

**THE EFFECT OF JOB SATISFACTION AND PSYCHOLOGICAL CONTRACT ON
EMPLOYEE COMMITMENT AND ITS IMPACT ON EMPLOYEE PERFORMANCE
OF PT. BANK RAKYAT INDONESIA BRANCH MEULABOH**

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ABSTRACT

This research is to examine the effect of job satisfaction and psychological contract on employee commitment and its impact on employee performance at PT. Bank Rakyat Indonesia (BRI) Branch Meulaboh. The population is all its employees as many as 208 people. While the sample is determined using Clustered Random Sampling technique that the respondents are taken based on their respective Work Units. By using the Slovin formula, the number of sample in this study is 139 people. Data is collected using questionnaires. The Structural Equation Model (SEM) is used to test the research model, and, Sobel test is also used to measure special for the indirect effects in the model. The result shows that job satisfaction effects employee commitment significantly, psychological contract effects employee commitment significantly, job satisfaction effects employee performance significantly, employee psychological contract effects employee performance significantly, employee commitment effects employee performance significantly, job satisfaction effects employee performance through employee commitment significantly, and psychological contract effects employee performance through employee commitment significantly. The employee commitment is proven as the partial mediation variable for both indirect effects. These all findings confirm the model as a fit model so it contributes to science as an update of the theory. The novelty lies in the integration of the causality model from the previous theories, and in using a new object. The limitation resides in the amount of variables and the scope of object. This model also can be a reference for the practical managers, especially the managers in PT. BRI Branch Meulaboh, to respond to the latest conditions of their organization.

Keyword: Job satisfaction, psychological contract, employee commitment, employee performance

1. INTRODUCTION

The company aims to obtain maximum profit, to achieve these objectives the company must have high performance. Company regulations have a large impact on employee performance in achieving company goals, therefore company regulations must be able to create a healthy and good company atmosphere, so that it also has an impact on high performance. (Robbins and Judge, 2014) revealed that employee performance is the result of specified work achievements. Meanwhile, according to (Streiner, 2005) in (Muizu, 2014), employee

performance is the output achieved by employees in completing work that is charged based on skills, sincerity, experience, and available time.

Because performance is an important factor for the company, the company must be able to create conditions where employees are able to improve and develop their skills and abilities to the maximum so that job satisfaction and psychological conditions of employees and the organization to be able to provide guarantees so as to encourage employee morale. Therefore, company leaders must understand what must be done to create job satisfaction and psychological conditions that are conducive for their employees.

An organization aims to achieve excellence in competing and to survive. To achieve these advantages, a company must improve the individual performance results of its employees, because the results of individual performance has an impact on the performance of an overall company. The attitude that must become the organization at this time is not only the in-role attitude, namely carrying out tasks in accordance with the job description, but also the extra-role attitude, namely the involvement of extra roles to complete the tasks of the organization. Therefore, performance is often associated with quantity, quality, efficiency and work effectiveness (Mathis and Jackson, 2006). Performance is also considered as productivity which shows the contribution, quality, and quantity of a job (Yeh and Hong, 2012). Based on this opinion, it can be concluded that performance is a work that has been achieved by an individual or team or in accordance with the conditions set in an effort to achieve the goals set by an organization.

With regard to satisfaction and psychological contract, (Gibson, Ivancevic and Konopaske, 2012), stated that the satisfaction felt by employees is one of the characteristics of the individual aspects. Whereas psychological contract is one element of psychological aspects. While the organizational aspects of a company are reflected by how committed employees are to employees. In relation to employee commitment (Allen and Meyer, 1990) explained that aspects of satisfaction and psychological contract can encourage commitments that can be identified from affective commitments and ongoing commitments.

Much research has been done with regard to job satisfaction with employee performance. However, the research was mostly done partially without involving several mediating variables in the analysis. (Awan and Asghar, 2014) revealed that there was a relationship between job satisfaction, salary, job security, and appreciation. (Novita, Sunuharjo and Ruhana, 2016) also stated that there is an influence between job satisfaction and employee performance. Psychological contract also has an effect on employee performance. (Ermawati, 2017), (Anggraeni, 2013), (Widayati, 2017), Employee performance is determined by employee commitment and psychological contract. Meanwhile, (Memari, Mahdieh and Marnani, 2013) found a relationship between employee commitment and employee performance.

