The Influence of Competency on Employee Performance through Organizational Commitment Dimension

Ida Ayu Oka Martini\(^1\), I Ketut Rahyuda\(^2\), Desak Ketut Sintaasih\(^3\), Putu Saroyeni Piartrini\(^4\),

\(^1\)(Student of Doctoral Program of Management Science Faculty of Economics and Business Universitas Udayana, Bali, Indonesia)
\(^2,3,4\)(Lecturer of Doctoral Program of Management Science Faculty of Economics and Business Universitas Udayana, Bali, Indonesia)

Corresponding Author: Ida Ayu Oka Martini\(^1\)

Abstract: The purpose of this study was conducted to examine and analyze the influence of competency on employee performance through mediation dimension of organizational commitment. The object of the research is the weaving ikat employee in Klungkung Regency with the number of sample is 112 respondents. Data analysis techniques use structural equation modeling-partial least square (SEM-PLS). The results of data analysis found employee competency, and organizational commitment dimensions showed a significant positive effect on employee performance. The results also found that the dimensions of organizational commitment consisting of affective commitment, normative commitment, and ongoing commitment acted as a partial mediator relationship between competency to employee performance.

Keywords – Employee Competency, Affective Commitment, Normative Commitment, Ongoing Commitment, Employee Performance

Date of Submission: 08-02-2018
Date of acceptance: 24-02-2018

I. Introduction

Micro, Small and Medium Enterprises (MSMEs) have a strategic role in the development of the economy in Indonesia, because UMKM is a driver of the economic community and at the same time become the source of income of most people in improving their welfare. According to Cunningham & Rowley (2007)\(^{[1]}\), the important role of MSMEs is able to maximize the efficiency of allocation and distribution of local resources both labor and natural resources. MSMEs play a role in the aspect of increasing employment opportunities, income distribution, rural economic development, and the increase of non oil and gas exports. (Stel et al., 2004)\(^{[2]}\). However, according to Sudaryanto and Hanim (2002)\(^{[3]}\), MSMEs are not able to develop well due to the low quality of human resources, especially on competency, mastery of knowledge and technology. This is one of the causes of low work performance in the sector of SMEs, including weaving ikat business in Klungkung-Bali regency. Weaving ability is derived from the parents and the people who first did the job, never had any formal training in particular weaving.

Work weaving is done like odd jobs, meaning employees are not too focused on the job. The work is done after the various jobs are completed each, so that each employee’s working hours are low about 4-5 hours a day. In addition, business owners do not routinely conduct supervision in the implementation process of work. This reflects the low commitment of employees to their work. Competency and employee commitment are two of a number of factors that can affect employee performance. According to Sethela & Rosli (2011)\(^{[4]}\) competencies have a positive effect in improving the performance of employees. Competency causes one to do a good job (Spencer & Spencer, 1993\(^{[5]}\); Muray, 2003\(^{[6]}\); Mulyasa, 2004\(^{[7]}\); Latifah, 2006\(^{[8]}\); Veithzal Rivai (2008)\(^{[9]}\).

In addition to competencies by Allen & Meyer, (1990)\(^{[10]}\), Baron (2003)\(^{[11]}\), Prihantoro (2012)\(^{[12]}\), organizational commitment consisting of affective commitment, normative commitment, and ongoing commitment, also influences employee performance. The commitment of a strong individual acceptance organization to the goals and values of the company, in which the individual will strive and work and have a strong desire to stay in the company (Greenberg & Baron, 2008\(^{[13]}\); Robbins & Judge, 2008\(^{[14]}\)). Affective commitment is a commitment that refers to employee feelings toward the organization, normative commitment is an employee’s concern to the organization, while ongoing commitment is a strong desire to stay with the organization (Baron, 2003)\(^{[11]}\). These three types of organizational commitment are combined with employee competencies related to employee performance to be a model in this research.
II. Literature Review

2.1 Employee Performance

According to the behavioral approach in management, employee performance is the quantity or quality of something produced or services provided by someone doing Luthans work, (2006) [15], Robert L. Mathis and John H. Jackson (2006) [16] describe employee performance is what employees do or do not do. Meanwhile, according Sedarmayanti (2007) [17], employee performance is the result of employee work through a management process or an organization as a whole whose work results can be shown the evidence in concrete and can be measured.


