Factors Affecting Organizational Commitment Mediated By Employee Loyalty: Study in Aceh Financial Management Board

*Nora Amalia, Said Musnadi, Faisal
Management Department, Universitas Syiah Kuala, Banda Aceh, Indonesia

Abstract

This study is to prove the factors that affect the organizational commitment. The object of this research is all employees at the Aceh Financial Management Board. A number of samples in this study were 191 people out of a total of 366 employees of the Aceh Financial Management Board. This study uses SEM as an analytical method. The result shows that job characteristics affects the organizational commitment, organizational support affects the organizational commitment, job characteristic affects the loyalty of employees, organizational support affects the loyalty of employees, employee loyalty affects the organizational commitment, employee loyalty mediates the effect of job characteristics on the organizational commitment, employee loyalty mediates the effect of organizational support on the organizational commitment of the aceh financial management board. These proofs support the previous theories and the model becomes the new premises. This model contributes to the academics area that provide the update causality theories. The novelty lies in the model formed that is integrated from the previous research models. For the practical leaders, this can be a reference for formulating the policies in further. The limitation of this study resides in scope of the model and object.

Keywords: Job Characteristic, Organizational Support, Employee Loyalty, Organizational Commitment.

1. Introduction

The performance of a government institution needs to have organizational commitment, because to retain employees, organizational commitment is a significant factor in achieving organizational goals. The role of organizational members is crucial in advancing and assisting the organization in achieving its objectives. Organizational success will be fulfilled if every member in the organization can make a positive contribution so that it will have an impact on achieving common goals. (Tobing, 2009) defined a commitment is a condition that describe the relationship between individuals and organizations and it has implications for individuals in deciding to remain with the organization or leave it.

Person's commitment to organization (organizational commitment is often a crucial issue in the world of work. Employees who are emotionally committed to the organization show a higher performance, reduce absenteeism, and the possibility of quitting their jobs decreases. The realization of higher employee performance will greatly depend on organizational commitment. Higher organizational commitment will be influenced by various factors. Some of these factors are job characteristics, organizational support and loyalty.
Based on initial observations of 30 respondents at the Aceh Financial Management Board, they argued that they were loyal and committed to their organization. However, based on interviews with several employees, officers complain if the work which they do sometimes it’s not described clearly by the supervisor, so that employees find it difficult to finish the job. Based on the opinions of some employees if they are associated with their answers regarding organizational commitment, they are already committed to their organization. This shows that although there are few constraints on job characteristics, in general it can be said that the employee already has organizational loyalty and commitment. This condition is actually different from the theory which says that good job characteristics will increase organizational commitment through employee loyalty (Konya, Matic and Pavlovic, 2016). The existence of different phenomena with this theory becomes interesting to study.

Furthermore, it is still based on the initial observations of 30 respondents at the Aceh Financial Management Board. They argue that they have loyalty and are committed to their organization. However, employees complained about the lack of organizational support provided by the organizations they work for. So that employees experience obstacles in completing their work. This will have an impact on completing longer work. Based on the opinions of employees, if associated with their answers related to organizational commitment, instead they have committed themselves to their organization through loyalty. This shows that although there are few obstacles to their lack of organizational support, in general it can be said that these employees remain committed to the organization through employee loyalty. This condition is actually different from the theory which says that organizational support will increase organizational commitment through employee loyalty (Beheshtifar and Herat, 2013). The existence of different phenomena with this theory becomes interesting to study.

(Djastuti, 2010) and (Konya, Matic and Pavlovic, 2016) said the job characteristics affect employee organizational commitment in an organization. Employees who have good job characteristics, they will increase their organizational commitment. This is because with the characteristics of a good job, the employees can focus on their work, so that their work can be resolved effectively and efficiently. However, this can be realized, if employees also have loyalty to the organization where they work.

Vice versa, the low job characteristics that exist in the organization, will have an impact on the low organizational commitment of employees. This is also because they have low employee loyalty. Employees will not increase their loyalty because they feel that the work they are carrying out is not clearly described by their supervisor. So that they have difficulty resolving it (Djastuti, 2010). The impact of this will reduce their organization's commitment through employee loyalty.