2. LITERATURE REVIEW

Employee performance

Based on the above study, many definitions were given by experts about performance. Experts agree that individual performance can be measured by several indicators as quoted by (Indarti, Hendriani and Mahda, 2014) such as timeliness, work quality, work quantity, integrity, and discipline.

Employee Commitment.

Employee Commitment is the attitude or form of a person's behavior towards the organization's vision, mission, values and goals. Individuals who are highly committed to the company, indicated by a real desire to work to remain a member of the organization, (Allen and Meyer, 1990), (Greenberg and Baron, 2000) and (Luthans, 2006).

Personality is a factor that can affect employee commitment. What is meant by personality is emotional intelligence. According to (Aghdasi, Kiamanesh and Ebrahim, 2011), an individual's emotional intelligence will affect employee commitment. In addition to the factors above, Job Satisfaction is also a factor that affects employee commitment. (Puspitawati and Riana, 2014), stated that job satisfaction is the willingness of employees to provide the best service and can increase loyalty to the company. Therefore job satisfaction is very influential on employee commitment, because job satisfaction can improve employee performance, so the company gets high commitment from employees.

Psychological contract is another variable that also influences employee commitment. (Croucher, Tyson and Wild, 2006) argues that a physical contract is a term used to describe an "agreement" between leaders and employees, not a legal contract, but the implications of bargaining about what is expected of each other, and about the obligations of each to others. (Armstrong, 2012) states that, employees expect to be given jobs that use their abilities, are treated fairly as human beings, receive rewards commensurate with their contributions, can demonstrate competence and develop, obtain opportunities to grow further, while companies also expect employees to be willing and loyal, giving the best performance, fully committed to the company's values, and improving the quality of the company's image in front of customers and suppliers.

Based on the above understanding, Organizational Commitment Scale (OCS) further outlines indicators that can be used to measure commitment, such as; the rest of the career in the organization; easy to work; ongoing commitment; the organization is very meaningful, and; does not want to leave the organization.

Psychological contract.

Many definitions of psychological contract were given by experts. (Kotler, 1974), in (Conway and Briner, 2009), mentioned a Psychological Contract, an agreement contained in a contract between an employee and a company that specifies the expectation that will be obtained by each party in an employment relationship. Whereas (Rousseau, 2000), interpreted a Psychological Contract is an employee's trust in an agreement that has a reciprocal relationship between an individual and his company. The main issues here consist of trust in the agreement that binds the parties to a series of mutual obligations. According to (Croucher, Tyson and Wild, 2006), the psychological contract indicators are; each party's obligations both employees in the work and company in providing appropriate rewards; trust, and; agreements that have been agreed with the company.

Job satisfaction.

(Robbins and Judge, 2008) suggested that job satisfaction is a positive feeling about the work done by someone who is the result of an evaluation. (Vogt, 2007) stated that job satisfaction is an emotional state of employees where there is a lack of a meeting point between the value of

employee compensation services from a company / organization and the level of service value that is desired by the employee concerned. In this logical perspective we see that job satisfaction has an influence on employee commitment and performance.

To measure satisfaction, the Minnesota Satisfaction Questionnaire (MSQ) looks at indicators of employee adjustments to the work environment. it can be measured by matching the work environment with employee personality. Therefore MSQ sees satisfaction from the extrinsic dimension, which is the satisfaction obtained when someone has completed his task (never skipping, absenteeism and good work results) and the overall dimension, is the satisfaction obtained when individuals feel satisfied with work conditions and colleagues work as a whole (enterprising, excited and happy, high employee morale, and employees always have a positive nature)

Research Model and Hypothesis

This research model and the hypotheses that can be formulated are as follows:

