involve employees more, for example, in decision-making, so that employees feel more involved and feel they own the company.

Based on the average per-item statement of the work experience variable, the lowest score is 4, namely regarding employee mastery of the work equipment used. Companies should conduct continuous training in line with developments in banking technology, training materials should also be updated continuously so as not to be left behind by existing technological developments. Training that follows technological developments can make employees more prepared to do their jobs, including being able to use existing equipment more.

Based on the average per-item statement of the job satisfaction variable, the lowest score is 4.18, which is about employees doing something very valuable in their work. Companies should be able to pay more attention to the conditions of their employees, continue to increase their concern for employees, and give enough appreciation for

what employees have done so that employees feel they are contributing well to the continuity of the company, this can also spur employees to continue to improve their performance in the future.

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