The Effect Of Promotion And Compensation Toward Working Productivity Through Job Satisfaction And Working Motivation Of Employees In The Department Of Water And Mineral Resources Energy North Aceh District

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ABSTRACT: Current study examines job satisfaction and morale as a mediator of the relationship between the promotion and compensation with productivity as well as reviewing the moderating effect of job satisfaction and morale variable. It examined 91 employees at the Department of Water and Mineral Resources Energy of North Aceh district. The analytical tool used is path analysis using SPSS. The results show that the variables of promotion and compensation have significant and positive impact on job satisfaction, morale and work productivity; job satisfaction has significant and positive impact on work productivity; and morale has significant and positive impact on work productivity. The variable of job satisfaction and morale mediate exogenous variables with partially endogenous variables.

Keywords: Promotion Positions, Compensation, Job Satisfaction, Morale and Work productivity

I. INTRODUCTION

Human resources are significance for human being as they are active and dominant in every organization activity. In an organization, human has a determinant role, perpetrators and planners in achieving organizational goals as well as determine the organisation is developed or undeveloped (Hasibuan, 2006). Human resource is different from other factors of production because humans have feelings, thoughts, desires and heterogeneous background. Humans also have needs that are not restricted, meaning that human needs are always increasing from time to time. The human need is defined as everything he has accomplished it, and enjoyed, therefore man compelled to do activities with the work. Job satisfaction is basically something individual, because every individual has a level of satisfaction varies according to the value system that applies to one.

Job satisfaction is an evaluation that describes someone on gesture feeling happy or unhappy, satisfied or unsatisfied at work. Factors that can affect employee satisfaction basically can be divided into two factors: intrinsic and extrinsic (Riva, 2009). Intrinsic factor is a something that comes from within the employee and taken by each employee since started working at his/her workplace. While extrinsic factors constitutes with everything that come from outside of the employees, among others, the physical condition of the working environment, interactions with other employees, the payroll system and so on. A theory about job satisfaction is the discrepancy theory, and was first pioneered by Porter in 1961. Porter measure job satisfaction a person by calculating the difference between what should have been the perceived reality.

Locke (1969) explains that job satisfaction depends on the discrepancy between the person should be (expectation, needs, values) with felt or perceptions that have been acquired or achieved through working. Thus, one would be satisfied if there is no difference between the desired and reality because the desired minimum limit has been met. Employees will be working even harder, if employees have a feeling of satisfaction in his work. Job satisfaction is important because of the expected job satisfaction of each individual employee willing to work hard and enthusiastically to achieve high productivity. Job satisfaction is the general attitude towards the work of someone who shows the difference between the number of awards received by workers and the amount they believe they should receive (Robbins, 2003: 78).

In addition to problems on job satisfaction and productivity, here also found issues regarding promotion and compensation, issues the promotion can be seen from the less-fair promotions practiced by the institution, where the employee who deserved to be promoted do not received promotion while employees that should not be promoted are promoted. Furthermore, issues regarding the award of compensation, which is not incompatibility of the compensation of employees in accordance with their job responsibilities. Inappropriate promotions with the skill and ability of the employees will affect job satisfaction which in turn affects the level of the labor productivity of an employee. In organization, morale has a significant role, because the development level of the organization is determined level of motivation or spirit of the employee. Organizations should strive...
to improve employee morale, premises reducing the rate of errors made in the conduct of its work (Leliyana 2008), improve their skills and quality in managing the organization (Adeniji et al. 2007) and coordinate the work to its employees (Susan, 2006).

Department of Water and Mineral Resources Energy in North Aceh district is responsible for water resources and Mineral resources energy. The institution is prepared to meet the needs of service to the community, so we need to have a good apparatus. If the employee satisfaction better, it will directly impact the achievement to fulfil public service needs. Likewise, if the employee's job satisfaction is not achieved, it will give a negative image of the government as a public servant. The following shows the number of employees in the Department of Water and Mineral Resources Energy of North Aceh District.

