The Influence of Human Resource Development, Organizational Commitment, Compensation, Working Environment, and Leadership Style to Employee Performance (A Study of the Employees of SULUTGO Bank Company, North Sulawesi)

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ABSTRACT: This research aims at examining and analyzing the influence of human resource development, organizational commitment, compensation, working environment, and leadership style to employee performance. This study is an explanatory research which examines the hypothesis. This research was conducted at SULUTGO Bank Company in North Sulawesi Province. The sample for this research was 135 respondents of the total population which is 204 employees. The technique used for data collection is area proportional random sampling. The data were collected from the distributed questionnaires which was ranked, tabulated and analyzed by the double linear regression statistics. The result of this research shows that: 1) the human resource development has positive and significant impact to employee performance. 2) The organizational commitment has positive but insignificant influence to employee performance. 3) Compensation has positive but insignificant influence to staff’s performance. 4) Working environment impacts positively and significantly to staff’s performance. 5) Leadership style impacts positively and significantly to staff’s performance.

Keywords: Human Resource Development, Organizational Commitment, Compensation, Working Environment, Leadership Style, Employee Performance

I. Introduction

Human resource is the most influential asset in an organization as a good maintenance of it in the organization can improve the productivity of this organization. Human resource is also one of the key factors for entering the global competition and thus, the qualified, skillful and competitive human resources are needed nowadays.

The role of human resources in banking is very important because banking corporations offer public services particularly in financial services to a community. In relation to this function, a bank is expected to provide good services to its customers to maximize their convenience. Therefore, the human resources in this banking institution are expected to have skill and knowledge in related field so that the customers can obtain the optimal services. In order to support the vision and mission of the corporation particularly in determining the effective strategy for entering the competition in global market, the function of management on human resources must be demonstrated in the corporation.

After the process of recruitment, selection and placement has been done, the selected employees must be given a proper training for human resources development which is suitable for their jobs and the needs of the organization. The development covers training programs for improving the employee skills and educational materials for deepening the insight and knowledge on general and universal things (Filippo, 1984). The strategic significance of these development and training programs is that the employees show their enhanced satisfaction and performance, increased retention, lowered turnover, better final outcomes, improved interests, and all of these qualities can increase the customer satisfaction (Mondy, 2008).

The organizational commitment is seen as a normative drive to act in a particular way which can meet the aims and the requirements of the organizations. Armstrong (2003) stated that a commitment refers to the passion and loyalty. Furthermore, the organizational commitment is the need of the members of the organizations to keep the members in the organization and to do their best in achieving the aims of the organizations. This commitment includes the members’ pride, loyalty, and efforts for the organizations (Bashaw and Grant, 1994).

The employers have to balance the compensation fee to the stage which can encourage the organizational competitiveness and give appraisal to the employees for their knowledge, skills, competence and performance. There are so many types of compensation that can be offered by the employers in order to attract, to keep and to reward the employees (Mathis & Jackson, 2006). This compensation program is a potential influence for the employees’ working behavior which can force the employees to be more productive, to show their best performance, increased productivity and to minimize the cycle of employees (Simamora, 1997).
The factors which can determine the individual working performance in the organization are individual factors and working environmental factors. The working environmental factors are influential for a person’s working performance. These factors include clear job descriptions, adequate authorities, stimulating working targets, effective communications, harmonious working relations, respectful and dynamic working environments, opened career opportunities, and adequate working facilities (Mangkunegara, 2005).

According to Goleman (2000), the leaders cannot adopt one leadership style only. Instead, they have to combine more than one leadership style and use each style accordingly based on the situation and needs. Moreover, he states that the effective leaders can be categorized by their emotional intelligence which includes themselves awareness, motivation, empathy, and skill. He also mentions that there are six types of leadership style namely: visionary, instructor, affiliate, democrat, speed based maker, and boss. A successful leader is not a person who adopts only one leadership style but can combine those six leadership styles.

Working performance is a general term used for a partial or whole action and activity in an organization for a particular period and referred to standard expenses in the past or to the projected expenses, which are based on the efficiency, responsibility and accountability of management (Gaol, 2014). In summary, the assessment to the performance involves the following processes: 1) set the working standard; 2) evaluate the actual employee performance relatively to the standard; and 3) Give feedback to the employees so that they perform above standard (Dessler, 2015).

II. Conceptual Framework And Research Hypothesis

The problems of this research deal with the influence of human resource development, organizational commitment, compensation, working environment, and leadership styles to employee performance and the object of research is the employee of SULUTGO bank in North Sulawesi. Based on the theoretical framework and previous studies, the conceptual framework which can be the causality of this research can be explained through the following diagram:

Based on the conceptual framework of the research, the following hypotheses are made:

The Influence of Human Resource Development to Employee Performance

The strategic significance that can be achieved from training and development programs involves the employee satisfaction and enhanced performance, increased retention, lowered turnover, improved recruitment process, better final outcomes, and customer satisfaction resulting from employee satisfaction (Mondy, 2008). For an employee, a human resource development program can be a process of learning and training which can improve systematically their competence and working performance as well as a self preparation to do the future job (Ruky, 2004). Another studies conducted by Sirregar (2009), Maryani (2011), and Rumawas (2015) show that the employee development affect positively and significantly to employee performance.