Employee performance is influenced by many factors both from internal self employees, internal organization, or from external factors organization. Self internal factors that can affect employee performance such as work competency, work commitment, job satisfaction, attachment, work culture, and so forth.

2.2 Employee Commitment

Employee commitment is often referred to as organizational commitment (Allen & Meyer, 1990 [10]; Colquitt et al., 2009) [26]. According to Mowday et al. (1982) [27] organizational commitment is a relative strength of the individual in identifying his or her involvement in the organization. Organizational commitment is an attitude that reflects employees' loyalty to an organization in which members of the organization express their concern for the organization and their continued success and progress (Luthans, 2006) [15]. Bratton and Gold (2007) [28] and Akintayo (2010) [29], explaining employee commitment refers to individual participation or individual attachment to the organization. Ongori (2007) [30], Albdour & Altarawneh (2014) [31] employee commitment is an effective reaction to the overall organization and level of employee loyalty to their organization. Zheng, et al. (2010) [32], defines Commitment of employees is basically the attitude of employees to the organization. According to (Solinger, et al., 2008) [33], employee commitment is psychological that describes an individual's relationship with the organization and has a desire to continue as a member within the organization. According to Nguyen, et al. (2014) [34] most committed employees have no intention of leaving their job. From some of the above definition can be said that the commitment of employees and organizational commitment is the same, which refers to employee loyalty to the organization. Prihantoro (2012) [12] reveals that employee performance can be influenced by organizational commitment. Allen & Meyer (1990) [10] states that there are three dimensions of organizational commitment: affective commitment, normative commitment and continuance commitment.

Affective commitment is defined to the degree to which an individual is psychologically bound to the organization that employs it through a sense of loyalty, therefore they agree on the organizational goals (Allen and Meyer, 1990)[10]. Affective commitment refers to the emotional side attached to an employee regarding his involvement in an organization. There is a tendency that employees who have a strong affective commitment will always be loyal to the organization they work for because the desire to survive comes from within his heart. Affective commitment can arise because of the need and also the dependence on activities that have been done that can not be abandoned because it will harm. This commitment is formed as a result whereby the organization can make employees have strong beliefs to follow all organizational values, and strive to realize organizational goals as top priorities, and employees will also maintain their membership (Kartika, 2011) [35].

Affective commitment can affect employee performance. A number of research results support this statement, the results of research conducted by Nurbiyanti and Wibisono (2014) [36] and Parinding (2015) [37], Hafiz (2017) [38] concluded that there is a positive and significant influence between affective commitment to employee performance. Hidayat (2010) [39] also states affective commitment has a significant effect on the quality of employee performance. Based on this case then formulated research hypothesis as follows:

H1: Affective commitment has a significant positive effect on employee performance

Normative commitment is a feeling of employees about the obligation to persist in the organization (Allen & Meyer 1990) [10]. Normative commitment is a commitment that refers to the sense of duty of employees to stay with the organization because of the pressures of others. People who have a high level of
Continuance commitment is a situation where employees feel the need to stay, where they think leaving the company will be very detrimental to them (Allen and Meyer, 1990) [10]. Continuity of commitment is a commitment of staff based on consideration of something to be sacrificed when leaving the organization or losses that will be borne by staff if not continue their work within the organization. Staff who have high continuance commitment will be in the organization because they do need to work for the organization. According to Parinding (2015) [37], continuance commitment is a commitment based on a person's concern about losing something that has been gained so far in the organization, such as salary, facilities, and others. The causes of continuance commitment are age, position, and various facilities and various benefits obtained. This commitment will decrease if there is a reduction to the various facilities and welfare of employees. Commitment commitment can improve employee performance. This statement is supported by the results of the study Memari et al. (2013) [41] and Nydia (2012) [42]. Based on the statement, hence formulated the hypothesis as follows:

H3 : Continued commitment has a significant positive effect on employee performance