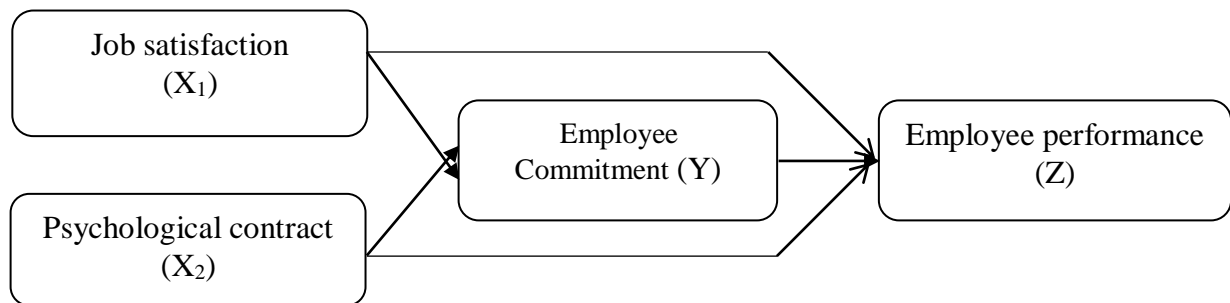


Figure 1. Research Paradigm

- H1 : job satisfaction effects employee commitment significantly
- H2 : psychological contract effects employee commitment significantly
- H3 : job satisfaction effects employee performance significantly
- H4 : employee psychological contract effects employee performance significantly
- H5 : employee commitment effects employee performance significantly
- H6 : job satisfaction effects employee performance through employee commitment significantly,
- H7 : psychological contract effects employee performance through employee commitment significantly

3. METHOD

The object of this research is PT. Bank Rakyat Indonesia (Persero) TbkBranch Meulaboh, in West Aceh Regency, Indonesia. The population is all its employees as many as 208 people. While the sample is determined using Clustered Random Sampling technique that the respondents are taken based on their respective Work Units. By using the Slovin formula, (Cooper and Schindler, 2014), the number of sample in this study is 139 people. This study provides a descriptive and verification analysis. Data is collected using questionnaires.

The measurement scale used in this paper is the interval scale in the form of a Likert

scale. The analytical tool used is SEM with the help of Amos software. SEM is a statistical method that allows testing a series of relatively complex relationships simultaneously, (Ferdinand, 2014). Other than that, Sobel test is also used to measure the indirect effects in the research model.

4. RESULT

Confirmatory Factor Analysis (CFA)

CFA is a test used in a measurement to confirm whether it really can define a construct (variable), (F. Hair Jr *et al.*, 2014). The measurement model shows the relationship between manifest variables and latent variables. the loading factor value will be known and how much the newly formed latent variable is able to reflect each manifest variable using this measurement. An indicator is said to be valid if the minimum loading factor value is ≥ 0.5 , (Sarwono, 2010)

The result of the analysis shows that the loading factor values for all constructs of variables are at ≥ 0.5 except the sixth indicator for the job satisfaction variable, the first indicator of employee commitment variable, and the first and second indicators for employee performance variable. These indicators are eliminated because they are invalid.

Goodness of Fit

Goodness of Fit is an evaluation that is used to declare whether a measurement can be accepted or rejected, for the feasibility test of a measurement with several criteria for similarity of the index and its cut-off value. There are several parameters used to reduce the goodness of fit such as degree of freedom, probability, chi-square, RMSEA, AGFI, TLI, CFI, and CMIN. The result of the analysis pointing to the model can be accepted because the cut-off of all the parameters used all have acceptable criteria.

Hypothesis test

After analyzing the measurement model through CFA and goodness of fit test then the full structural model is measured to prove the hypotheses that have been submitted, with the following results:

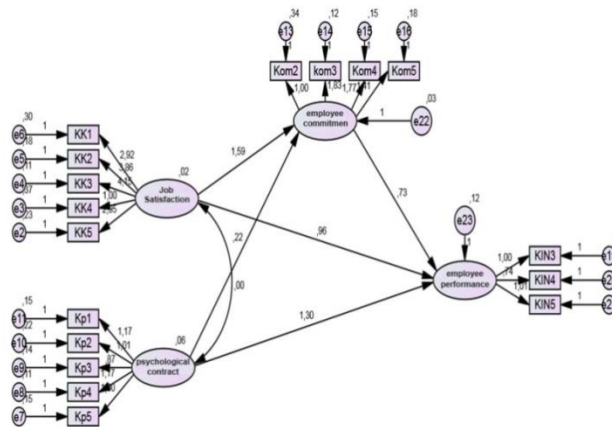


Figure 2. Full Structural Model

Quantitative Hypothesis Testing

Quantitative testing aims to see whether endogenous variables are significantly affected by exogenous variables. The following table is the result of testing Hypothesis 1 to Hypothesis 7 of this study.

