THE EFFECT OF SUPERVISION, COMPENSATION SYSTEMS, AND ORGANIZATIONAL COMMITMENTS ON THE PERFORMANCE OF EMPLOYEES IN CONSTRUCTION SERVICES COMPANIES

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Abstract: *The construction industry involves many parties with various competencies and is related to the role of human resources in construction service companies. Human resource governance has contributed to the success and smooth operation of construction service companies. Human resources must be managed properly. Various management policy actions seek to utilize humans as a driver for the realization of organizational goals. Employee performance is an indication of the achievement of company goals. Supervision, compensation system, and organizational commitment are elements that affect employee performance. The purpose of this study was to determine the effect of supervision, compensation system, and organizational commitment on employee performance. The research was conducted in a construction service company in Surabaya involving 61 employees as respondents. The study used multiple linear regression analysis involving t test and F test as an analytical tool. The results of this study prove that partially and simultaneously the three independent variables have a significant effect on employee performance.*

Keywords : *Supervision, Compensation System, Organizational Commitment, Employee Performance.*

1. INTRODUCTION

The existence of Human Resources (HR) is a major factor in an organization. The success of all work tasks is determined by the presence of quality human resources. The work system in the organization must ensure the effective and efficient use of human talents to achieve organizational goals. The form of HR involvement in the organization is indicated by the presence of workers, or employees (Hutomo, 2011). They actively encourage productivity to meet organizational goals (Putra et al., 2017). Thus, it is necessary to develop the quality of human resources on an ongoing basis.

To create the success of an employee's work, the leader must take a management step so that organizational goals can be achieved (Santosa, 2002). Work results or employee performance must contribute to the achievement of organizational goals. According to Luthans (2006), employee performance leads to the observation of the results in terms of quantity or quality of work produced by employees through the implementation of tasks. One of these steps is to supervise all work carried out by an employee. According to Mahyanaila (2016), supervision is a process for observing the implementation of work, assessing it and improving it so that it is always in accordance with the provisions or work standards.

Supervision is the most important element for fostering individuals in the organization because supervision is a driving force for subordinates or employees so that they can act according to what has been planned according to the applicable rules. According to Mardikaningsih (2016), with supervision, leaders can find out real activities from every aspect and every problem in implementing tasks in the organizational environment and if there are deviations, they can immediately take action and corrective steps as needed according to a predetermined plan. and in accordance with applicable laws and regulations.

Supervision is very important in every job because with good supervision, the program plans to be implemented will be carried out properly (Pearce et al., 2013). With supervision is very closely related to employee performance (Johnson, 2000). Previous studies have shown that supervision has a significant effect on employee performance (Schmidt et al., 1986; Herdino and Andri, 2017). Proper supervision leads to control over employee performance. The implementation of an organization's activities without supervision can result in decreased individual performance and will have a direct effect on other activities (Sinambela et al., 2020). Thus, effective supervision is needed so that it is expected to have a positive impact on the development of the organization.

Compensation is a driving factor for the formation of employee performance. Employees feel that they are recognized for their work when the financial and non-financial rewards are in line with their expectations and workload (Werdati et al., 2020). The organization's policy on determining the compensation system needs to consider the rights of employees and the financial capabilities of the organization. The existence of compatibility between the two parties causes the compensation system to have the potential to increase employee work results. Previous studies have shown that compensation has an influence on employee performance (Khan et al., 2013; Mardikaningsih, 2014; Akhtar et al., 2015; and Arifin et al., 2019).

Organizational development is also determined by the organizational commitment of each employee. Organizational commitment contains values that must be understood, inspired, and applied by all individuals or groups in the organization (Hariani, 2019). Commitment relates to how the organization builds the determination to realize the vision, provide the best service and produce maximum performance and build organizational strength. Commitment determines the progress of every organization, no matter what type of organization it is. Employees who are committed to the organization have the potential to improve employee performance. Previous studies have stated that organizational commitment has a significant effect on employee performance (Becker et al., 1996; Mardikaningsih et al., 2017; Darmawan et al., 2020). Employees who have high organizational commitment will give maximum effort voluntarily for the betterment of the organization. They will try to achieve organizational goals and maintain organizational values (Darmawan, 2013). In addition, they will participate and be actively involved in advancing the organization. Employees who have a high commitment will be responsible by being willing to give all their abilities because they feel they belong to the organization. A strong sense of belonging will make employees feel useful and comfortable in the organization.