In addition employees are also expecting the compensation (remuneration) are given in fairly and equitable manner. Employees hope that they are also involved in designing the layout of office space and are able to freely express their aspirations about the perceived grievances to their work environment. In distributing the promotion, the department cannot meet the expectations because there are still issues that need to be reconsidered. Results of interviews with some promoted-civil servants (PNS) indicated that there are still civil servants (PNS) who get a promotion did not comply with the educational background and unsuit their competence. Certainly, this fact could lead to negative impact which affect the performance of the employees.

In promotion implementation, Department of Water and Mineral Resources Energy of North Aceh District has several challenges and obstacles. This issue is confirmed through interviews with staff at the department saying that the implementation of a promotion for civil servants (PNS) is still hampered by the limitation of existing resources. Interview results show that some employees are promoted to a position that is inappropiate to their competence. On the other hand, the fact shows that employees’ development and capacity building within the department get less attention. The problem on the employees’ development scheme affects the quality of their work. This shows the neglect aspects of efficient and certainly also not effective. Realizing this, the employee needs to be developed or nurtured on an ongoing basis so that they can consistently contribute in accordance with the professional level expected as well as more reliable behavior. If this continues then it is likely to reduce the level of morale as a result of dissatisfaction of employees in work.

Based on the above background, the researchers intentionally express their interest to conduct the research on "Promotion of Employment and Compensation Effect on Job Satisfaction and Employee Morale in the Department of Water and Mineral Resources Energy in North Aceh District". This research aims to answer following questions:

1. What is the promotion and compensation effect on employee satisfaction at the Office of Water Resources and Mineral Resources Energy of North Aceh District?
2. What is the promotion and compensation effect on employee morale at the Office of Water Resources and Mineral Resources Energy of North Aceh District?
3. Do promotion, compensation, job satisfaction and morale affect the productivity of the work at the Office of Water Resources and Mineral Resources Energy of North Aceh District?
4. Does the job satisfaction may mediate the relationship between promotion and compensation to labor productivity at the Office of Water Resources and Mineral Resources Energy of North Aceh District?
5. Is the morale may mediate the relationship between promotion and compensation to labor productivity at the Office of Water Resources and Mineral Resources Energy of North Aceh District?

II. LITERATURE REVIEW

1. Definitions
1.1 Promotions
Promotion is an increase of a labor or employee at a field a better job, compared with the previous of the responsibility is greater, achievement, facilities, higher status, demands proficiency is higher, and the addition of wages or salaries as well as other allowances (Fathoni, 2006: 112). Promotions refer to some indicators according Hasibuan (2006) are as follows: (1) Increased Responsibilities, (2) Increased Duties, (3) Enhancement Rights, (4) Improvement Authority

1.2 Compensation
According to Hasibuan (2002) Compensation is all the income in the form of money, goods directly or indirectly received by employees as a reward for services rendered to the company Compensation refers to some indicators according Hasibuan (2006) are as follows: (1) Salaries / Wages, (2) Bonus, (3) Incentives, (4) special allowance.

1.3 Job satisfaction
According to Noe (2006) Job Satisfaction is a pleasant feeling as a result of the perception that the work meets the work values that are important. Job satisfaction refers to some of the indicators according to Davis in Mangkunagara (2011) are as follows: (1) Turnover, (2) Attendance of employment, (3) age, (4) Level of Employment, (5) The size of the organization.
1.4 Working morale / Motivation

According to Nitisemito (2002) Morale is doing the job harder, and thus would be expected to work faster and better. Morale refer to some indicators according Sugiyono in Utomo (2002) are as follows: (1) Discipline is high, (2) quality to survive, (3) The power to resist frustration, (4) the spirit groups.

1.5 Productivity

According to Gie (1981) Productivity is the ability to produce a work that is more than the regular size has been common. An employee can be said to be productive if it is able to produce goods or services in accordance with expected within a short time or right. (GIE, 1981). Productivity refers to some indicators according Sedarmayanti (2010) are as follows: (1) effectiveness, (2) Efficiency.