2.3 Competency

Competency is a basic characteristic of a person consisting of knowledge, skills, and attitudes that are related to one's performance (Spenser & Spenser, 1993 [15]; Mulyasa, 2004 [7]; Wibowo, 2007 [43]; Thoha, 2008 [44]). According to some sources, competency consists of task skill, task management skill, contingency management skill, job role skill, and skill transfer (Ardianto et al., 2015 [45]; Fitriana et al., 2013 [46]; Latifah et al., 201 [68]; and Susiloningtyas, 2010 [47]). Other researchers stated that competency consists of dimensions of knowledge, ability, legal / ethical requirement, and self-awareness bias. According to Francis (2015) [48], Rahardjo (2014) [49], Sriekaningsih (2015) [50], Spencer and Spencer (1993) [5], Hutapea and Thoha (2008 [44], and according to Indonesian National Competency Standards 2015 (SKKNI, 2015) consisting of Knowledge, Ability, and Work attitude.

The competency of an employee is able to encourage the improvement of one's commitment to his work (Sujana, 2012) [51]. Specifically, competency positively affects the affective commitment of an employee (Lotunani et al., 2014 [52]; Purwanto, 2015 [53]; and Furuya et al., 2007 [54]), affects normative commitment (Sonnenberg et al., 2011 [55], and Purwanto, 2015 [53]) and affecting the continual commitment (Purwanto, 2015[53]; Myers et al., 2001 [56], and Rawat, 2011 [57]). Based on the description, it can be formulated research hypothesis as follows:

H4 : Competency has a significant positive effect on affective commitment
H5 : Competency has a significant positive effect on normative commitment
H6 : Competency has a significant positive effect on continuance commitment

Hutapea and Thoha (2008) [44] reveal that there are three main components of the formation of competency that is knowledge possessed by a person, ability, and individual behavior. According to Mulyasa (2004) [7] competency is a combination of knowledge, skills, values and attitudes that are reflected in the habit of thinking and acting. Meanwhile, according to Masdar Sjahrazad (2000) [58] competency is the characteristic of an employee who can make a significant contribution to the successful implementation of work and achievement of organizational performance. Boulter, Dalziel and Hill (2003) [59] argues competency is a basic characteristic of a person who enables it to deliver superior performance in a job. Spencer & Spencer (1993: 9) [5] expressed competency as a characteristic of a person who directly impacts his performance in work. One's competency is used to predict the person's performance (Cira and Benjamian, 1998) [60]. Meanwhile, according to Srikanish & Setyadi (2015) [50] competencies are part of the personality that can affect the effectiveness and quality of a person. Competency is also viewed as a personality capable of affecting the effectiveness of a person (Siekpaning & Setyadi, 2015) [50].

A number of research findings found that employee competency can affect employee performance positively significant as Martin (2002) [61], Ainsworth et al. (2002) [62], Spencer and Spencer (1993) [5], Ainsworth et al. (2000) [62]; Suryadarma (2002) [63]; Mulyasa (2004) [7], Latifah (2006) [8], Emyah (2009) [64], Susiloningtyas (2010) [47], Sethela & Rosli (2011) [4], Agha (2012) [65], Zaim (2013) [66], Fitriana et al. (2013) [46], Untari (2014) [67], Alamsyah et al. (2014) [68], Ekaningsih and Setyadi (2015 [50]), Ardianto et al. (2015) [45], Latifah et al. (2016) [8], Rantesalu (2016) [68], Fauza (2016) [70]. However, a number of other

DOI: 10.9790/487X-2002082937  www.iosrjournals.org  31 | Page
studies have found that competency does not significantly affect employee performance, such as Rameshwar Dubey (2010) [71], Dawn (2013) [72], Shodiqin (2013) [73], and Zunaidah (2014) [74].

H7 : Competency has a significant positive effect on employee performance

2.4 Competency – Commitment – Employee Performance

A person who has a competency in a job tends to stick to the job, and perform well. As already mentioned, that competency is able to influence organizational commitment that is reflected through affective commitment, normative commitment, and commitment continuity. Likewise, organizational commitment can affect employee performance. Based on the concept of Baron & Kenny (1986) [11], this condition indicates that organizational commitment may serve as a mediating relationship between competency to employee performance.

H8 : Affective commitment acts as a mediator of the relationship of competency to employee performance
H9 : Normative commitment acts as a mediator of competency relation to employee performance
H10 : Continuance commitment acts as a mediator of competency relation to employee performance

III. Research Methods

3.1 Research sites

This research was conducted on a number of weaving companies in Klungkung Regency, because Klungkung Regency is the center of ikat weaving business in Bali. Almost a third of weaving ikat business in Bali, is in Klungkung district.