Supervision, compensation system and organizational commitment contribute to employee performance. This is the topic of this research conducted in one of the construction service companies in Surabaya. Thus, the authors set the research objective is to analyze and try to find out the role of supervision, compensation system, and commitment to employee performance partially and simultaneously.

2. RESEARCH METHODS

Research on the effect of supervision, compensation system and organizational commitment on employee performance uses causal associative research because it aims to determine the relationship between the independent variable and the dependent variable. The company observed is one of the construction service companies in Surabaya. The technique used to determine the sample is total sampling, namely by taking the entire population as respondents involved in operational activities as many as 61 people to be used as samples. In this study, the independent variables are supervision (X.1), compensation system (X.2) and organizational commitment (X.3) while the dependent variable is employee performance (Y).

1. Supervision as a process to observe the implementation of work, assess it and improve it so that it is always in accordance with the provisions or work standards (Robbins and Judge, 2013). According to Putra et al. (2017), the indicators are (1) accurate; (2) on time; (3) focused on strategic oversight points; (4) objective and thorough.
2. The compensation system is a system regarding the income received by employees as a form of contribution to the company or remuneration for services (Brown et al., 2003). According to Darmawan and Mardikaningsih (2021), compensation measurement indicators consist of financial compensation and non-financial compensation. Direct financial compensation is salary and wages, benefits, bonuses, commissions, and profit sharing. Indirect compensation includes pensions, labor, health and life insurance. In addition, it can also change pay outside working hours, namely holidays, annual leave, and maternity leave. Non-financial compensation such as interesting work and a conducive work environment.
3. Organizational commitment is a measure where employees want to fully believe, accept the goals of the organization and are willing to continue to serve the organization for a long period of time (Hakkak and Ghodsi, 2013). According to Becker et al. (1996), the indicators are (1) a strong desire to remain an employee; (2) the desire to strive for the success of the organization; (3) equality of organizational values; (4) acceptance of organizational goals.
4. Employee performance is the quantity and quality of the good work achieved by a person to carry out his work according to the responsibilities given (Cascio, 1998). According to Gibson et al. (2003), the indicators are (1) quality of work; (2) quantity; (3) punctuality; (4) effectiveness; (5) independence; (6) sense of responsibility.

To reveal the existing problems, this study uses primary data sources. Primary data is data collected by researchers themselves from the object of research. Primary data is data obtained and collected directly from the research location through a questionnaire given to all employees who are designated as samples. Data collection techniques were carried out by distributing a list of questions and direct interviews to respondents (employees). The questionnaire was arranged based on a Likert scale. The questionnaire uses a Likert scale with a scale of 8 (strongly agree) to 1 (strongly disagree).

Data analysis begins with validity and reliability tests so that the collected data can be declared valid and reliable. Furthermore, the classical assumption test and multiple linear regression analysis were carried out. The F test and t test were conducted to answer the research objectives.

3. RESULT AND DISCUSSION
3.1. Research Result

Validity test to measure the accuracy of the questionnaire for all respondents' statements. The limit of each question item is declared valid if the corrected item total correlation value is greater

than 0.3. The SPSS output shows that all statement items are declared valid because they all exceed the 0.3 threshold.

Furthermore, to test the reliability is used to show the extent to which the measuring instrument is reliable. Instruments are said to be reliable if used several times to measure the same object will produce the same data. Based on table 1, it can be stated that all variables are reliable. Questionnaires can be relied upon to analyze further data.

Table 1. Reliability Test

Source: SPSS Output

Variable Indicator	Alpha Value
Supervision (X.1)	0.714
Compensation System (X.2)	0.654
Organizational Commitment (X.3)	0.679
Employee Performance (Y)	0.616

After the data is declared valid and reliable, then the classical assumption test is carried out which is described as follows.

1. Normality

The normality test aims to test the normality of the data from the regression model. SPSS results are shown in the following figure.
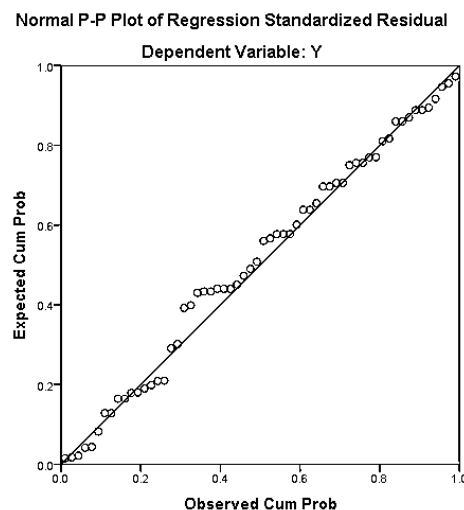

Figure 1. Normal Probability Plot
Source: SPSS Output

In Figure 1, it can be seen that the distribution of points follows the diagonal line and is in the same direction as the plotting of the data. This shows the data distribution is normal.