2. Conceptual Framework

Promotion is evidence of recognition of employee performance. Someone who promoted will be considered to have a good performance on the job. Promotions are very important for the company, because the promotion means the stability of the company and employee morale will be more assured. Promotion can affect employee satisfaction, Kosteas (2007) said hopes to be promoted to have a strong role. Employees who are aware that they will never be promoted will degrade its performance, until they think there will be opportunities to be promoted in the future. Pergamit and Veum (1989) also says that by setting and increase the likelihood of promotion will increasingly affect employee satisfaction. In addition to other factors of job satisfaction, job satisfaction is determined by satisfaction with the promotion. Compensation to be one of the main factors of personnel because compensation will affect employee job satisfaction, such as the opinions expressed Mangkunagara (2009) which says that the compensation given to employees is very influential on the level of job satisfaction, and performance. Thomas Patton (1977) explains that the compensation must consider several aspects such compensation must be done in a balanced and fair, should be sufficient and accepted by the employees. Provision of compensation is something that must be considered seriously because the financial rewards are among the factors that resulted in employee satisfaction (Kreitner and Kinicki (2006).

Similarly, the morale, the morale is high, it will create employees who excel where jobs can be resolved quickly, absenteeism can be reduced, the damage can be reduced and the possibility of transfer of employees to other companies can be minimized. Working morale and job satisfaction greatly affect the achievement of corporate goals. If a company's level of morale and productivity is low then the company will have difficulty even many companies lose money if not promptly treated (Panudju in Sari, 2013). One way to overcome the problem of morale and job satisfaction in order to improve the productivity of employees is to provide promotion and compensation is appropriate and feasible. Based on the above, it can be described as the following framework:

3. Hypothesis

Based on the framework of the concept of research, it can be formulated seven (7) hypothesis statement as follows:

H1: Promotions affect job satisfaction
H2: Compensation affects job satisfaction
H3: Promotions affect morale
H4: Compensation affects morale
H5: Promotions affect the productivity of labor
H6: Compensation affects work productivity
H7: Job satisfaction affects work productivity
H8: Morale affects work productivity
H9: Promotions affect the productivity of labor through job satisfaction
H10: Compensation affects the productivity of labor through job satisfaction
H11: Promotions affect the productivity of labor through morale
H12: Compensation affect work productivity through employee morale

III. RESEARCH METHODS

The independent variables in this study are the Promotion of Job, Compensation, Job Satisfaction and Morale is the Mediator, while the dependent variable is Work Productivity. The research employs questionnaires as a tool to collect the data. The research instrument applies Linkert scale that has been modified 1-5. The population in this study is overall employee or all civil servants in the Department of Water and Mineral Resources Energy, North Aceh district involving 91 persons in total consisting of Head 1, Head of Sub Section 3, Head of Division 5, Section Head 15 people and staffs 67 people. Census method was used in sampling process which included 91 employees. The method in this study used probability sampling with simple random sampling technique, where each element of the population has an equal chance to be selected.
Mechanical analysis applied SPSS 16.0 using a computer program. Validity Test of the instrument in this study was done by comparing the value of Correlated Item-Total Correlation on each of the questions with the value of \text{r}_{table}. Two-sided test was used with the level of significance is 0.05. The reliability test by using one shot measurements only; and for reliability testing, Cronbach Alpha statistical test was used. A construct or a variable value is reliable if the Cronbach Alpha $>0.60$.

IV. RESULTS AND DISCUSSION

Statistical analysis results show the value of 397.644 F test with significance level at 0.000. Since the probability is much smaller than 0.05 then the regression model can be used to predict the productivity of labor, or it can be said that the variables promotion, compensation, job satisfaction and morale simultaneously affect the productivity of labor. Test the coefficient of determination (R Square) is used to measure how far the ability of the model to explain variations in the dependent variable for the hypothetical effect of promotion, compensation, job satisfaction and morale on job satisfaction. Based on estimates of regression with SPSS 19.0 can be seen in the table below 5.19.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.974</td>
<td>0.949</td>
<td>0.946</td>
<td>0.42944</td>
</tr>
</tbody>
</table>

The calculations in summary model resulted in the value of R square (R2) is 0.949, which means these figures suggest that the effect of promotion, compensation, job satisfaction and working morale toward the work productivity is 94.9%, while the rest (5.1 %) is influenced by other factors. It can be concluded that the promotion, compensation, job satisfaction and morale simultaneously has significant effect on the productivity of work at the Department of Water and Mineral Resources Energy in North Aceh district.