Furthermore (Beheshtifar and Herat, 2013), (Gündüz, 2014), (Fakhrae, Amani and Manoochehri, 2015), and (Fahrizal and Utama, 2017) also argued that organizational support is an integral part of organizational commitment. Organizational commitment will exist in the souls of their employees who feel they have been given support by the organization they work for. Organizational support is an important part of increasing organizational commitment. This will all be realized through employee loyalty. Likewise, on the contrary, low organizational support given to employees will have an impact on the low organizational commitment of employees. This is because employees will reduce their loyalty. Employees will not increase their loyalty because they feel they are not valued by their organization.
2. Literature

Organizational Commitment

Organizational commitment is a strong desire to remain as a member of a particular organization, or the desire to strive according to the wishes of the organization so that they are still in the organization (Tamalero, Swasto and Hamid, 2012). Thus, people who have commitments will not leave the company due to more promising job offers in other companies. In addition, he will support the company's strategy and goals and make the company an important part of their life.

According to (Manjuria, Nasir and Musnadi, 2018) Organizational commitment is needed as one of the performance indicators of human resources. Employees with high commitment can be expected to show job satisfaction so that they can obtain optimal performance. Someone who joins an organization requires a commitment in themselves.

According to (Salwa, Away and Tabrani, 2018) employee commitment is a situation where an employee sided with organizational goals and had the desire to maintain his membership in the organization. Commitment will arise if the employee is aware of his rights and obligations in carrying out his duties in the organization.

The three components of employee commitment to organizational commitment do not just happen, but through a process that is sufficiently long and gradual. Organizational commitment is also determined by a number of factors. (Tamalero, Swasto and Hamid, 2012) stated that there are a number of factors that influence organizational commitment. Some of them are the characteristics of existing work, organizational support and loyalty to the organization. These three factors cannot be separated from organizational commitment. This shows that any occurrence of good fluctuations in the increase or decrease in job characteristics, organizational support, and employee loyalty, will also have an impact on the fluctuation of organizational commitment.

The relevant thing is also expressed by (Djastuti, 2010), (Tamalero, Swasto and Hamid, 2012), (Konya, Matic and Pavlovic, 2016), and (Sancaya, 2018) related to factors that influence organizational commitment. These factors were job characteristics that influence organizational commitment. Job characteristic is employee duty attributes and include a number of responsibilities, various tasks, and the extent to which the work has characteristics that can make employees feel satisfaction. The job characteristics will explain that each job can be clearly described, so that employees can focus on their work.

(Sopiah, 2008), said the theoretical model of organizational commitment or what is called the form of organizational commitment are:

1) Continous Commitment
2) Integrated Commitment
3) Controlled Commitment

Indicator of employee organizational commitment is a measurement or reflection to see employee organizational commitment. (Sopiah, 2008) stated, indicators of organizational commitment are divided into 5, namely:

1) Trust and acceptance of the goals and values of the organization,
2) Willingness to use earnest efforts for the benefit of the organization,
3) Desire to maintain membership in the organization,
4) Contributing to every activity organized by the organization,
5) Feeling that you have a workplace organization.
Loyalty

According to (Rizwan, Musnadi and Faisal, 2018) Loyalty is basically devotion, service and trust given or directed to someone or an institution, in which there is a sense of love and responsibility to try to provide the best service and behavior. Relevant matters were also expressed by (Silvia, Rudi and Miranda, 2014). He revealed that job characteristics affect employee loyalty. A job that has been described carefully and adequately, will have an impact on the ease of the employee in doing the work. So that employees are smooth and orderly in doing the work. Thus, employees will feel willing to work more for their organization. Or in other words the employees will do loyal to their organization in doing their work.

The theoretical model of employee loyalty will explain related to employee loyalty to the organization or company where the employee works. Employee loyalty shows that the concept is a series of service profit chains (Robbins and Coulter, 2016). Based on the model, the quality of organizational services to its employees will determine the level of employee satisfaction. Organizations that are able to meet the needs of their employees will make their employees satisfied.

Furthermore, employee satisfaction will result in employee retention rates in working in a company. At the same time, satisfied employees will tend to increase productivity. Retention and good performance are indicative of employee loyalty to the organization where they work. As a consequence of the employee's loyalty, they will be able to provide high value services that are felt by customers. The value of these services will determine customer satisfaction and ultimately their loyalty to the product or service they consume. The model of the relationship between satisfaction and loyalty between employees and customers has been widely accepted by researchers and practitioners (Robbins and Coulter, 2016). Some experts further develop the model by adding other variables such as images, for example, to the model for the desired testing purposes.