2. Heteroscedasticity

The way to detect the presence or absence of heteroscedasticity in a regression equation model is by observing the scatterplot. The SPSS output produces a distribution of points that are in each part on the Y axis and this proves that there is no heteroscedasticity.

3. Multicollinearity

To detect the presence or absence of multicollinearity in the regression model, a way of looking at the tolerance value and the VIF value is used. VIF value between more than and tolerance not less than 1.

Table 2. Collinearity Statistics - Coefficients[a]

Model	Collinearity Statistics	
	Tolerance	VIF
Supervision (X.1)	.763	1.217
Compensation System (X.2)	.645	1.193
Organizational Commitment (X.3)	.692	1.122

Source: SPSS Output

In Table 2, as a result of SPSS obtained tolerance and VIF values according to the provisions and proves the research model does not have symptoms of multicollinearity.

4. Autocorrelation

To detect the presence or absence of this correlation can be done using the Durbin Watson test. From the results of SPSS obtained a DW value of 1.865. Value Proves there is no autocorrelation problem.
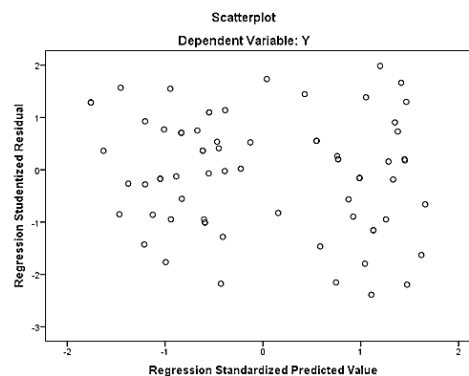

Figure 2. Scatterplot Dependent Variable
Source: SPSS Output

After completing the classical assumption test, the hypothesis is tested. The t test is to test the partial effect of the independent variable on the dependent variable. The results of calculations using SPSS software are as shown in the following table.

Table 3. Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.274	1.198		1.816	.054
	X.1	.343	.061	.348	5.787	.000
	X.2	.267	.068	.281	4.621	.000
	X.3	.321	.063	.347	5.725	.000

Source: SPSS Output

The t test compares the probability sig values. independent variable with a value of 0.05. Each independent variable has a value of 0.000 for the independent variable supervision (X.1), compensation system (X.2), and organizational commitment (X.3). At the real level = 0.05, the independent variables in the form of supervision, compensation system and organizational commitment have a significant effect partially on the dependent variable, namely employee performance.

The F test is used to prove or test the simultaneous effect of the independent variables on the dependent variable (Draper and Smith, 1998). The results of calculations using SPSS software are as shown in the following table.

Table 4. ANOVAª

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2042.646	3	680.881	945.295	.000ᵇ
	Residual	40.335	56	.720		
	Total	2082.981	59			

Source: SPSS Output

The F test compares the probability sig values. with a value of 0.05. The result is a value of 0.000 or lower than 0.05. These results prove that the independent variables have a simultaneous effect on the dependent variable, or at a significant level of 5%, the control variable, compensation system and organizational commitment have a significant simultaneous effect on the employee performance variable.

Based on the previous table, it is also known that the regression equation formed is as follows. $Y = 2.274 + 0.343X.1 + 0.267X.2 + 0.321X.3$. From this equation, it is determined that the independent variable that has the dominant influence on the dependent variable is supervision (X.1) which is seen from the highest regression coefficient value among the independent variables, which is 0.343 or greater than the regression coefficient of the compensation system variable (X.2) which is equal to 0.267 and organizational commitment variable (X.3) which is 0.321.

Table 5. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.725ª	.526	.505	2.13935	1.978

Source: SPSS Output

The coefficient of determination of 0.505 indicates a regression model whose independent variables consist of supervision (X.1) compensation system (X.2) and organizational commitment (X.3) that contribute 50.5% to the formation of employee performance variables. The remaining 49.5% is determined by other factors.