Table 1. Direct Effect and Indirect Effect Among Variables

	Direct Effect	Indirect Effect	S.E	Sobel Test	C.R	P
Job satisfaction → Employee Commitment	1.595	-	0.242		2.894	0.043
Psychological contract → Employee Commitment	0.693	-	0.195		3.558	0.001
Job satisfaction → Employee performance	0.960	-	0.132		4.974	0.001
Psychological contract → Employee performance	1.301	-	0.303		4.298	0.001
Employee Commitment → Employee performance	0.730	-	0.122		6.221	0.001
Job satisfaction → Employee Commitment → Employee performance	-	1.164	0.262	4.430	3.412	0.001
Psychological contract → Employee Commitment → Employee performance	-	0.158	0.272	3.488	2.077	0.004

Source: processed 2019.

Based on the table above from the direct hypotheses it can be seen that the effect of job satisfaction on employee commitment shows a path coefficient of 1.595, the effect of psychological contract on employee commitment of 0.693, the effect of job satisfaction on employee performance of 0.960, the effect of employee psychological contract on employee performance of 1.301, and the effect of employee commitment on employee performance obtains 0.730. The effects of all exogenous variables on these endogenous variables are significant at $\alpha = 5\%$. These results indicate that :job satisfaction and psychological contract have a positive and significant effect on employee commitment; and job satisfaction, employee commitment and psychological contract have a positive and significant impact on employee performance of BRIBranch Meulaboh. This also means that if employees get satisfaction at work and fulfill their psychological contract they will increase their commitment to the company. Likewise, if they get job satisfaction, psychological contractis met and employee commitment is triggered, then employee performance of PT. BRI BranchMeulabohwill also increase positively.

These result are consistent and supported by previous studies, like(Eliyana, Ma'arif and Muzakki, 2019) which confirmed that satisfaction has a positive and significant effect on employee commitment, and also was confirmed by (Ermawati, 2017)and (Widyawati and Listadi, 2014), which stated that psychological contracteffects employee commitment positively

and significantly.

Other studies also confirmed the result of this study such as (Robbins and Judge, 2008), (Greenberg and Baron, 2000), Cloud research (Awan and Asghar, 2014) and (Husni, Musnadi and Faisal, 2017), which resulted that job satisfaction can affect employee performance, with these satisfaction employees will increase work productivity. On the other hand this study was also supported by (Widyawati and Listadi, 2014), who found that psychological contract has a positive effect on employee performance and findings by (Robbins and Judge, 2008) that stated there is a positive relationship between employee commitment and employee performance.

Based on table 1, this study also proves that there is an indirect effect between job satisfaction on employee performance through employee commitment. The test result shows the value of the indirect effect of job satisfaction on employee performance through employee commitment that is 1.164 ($p = 0.000$), while the direct effect 1.595 with a t value of $3.412 < 1.96$. These results indicate that there is an indirect effect between job satisfaction on employee performance through employee commitment. Employee commitment acts as partial mediating in linking job satisfaction with employee performance. The same condition is also shown when indirect effect testing is performed between psychological contract to employee performance through employee commitment, where the value is 0.158 ($p = 0,000$), while the direct effect 1.301 with a t value of $2.007 < 1.96$. In this context employee commitment also acts as partial mediating in linking psychological contract with employee performance. These result indicates that there is an indirect effect between psychological contract on employee performance through employee commitment partially at PT. BRI Branch Meulaboh.

5. CONCLUSION

The result shows that job satisfaction effects employee commitment significantly, psychological contract effects employee commitment significantly, job satisfaction effects employee performance significantly, employee psychological contract effects employee performance significantly, employee commitment effects employee performance significantly, job satisfaction effects employee performance through employee commitment significantly, and psychological contract effects employee performance through employee commitment significantly. The employee commitment is proven as the partial mediation variable for both indirect effects. These all findings confirm the model as a fit model so it contributes to science as an update of the theory. The novelty lies in the integration of the causality model from the previous theories, and in using a new object. The limitation resides in the amount of variables and the scope of object. This model also can be a reference for the practical managers, especially the managers in PT. BRI Branch Meulaboh, to respond to the latest conditions of their organization.

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