Loyalty according to (Gouzali, 2000) has several elements, namely:
1) Adherence and obedience
2) Responsible
3) Service
4) Honesty
5) Receive an error

Job Characteristic

The job characteristics model is an approach to enrichment. The job enrichment program seeks to design work by helping stakeholders to satisfy their needs for growth, recognition, and responsibility. So that with the better job characteristics, it will be easier to do the work. So that it will be more effective and efficient to complete work within an organization.

Many or few characteristics of work in an organization can not be separated from the many jobs that exist. The more work in an organization, the more job characteristics that are shared with employees. The characteristics of the work are the nature and tasks which include responsibility, type of task and level of satisfaction obtained from the work itself (Silvia, Rudi and Miranda, 2014).

The measurement of job characteristics has been carried out by (Silvia, Rudi and Miranda, 2014). Here's the explanation:
1) Variation in skills  
2) Assignment Identity  
3) Significance of the task  
4) Autonomy task  
5) Feedback

Organizational Support

Organizational support is a form of organizational realization that is perceived by global beliefs regarding the extent to which organizations assess contributions, pay attention to welfare, hear complaints, pay attention to life and consider the objectives to be achieved and can be trusted to treat employees fairly (Prasetyo, 2016). Organizational support is the global trust of employees regarding the extent to which their organizations value contributions and pay attention to the lives of their employees.

The active involvement of employees in division decisions and profitability is highest in the entire company, management considers that the existing moral is also high (Robbins and Coulter, 2016). Policies and practices that are considered objective and fair by management may be considered unfair by employees in general or by certain groups of employees. If these deviant perceptions give rise to negative attitudes about work and organization, it is important for management to find out, because employee behavior is based on perception not reality. Thus, organizational support becomes important to give to employees. This is because with the support of the organization, it will facilitate and accelerate the completion of employee work. So that a job can be resolved effectively and efficiently.

Indicators of organizational support are ways to measure organizational support given to employees. This organization's support is valued by employees in an organization. Organizational support is the global trust of employees in an organization regarding the extent to which their organizations value contributions and pay attention to the lives of their employees. This condition is what will be achieved and can be trusted to treat employees fairly by the organization. Indicators of organizational support according to (Prasetyo, 2016) are as follows:
1) Appreciation  
2) Development of working conditions  
3) Employee welfare  
4) Transparent information.

Hypothesis
From the theory explanations above, authors formulate the hypothesis for this research as follows:
H1: job characteristics affects the organizational commitment,
H2: organizational support affects the organizational commitment,
H3: job characteristic affects the loyalty of employees,
H4: organizational support affects the loyalty of employees,
H5: employee loyalty affects the organizational commitment,
H6: employee loyalty mediates the effect of job characteristics on the organizational commitment,
H7: employee loyalty mediates the effect of organizational support on the organizational commitment.
3. Method

**Data Collection Technique**

To obtain data regarding the assessment of job characteristics, organizational support, employee loyalty and organizational commitment data collection was carried out using questionnaires. The questionnaire method is a series or list of questions arranged systematically, then sent to be filled out by the respondent. After filling in the questionnaire is sent back (Bungin, 2008).

The questionnaire used is a choice one to make it easier for respondents to provide answers, because alternative answers have been provided and only require a shorter time to answer them. The questionnaire contains questions related to the research variable.

**Data Analysis Method**

The data analysis equipment used in this study was structural equation modeling (SEM) with the help of the Amos program. Equation model SEM is a set of statistical techniques that allow testing of a series of relatively complicated relationships simultaneously (Ferdinand, 2014).

SEM is able to enter latent variables into the analysis. Latent variables are unobserved concepts that are approximated by observed or measured variables obtained by respondents through data collection methods (survey, test, observation) and often called manifest variables (Latan and Ghozali, 2012).

The advantages of the application of SEM in management research are because of its ability to confirm the dimensions of a concept or factor that is very commonly used in management and its ability to measure.