To see the significance of Direct, Indirect Impact and Total Effect is shown in Fig. 5. 9:

5.1 Direct Impact
Researchers used followings formulation to find out the Direct Impact between variables:
- The effect of promotion (X1) to job satisfaction (M1) is 0,308 (30.8%)
- The effect of compensation (X2) to job satisfaction (M1) is 0,646 (64.6%).
- The effect of promotion (X1) on morale (M2) is 0.336 (33.6%).
- The effect of compensation (X2) on morale (M2) is 0.623 (62.3%).
- The effect of job satisfaction (M1) on work productivity (Y) is 0.313 (31.3%).
- The effect of morale (M2) to work productivity (Y) is 0.113 (11.3%).

3.2 Indirect Impact
Calculating the Indirect Impact, researchers used the following formulations:
- The effect of promotions on work productivity through job satisfaction of 0.308 x 0.313 = 0.096 (9.6%)
- The effect of compensation on labor productivity through job satisfaction of 0.646 x 0.313 = 0.202 (20.2%)
- The effect of promotions on work productivity through the morale of 0.336 x 0.113 = 0.038 (3.8%)
- Effect of compensation to labor productivity through the morale of 0.623 x 0.113 = 0.070 (7%)

3.3 Total Effect (Total Effect)
- Total effect of promotions on employee performance through job satisfaction amounted to 0,404, or 40.4% (0.308 + 0.096 = 0.404)
- The total effect of compensation on employee performance through job satisfaction of 0.130 or 13% (0.646 + 0.202 = 0.130)
- The total effect of promotions on employee performance through the morale of 0.013 or 1.3% (0.336 + 0.038 = 0.013)
- The total effect of compensation on employee performance through the morale of 0.044 or 4.4% (0.623 + 0.070 = 0.044)
- The effect of promotions on work productivity of 0.650 (65%)
- Effect of compensation on labor productivity amounted to 0.620 (62%).
- The effect of job satisfaction on labor productivity amounted to 0.313 (31.3%).
- The effect of morale on work productivity of 0.113 (11.3%).
Structural equations model of this study are:
Structural I: $M_1 = 0.308 X_1 + 0.646 X_2 + e_1$
Structural II: $M_2 = 0.336 X_1 + 0.623 X_2 + e_2$
Structural III: $Y = 0.560 X_1 + 0.620 X_2 + 0.313 M_1 + M_2 + e_3$

Based on those equations, it can be concluded as follows:
1. The effect of promotions on job satisfaction is $0.308$ (30.8%)
2. The effect of compensation on job satisfaction is $0.646$ (64.6%)
3. The effect of other variables outside the model on job satisfaction is $0.075$ (7.5%)
4. The direct impact of promotion on morale is $0.336$ (33.6%).
5. The direct impact of compensation on morale is $0.623$ (62.3%).
6. The effect of other variables outside the model on working morale is $0.070$ (7%).

V. MEDIATION EFFECT TEST

To see if the variable of Promotions, Compensation on Working Productivity through Job Satisfaction and Job Promotion, it can be seen from the value or the assumptions required by Baron and Kenny (1986).

6.1 Effect of Promotion on Work Productivity through Job Satisfaction

The results show that there is an indirect impact between job promotions on employees’ work productivity through job satisfaction. Based on the regression analysis, this path analysis model can be described as follows:

Fig. 5.10
Path Analysis of Promotion toward Work Productivity through Job Satisfaction

To determine the significance of the analysis of this path, in this study using the product of coefficient developed by Sobel in 1982 (Suliyanto, 2011: 198) Based on the test results Sobel (sober test) in table 5.1 above, it is found that the probability value of 0.023 with a significance level of 0.05. This indicates that the value is smaller than the test sobet significant value. This means that job satisfaction was significantly mediates the relationship between job promotion with employee productivity at the Department of Water and Mineral Resources Energy of North Aceh district.
6.2 Compensation Effect on Productivity Working Through Job Satisfaction