3.2 Population and sample research

The study population consisted of ikat leprosy personnel in Klungkung regency which numbered 1,085 people, spread over 55 companies. The number of samples was determined based on Slovin formula with precision of 9%, so the number of samples was 112 respondents. Determination of the number of respondents on each scale of the company done stratified proportionally, while the determination of respondents done randomly.

3.3 Measurement

The competency variables in this study are measured based on national competency standard as set forth in the National Work Competency Standards (SKKNI) Year 2015 on the standard of weaving competency, consisting of nineteen indicators divided into three dimensions: knowledge, skills and attitude. Organizational commitment is broken down into three variables consisting of affective commitment, normative commitment, and ongoing commitment, each also consisting of a number of indicators. The total number of indicators of commitment measurement is as much as While the performance of employees is measured based on three dimensions of task performance, contextual performance, and adaptive performance, each of which also consists of a number of indicators.

3.4 Techniques of data collection and analysis

The data collection in this research is done through the spreading of questionnaire which contains a number of statements along with column of Likert-scale answer form with range 1-5. Data analysis technique is done by structural equation modeling - partial least square (SEM-PLS) method, through three stages: test model of measurement model, structural model test phase, and hypothesis testing. The test phase measurement model consists of convergent validity, discriminant validity, composite reliability, and cronbach's alpha. The test phase of the structural model consists of R-square, Q-square, and Goodness of Fit (GoF).

IV. Result and Discussion

4.1 Validity and Reliability Test

Validity and reliability tests are based on data processing results with the SmartPLS 3.0 program. Based on this result obtained the value of outer loading and AVE all indicators above 0.50, the value of composite reliability and cronbach's alpha is greater than 0.60, as shown in Table 1 below. Based on the results of data testing as in Table 1, where the coefficient AVE> 0.50, and coefficient of composite reliability and Cronbahn's Alpha> 0.60, then the whole data can be said to be valid and reliable.
4.2 Fit Model Evaluation
The model fit test in this study used R-Square (R²), Q-Square (Q²), and Goodness of Fit (GoF) criteria, as shown in Table 2.

Table 2 R-Square (R²), Q-Square (Q²), and Goodness of Fit (GoF)

<table>
<thead>
<tr>
<th>Variables/Dimension</th>
<th>R²</th>
<th>Q²</th>
<th>GoF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competency (X₁)</td>
<td>0.475</td>
<td>Q² = 1 - (1 - R²₁ + (1 - R²₂ + (1 - R²₃ + (1 - R²₄))))</td>
<td>GoF = √(AVE x R²)</td>
</tr>
<tr>
<td>Affective Commitment (M₁)</td>
<td>0.314</td>
<td>Q² = 0.955</td>
<td>GoF = 0.54</td>
</tr>
<tr>
<td>Normative Commitment (M₂)</td>
<td>0.232</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuance Commitment (M₃)</td>
<td>0.836</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Performance (Y)</td>
<td>0.836</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the results of fit model testing, as shown in Table 2, it can be explained that the value of R² for the influence of competency to affective commitment is 0.475, meaning affective commitment 47.5% influenced by employee competency. Normative commitment has a value R² of 0.314, meaning normative commitment is influenced by the competency of 31.4%. Commitment continues to be influenced by a 0.232 debility component, meaning that a continuing commitment of 23.2% is influenced by competency. Meanwhile, employee performance has value R² equal to 0.836. This means that employees’ performance is 83.6% influenced by employee competency, affective commitment, normative commitment, and ongoing commitment, the rest (16.4%) is another factor outside the study. Fit model in terms of Q-Square (Q²) shows a value of 0.955. This shows that the model has a prediction accuracy of 95.5%. While seen from the value of Goodness of Fit, shows the value of 0.54, which means that the research model has a high degree of accuracy. Based on the three criteria of fit model test, it turns out that all three gives the information that the research model has a good level of accuracy.