4. Research Results

**SEM Analysis**

The results of data processing for full analysis of SEM models are shown in Figure 4.1.
Figure 1. SEM Result

Based on Figure 1, it can be explained the influence of each variable, namely:

1. The effect of job characteristics on organizational commitment is positive 0.471, which means that the better the job characteristics will increase organizational commitment.
2. The effect of organizational support on organizational commitment is positive 0.191, which means that the better organizational support will increase organizational commitment.
3. The influence of job characteristics on employee loyalty is positive 0.842, which means that the better the job characteristics will increase employee loyalty.
4. The effect of organizational support on employee loyalty is positive 0.247, which means that the better organizational support will increase employee loyalty.
5. The effect of employee loyalty on organizational commitment is positive 0.216, which means that the better employee loyalty will increase organizational commitment.

Hypothesis testing

SEM processing results as shown in Table 1 below.

Table 1. Result of Hypothesis Testing

<table>
<thead>
<tr>
<th></th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Loyalty (EL) --- Job Characteristics (JC)</td>
<td>0.842</td>
<td>0.128</td>
<td>6.551</td>
<td>0.000</td>
</tr>
<tr>
<td>Employee Loyalty (EL) --- Organizational Support (OS)</td>
<td>0.247</td>
<td>0.048</td>
<td>5.163</td>
<td>0.000</td>
</tr>
<tr>
<td>Organizational Commitment (OC) &lt;-- Job Characteristics (JC)</td>
<td>Estimate</td>
<td>S.E.</td>
<td>C.R.</td>
<td>P</td>
</tr>
<tr>
<td>----------------------------------------------------------</td>
<td>----------</td>
<td>------</td>
<td>------</td>
<td>----</td>
</tr>
<tr>
<td></td>
<td>0.471</td>
<td>0.104</td>
<td>4.541</td>
<td>0.000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organizational Commitment (OC) &lt;-- Organizational Support (OS)</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.191</td>
<td>0.039</td>
<td>4.914</td>
<td>0.000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organizational Commitment (OC) &lt;-- Employee Loyalty (EL)</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.216</td>
<td>0.067</td>
<td>3.212</td>
<td>0.001</td>
</tr>
</tbody>
</table>

Source: Primary Data, 2018 (processed).

Based on the results of SEM analysis in table 1 and statistical equations (1) and (2), the following results can be formulated:

\[
\begin{align*}
\text{Employee Loyalty (EL)} & = 0.842JC + 0.247OS \\
\text{Organizational Commitment (OC)} & = 0.471JC + 0.191OS + 0.216(EL)
\end{align*}
\]

The results of testing the second hypothesis can be seen in table 1. Based on the table, we can see the value of the critical ratio (CR) of job characteristics towards organizational commitment of 4.541. This value is then entered into the criteria of accepting or rejecting the hypothesis. It turns out that the Critical Ratio (CR) > 1.967 (4.541 > 1.967), then H\(_01\) is accepted, and H\(_1\) is rejected. This means that job characteristics influence organizational commitment. The results of this study are in line with the research of Djastuti, 2010, (Tamalerio, Swasto and Hamid, 2012), and (Konya, Matic and Pavlovic, 2016). They revealed that the characteristics of work experienced by employees will affect organizational commitment. They stated that with the characteristics of work that the organization in which they work, it will have an impact on organizational commitment.

The results of the third hypothesis can be seen in table 1. Based on the Table, see the value of the critical ratio (CR) of organizational support for organizational commitment of 4.914. This value is then entered into the criteria of accepting or rejecting the hypothesis. It turns out that the Critical Ratio (CR) > 1.967 (4.914 > 1.967), then H\(_02\) is accepted, and H\(_2\) is rejected. This means that organizational support influences organizational commitment. The results of this study are in line with the research of Beheshtifar and Herat, 2013, (Gündüz, 2014), and (Fakhrar, Amani and Manoochehri, 2015). They stated that organizational support influences organizational commitment. This shows that fluctuations, be it an increase or decrease in employee organization support will have an impact on the organization's own commitment. This condition means that employees will experience an increase or decrease in performance if affected by the support of their organization.

The result of the fourth hypothesis can be seen in table 1. Based on the table, we can see the value of the critical ratio (CR) of organizational support for employee loyalty is 5.163. This
value is then entered into the criteria of accepting or rejecting the hypothesis. It turns out that the Critical Ratio (CR) value \( < 1.967 (5.163 > 1.967) \), then \( H_{a4} \) is accepted, and \( H_{04} \) is rejected. This means that organizational support has an effect on employee loyalty. The results of this study are in line with the research of (Wanda, Musnadi and Adam, 2013), and (Iqbal, Tufail and Lodhi, 2015). They revealed that organizational support has an effect on employee employee loyalty. This shows that the organizational support that employees feel has an impact on increasing employee loyalty. This condition means that employees will experience increased employee loyalty when experiencing the support of the organization where they work.