3.2. Discussion

The following are some of the findings in this study. Work supervision has a significant effect on employee performance. The P. Sig value in the coefficients table shows a number of 0.000 (X.1) or less than 0.05. Thus, it can be stated that the independent variable of work supervision has a significant effect on employee performance. This finding supports the previous findings of Schmidt et al. (1986); and Herdino and Andri (2017). Organizations need supervision

to ensure the creation of goals so that the leader's task is to find a balance between organizational control and personal freedom or find the right level of supervision (Darmawan, 2013). Excessive supervision will lead to bureaucracy, turn off creativity and so on, which ultimately harms the organization itself (Enaigbe, 2009). On the other hand, inadequate supervision can lead to wastage of resources and make it difficult to achieve goals. The results of the work must be obtained through supervisory activities because the purpose of supervision is so that the results of the implementation of the work are obtained in an efficient and effective manner, in accordance with a predetermined plan.

The compensation system has a significant effect on employee performance. The P. Sig value in the coefficients table shows a number of 0.000 (X.2) or less than 0.05. Thus, it can be stated that the independent variable of the compensation system has a significant effect on employee performance. This finding supports previous findings from previous studies (Khan et al., 2013; Mardikaningsih, 2014; Akhtar et al., 2015; and Arifin et al., 2019). The right compensation system will give a real contribution to the encouragement of employees to provide maximum work results on the basis of their own awareness (Gunawan, 2017). In addition, the compensation system has a role in the desire of employees to stay in the company. When a construction company implements a well-designed and structured compensation system, it will create a tendency for employees to work with positive feelings and impressions about their work. They will be satisfied with their work and motivated to work harder to achieve goals and, thus, a desire to stay with the organization they work for (Becker and Klimoski, 1989).

Organizational commitment has a significant effect on employee performance. The value of P. Sig in the coefficients table shows a number of 0.000 (X.3) or less than 0.05. Thus, it can be stated that the independent variable of organizational commitment has a significant effect on employee performance and this result supports the findings of Becker et al. (1996); Darmawan et al. (2020) and Mardikaningsih et al. (2017). According to Mathis and Jackson (2008), true organizational commitment will indicate that employees are fully willing, willing to accept the goals of the organization and are willing to continue to serve the organization. Employees who have low organizational commitment tend to engage in ways that can interfere with organizational performance such as high turnover, inactivity to work, complaints and even strikes (Darmawan et al., 2018). Furthermore, Mahyanaila (2016) supports that the higher a person's commitment to their duties, the higher the performance that will be produced, which leads to a higher level of assessment. The same thing was also stated by Khayru (2017) which stated that organizational commitment had a significant effect on performance. The higher the organizational commitment of employees, the more individual performance will increase. Without commitment, it will be difficult to expect active participation from human resources (Dessler, 2009). Therefore, commitment must be maintained so that it continues to grow and exist in the hearts of human resources. With the right ways and techniques, good leaders can create and grow commitment.

Another finding is that supervision, compensation system and organizational commitment have a significant simultaneous effect on employee performance. The P. Sig value listed in the ANOVA table shows a number of 0.000 or less than 0.05. Thus, it can be stated that the independent variables, namely supervision, compensation system and organizational commitment have a significant simultaneous effect on employee performance. Based on the results of data analysis, it can be stated that these findings is differ from previous studies.

4. CONCLUSION

The research findings show that supervision, compensation system, and organizational commitment have a significant partial effect on employee performance. The three independent variables have a significant simultaneous effect on employee performance.

Construction service companies need to develop a supervisory function with the aim of encouraging employees to improve their performance so that productivity can be maximized. Supervision is aimed at preventing or correcting errors, irregularities, discrepancies, irregularities and others that are not in accordance with the assigned duties and authorities. Thus, supervision is not looking for fault with the person but looking for the truth about the results of the implementation of work that is efficient and effective, in accordance with a predetermined plan.

The compensation system that has been established by the construction service company needs to be reviewed so that the system is able to encourage employees to provide better work results. Therefore, organizations can improve their policies regarding compensation especially financial compensation and create working conditions that support work performance.

Efforts to develop commitment are to encourage employees to evaluate themselves on the implementation of the tasks assigned by the leadership with a sense of responsibility and do not have to wait for supervision from superiors so that this shows their commitment to the organization and the work they are responsible for. Further research is suggested to involve more varied variables and according to the problems in the workplace.

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