4.3 Testing Hypothesis
Hypothesis testing in this study consisted of testing the direct effect and indirect influence based on Figure 1, Table 3, and Table 4. Based on Figure 1, Table 3, and Table 4, it can be seen that competency shows a significant positive effect on organizational commitment consisting of affective commitment, normative commitment, and ongoing commitment. Likewise, affective commitment, normative commitment, and ongoing commitment have a significant positive effect on employee performance reflected through three dimensions: knowledge, skills, and attitudes. The results of hypothesis testing prove that H1, H2, H3, H4, H5, H5, and H7 are accepted. The biggest variables indicate the effect on employee performance is employee competency that is equal to 0.428, followed by normative commitment with value equal to 0.336, affective commitment with value 0.175, continuity commitment equal to 0.140.

Indirect test results indicate that organizational commitment consisting of affective, normative, and continuous commitment acts as a partial mediator relationship between competency and employee performance. This proves that H8, H9, and H10 are also accepted.
The Influence Of Competency On Employee Performance Through Organizational ...

Figure 1 Hypothesis Testing Results Relationship between Competency, Affective Commitment, Normative Commitment, Continuance Commitment, and Employee Performance

Table 3 Testing Direct Influence Variable Employee Competency, Affective Commitment, Normative Commitment, Continuance Commitment and Employee Performance

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship between variables</th>
<th>Path Coefficients</th>
<th>t-Statistics</th>
<th>p-value</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁</td>
<td>Affective Commitment</td>
<td>0.175</td>
<td>2.272</td>
<td>0.024</td>
<td>support</td>
</tr>
<tr>
<td>H₂</td>
<td>Normative Commitment</td>
<td>0.336</td>
<td>5.125</td>
<td>0.000</td>
<td>support</td>
</tr>
<tr>
<td>H₃</td>
<td>Continuance Commitment</td>
<td>0.140</td>
<td>2.272</td>
<td>0.026</td>
<td>support</td>
</tr>
<tr>
<td>H₄</td>
<td>Employee Competency (X)</td>
<td>0.689</td>
<td>14.030</td>
<td>0.000</td>
<td>support</td>
</tr>
<tr>
<td>H₅</td>
<td>Employee Competency (X)</td>
<td>0.560</td>
<td>8.036</td>
<td>0.000</td>
<td>support</td>
</tr>
<tr>
<td>H₆</td>
<td>Employee Competency (X)</td>
<td>0.482</td>
<td>7.663</td>
<td>0.000</td>
<td>support</td>
</tr>
<tr>
<td>H₇</td>
<td>Employee Competency (X)</td>
<td>0.428</td>
<td>7.343</td>
<td>0.000</td>
<td>support</td>
</tr>
</tbody>
</table>

Table 4 Testing Indirect Influence Employee Competency To Employee Performance Through Affective Commitment, Normative Commitment, and Continuance Commitment

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship between variables</th>
<th>Path Coefficients</th>
<th>t-Statistics</th>
<th>p-value</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₈</td>
<td>Employee Competency (X)</td>
<td>0.121</td>
<td>2.154</td>
<td>0.032</td>
<td>support</td>
</tr>
<tr>
<td>H₉</td>
<td>Employee Competency (X)</td>
<td>0.188</td>
<td>3.995</td>
<td>0.000</td>
<td>support</td>
</tr>
<tr>
<td>H₁₀</td>
<td>Employee Competency (X)</td>
<td>0.067</td>
<td>2.007</td>
<td>0.045</td>
<td>support</td>
</tr>
</tbody>
</table>
V. Conclusion, recommendation, and future reseach

Based on hypothesis test result as described, it can be concluded that employee competency reflected by three dimensions of knowledge, skill, and attitude dimension, and organizational commitment reflected through affective commitment, normative commitment, and continuous commitment show a significant positive effect on performance employees reflected through task performance, adaptive performance, and contextive performance. Employee competency shows the strongest influence among other variables. The results of this study reconstruct the importance of efforts to improve competency in order to obtain better performance. In addition to this, maintaining high employee commitment remains to be done, as it is important to maintain employee performance. In order to know specifically the performance dimension most influenced by competency and organizational commitment among the dimensions of task performance, adaptive performance, and contextual performance, it is necessary to conduct further research by placing these performance dimensions as variables.

References

The Influence Of Competency On Employee Performance Through Organizational...
The Influence Of Competency On Employee Performance Through Organizational ...