The result of the fifth hypothesis can be seen in Table 4.1. Based on the table see the value of critical ratio (CR) employee loyalty to organizational commitment of 3.212. This value is then entered into the criteria of accepting or rejecting the hypothesis. It turns out that the Critical Ratio (CR) \( > 1.967 (3.212 > 1.967) \), then \( H_{a5} \) is accepted, and \( H_{05} \) is rejected. This means that employee loyalty affects organizational commitment. The results of this study are in line with (Fischer, 2015). He revealed that employee loyalty affects organizational commitment. This shows that employee loyalty experienced has an impact on increasing or decreasing organizational commitment. This condition means that employees will experience an increase or decrease in their organizational commitment when they experience employee loyalty where they work.

**Mediation Testing**

Testing the mediating effect of job characteristics variables on personnel organizational commitment can be explained as follows:

![Figure 2. The Effect of Job Characteristic on Organizational Commitment through Employee Loyalty](image)

Based on Figure 2, it was found that the path coefficient between job characteristics and employee loyalty obtained path coefficient value of 0.842, while the path coefficient of employee loyalty to employee organizational commitment was 0.216. The path coefficient between job characteristics and employee organizational commitment obtained a value of 0.471. Because the direct influence between job characteristics and organizational commitment is significant at 5% and the effect of job characteristics on employee loyalty is significant at 5% and the effect of employee loyalty on organizational commitment is also significant at 5%, it can be concluded that employee loyalty variables act as variables that mediate the relationship
between job characteristics of employee organizational commitment. The role of mediation played by employee loyalty is partially mediating.

The results of the study indicate that testing the mediating effect of organizational support variables on employee loyalty can be explained as follows:

![Diagram](image)

**Figure 3. The Effects of Organizational Support on Organizational Commitment through Employee Loyalty**

Based on Figure 3, it is found that the path coefficient between organizational support and employee loyalty obtained path coefficient value of 0.247, while the path coefficient of employee loyalty to organizational commitment of employees was 0.216. The path coefficient between organizational support and organizational commitment employees obtained a value of 0.191. Because the direct influence between organizational support and organizational commitment is significant at 5% and the influence of organizational support on employee loyalty is significant at 5% and the effect of employee loyalty on organizational commitment is also significant at 5%, it can be concluded that employee loyalty variable acts as variables that mediate the relationship between organizational support for employee loyalty. The role of mediation played by employee loyalty is partially mediating.

5. Conclusion

The result shows that job characteristics affects the organizational commitment, organizational support affects the organizational commitment, job characteristic affects the loyalty of employees, organizational support affects the loyalty of employees, employee loyalty affects the organizational commitment, employee loyalty mediates the effect of job characteristics on the organizational commitment, employee loyalty mediates the effect of organizational support on the organizational commitment of the aceh financial management board. These proofs support the previous theories and the model becomes the new premises. This model contributes to the academics area that provide the update causality theories. The novelty lies in the model formed that is integrated from the previous research models. For the practical leaders, this can be a reference for formulating the policies in further. The limitation of this study resides in scope of the model and object.

Some of strategies are mapped based on this study. The results of the research for the indicator organizational commitment variable which obtained the lowest average value is the contribution indicator, this means that there are still employees who feel they have not become part of the organization. This can be a concern for organizations, where in the future to maintain
good relations with employees. Establishing friendship is the key to making employees feel part of the organization. The result of the employee loyalty indicator that get the lowest average value is the indicator accepting the problem, this means that there are still employees who still do not receive punishment for mistakes made. This can be a concern for organizations, where the role of leaders is to be improved to be a role model in carrying out organizational culture. Other, the result of the research for the indicator job characteristic which obtain the lowest average value is the feedback indicator, this means that employees feel less get a response back to the results of the work done. This can be a concern for organizations to pay more attention to the welfare of employees, where by providing compensation for the work completed. And finally the based on the results of the research for the indicator organization support variable which obtained the lowest average value is an indicator of information transparency, this means that there are still employees who feel the information conveyed by the organization is not transparent. This can be a concern for the organization so that in the future the information will be more transparent and not kept confidential.

References