The results show that there is an indirect effect (indirect effect) between compensation for employee productivity through job satisfaction. Based on the results of the regression analysis model of path analysis (path analysis) i can be described as follows:

Fig. 5.12
Path Analysis of Compensation toward Work Productivity through Job Satisfaction

To determine the significance of this analysis, current study employed product of coefficient method developed by Sobel in 1982 (Suliyanto, 2011: 198). Based on Sobel test (sober test), it was found that the probability value is 0.007 with a significance level of 0.05. This indicates that the value of Sober test is smaller than the significance value. This means that job satisfaction was significantly mediates the relationship between compensation and employees’ work productivity at the Department of Water and Mineral Resources Energy in North Aceh district.

6.3 The Influence of Promotion on Work Productivity through Morale

The results show that there is an indirect effect between promotion of the employee toward work productivity through employee’s morale. Based on the results of the regression analysis, the model of path analysis can be described as follows:

Fig. 5.13
Path Analysis of Promotion toward Work Productivity through Morale

To determine the significance of pathway analysis of this impact, this study used the product of coefficient developed by Sobel in 1982 (Suliyanto, 2011: 198). Based on Sobel test (sober test), it was found that the probability value is 0.044 with a significance level of 0.05. This indicates that the value of Sober test is smaller than the significance value. This means that Morale was significantly mediates the relationship between promotion and work productivity of employees at the Department of Water and Mineral Resources Energy in North Aceh district.

6.4 The effect of Compensation on Work Productivity through Morale

The results show that there is an indirect effect between compensation for employee and their productivity through employee morale. Based on the results of the regression analysis, the model of path analysis can be described as follows:

Fig. 5.16
Path Analysis of Compensation toward Work Productivity through Morale
The Effect Of Promotion And Compensation Toward Working Productivity Through Job Satisfaction

To determine the significance of pathway analysis of this impact, this study used the product of coefficient developed by Sobel in 1982 (Suliyanto, 2011: 198). Based on Sobel test (sober test), it was found that the probability value is 0.007 with a significance level of 0.05. This indicates that the value of Sober test is smaller than the significance value. This means that Morale was significantly mediates the relationship between compensation and work productivity of employees at the Department of Water and Mineral Resources Energy in North Aceh district.

4. Research implications

The theoretical implications illustrates a comparison of the references used in this study, the study says that:

a. The results of this study indicate that the variable compensation promotion and positive and significant impact on job satisfaction, therefore this research could strengthen some previous studies as described previously, so theoretically these findings add to or reinforce theoretical variables that contribute to job satisfaction.

b. The results of this study indicate that the promotion and compensation variables significant and positive impact on morale, and is therefore implies that the promotion and compensation were able to encourage employees to work harder and this needs to be maintained to continue to improve employee morale.

c. The results of this study indicate that the variable compensation promotion and positive and significant impact on work productivity, thus this research could strengthen some previous studies as described previously, so theoretically these findings add to or reinforce theoretical variables that contribute to work productivity.

d. The results of this study indicate that job satisfaction variables significant and positive impact on work productivity, and is therefore implies that job satisfaction can improve labor productivity for employees.

e. The results of this study indicate that the variable morale significant and positive impact on work productivity, and is therefore implies that employee morale can improve employee morale.

VI. PRACTICAL IMPLICATIONS

The results of this study can be implied in practice that research has found that the results of this study indicate the variable compensation and promotion and job satisfaction effect on employee productivity, either directly or indirectly. This proves that the promotion and compensation as fringe benefits to employees is an important factor for an organization to continuously improve their productivity and it should provide capacity building and development to the employees. Career stagnation (no promotion) will lead to laziness and discontent, moreover, the compensation received by employee does not fit this poses a risk to the dissatisfaction of employees that will lead to decreased work productivity. On the other hand, promotion and compensation awarded is also a magnet for capable and qualified employees in the organization, encouraging employees to stay motivated, qualified to remain faithful, ensure fairness, control costs, follow the rule of law, improving the efficiency and effectiveness as well as maintaining and / or improve employee productivity.

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