Based on the above explanation, the hypothesis is as follows:

**H1:** Human resource development influence significantly to the employee performance
The Influence of Organizational Commitment to Employee Performance

Armstrong (2003) states that the commitment refers to the passion and loyalty. The organizational commitment is the need of the members of the organizations to keep their membership in the organization and their willingness to do their best in achieving the aims of the organizations. Research conducted by some researchers such as Maryyan and AL-Faouir (2008), Sukawati (2013), and Rumawas (2015) shows that the variable of organizational commitment has a positive and significant influence to the variable of employee performance.

Based on the above explanation, the hypothesis is as follows:

H2: Organizational commitment influence significantly to the employee performance

The Influence of Compensation to Employee Performance

The compensation program is potential in influencing the employees’ working performance behavior which can force the employees to be more productive and to show their best performance, increased productivity as well as to minimize the cycle of employees (Simamora, 1997). Dissatisfaction to the compensation can cause the decreased performance, the increased absence and the cycle of employee (Mangkuprawira, 2003). Titi Riansari (2012) and Rumawas (2015) said that compensation has an indirect influence to the employee performance. In contrast, the research from Chang (2008) and Emmy Juliningrum (2013) shows that there is no positive connection between compensation and employee performance.

Based on the above explanation, the hypothesis is as follows:

H3: Compensation has significant influence to employee performance

The Influence of Working Environment to Employee Performance

The influential factors for individual working performance in the organizations are individual factor and working environmental factor. The working environmental factors are very important for an individual to support his/her working performance (Mangkunegara, 2005). While studies from Razak (2007) and Titi Riansari (2012) show that good working environments can improve employee performance, a research from Sukawati (2013) indicates that working environments have no positive influence to employee performance.

The influence of Leadership Style to Employee Performance

Fidler’s contingency model (Fidler, 1967), shows that the effective group performance is related to the compatibility between leadership style and driving force for a leader to control the organization. Rante’s (2014) research journal demonstrates that the variable of leadership style influences the managerial performance and this statement is similar to the result of a research conducted by Elenkov (2000) entitled Effect of Leadership on Organizational Performance in Russian Companies which states that there is a positive and significant relationship between leadership style and employee performance.

III. Research Method

This research aims at evaluating the influence of Human Resource Development to the Organizational Commitment, Compensation, Working Environment and Leadership Style to Employee Performance. In line with the problems and objectives of this research, this research employs the explanatory research. The population of this research is all of the employees who work for SULUTGO Bank Company in North Sulawesi province in which for the first stage of this research, the population was taken from five districts/cities namely Kotamobagu city, South Minahasa district, East Bolmong district, Bolaang Mongondou district and Sangihe district with total of population is 204 employees. Then, on the next stage, the sample was taken by using the Slovin’s formula (Umar, 2008) and the total were 135 respondents. The sample was collected by employing the technique of Area Proportional Random Sampling.

The research data taken from the respondents were collected from the questionnaire which was composed based on the Likert’s model that has five optional answers and range of grades from 1 to 5. This questionnaire which was used to collect the primary data from the respondents is about the human resource development, organizational commitment, compensation, working environment, leadership style, and employee performance.

The collected data were graded, tabulated, and then analysed. The given answers from the respondents were graded based on the assigned variable grades and analyzed using the SPSS software version 16.0. This data analysis technique was employed in order to find out the influence which was analysed by using multiple linear regression analysis approach.
IV. Findings

Simultaneous Analysis on Effect (F Test)

Table 1. F Test Analysis Results (Anova)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>104,812</td>
<td>5</td>
<td>20,962</td>
<td>117.896</td>
<td>.000&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Residual</td>
<td>22,937</td>
<td>129</td>
<td>.178</td>
<td>127,748</td>
<td>134</td>
</tr>
<tr>
<td>Total</td>
<td>127,748</td>
<td>134</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>a</sup> Predictors: (Constant), Leadership Style, Human Resources Development, Organizational Commitment, Compensation, Work Environment

<sup>b</sup> Dependent Variable: Employee Performance

Source: Analysis results with SPSS

Simultaneous testing was conducted to determine whether the model of multiple regression with the independent variables of Human Resource Development (X1), Organizational Commitment (X2), Compensation (X3), Working Environment (X4), and Leadership Style (X5) have an effect on or can predict the dependent variable of Employee Performance (Y).

The results of the F test (Anova) in Table 1 show that the F-count = 117.896 and F-table value on degree of freedom (5; 135) with <i>α</i> value of 0.05 =2.28. Thus, F-count > F-table or 117.896 > 2.28, with a probability level of sig. 0.000. Therefore, the probability of 0.000 is much smaller than 0.05. Based on the hypothesis testing criteria, H₀ is rejected and H₁ is accepted. This means that the regression model can be used to measure the effect or forecasting.

The effect of variables of Human Resource Development (X1), Organizational Commitment (X2), Compensation (X3), Working Environment (X4), and Leadership Style (X5) on the variable of Employee Performance (Y) can be seen from the coefficient of determination (R<sup>2</sup>) in Table 2 below.

Table 2. Model Summary

<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>
<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.800</td>
<td>.642</td>
<td>.813</td>
<td>.422</td>
<td>.820</td>
<td>117.896</td>
<td>5</td>
<td>129</td>
<td>.000&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

<sup>a</sup> Predictors: (Constant), Leadership Style, Human Resources Development, Organizational Commitment, Compensation, Work Environment

<sup>b</sup> Dependent Variable: Employee Performance

Source: Analysis results with SPSS

It can be seen from the dense data in Table 5.6 that the coefficient of determination (R<sup>2</sup>) = 0.820, indicating the notion that Employee Performance (Y) is affected 82% by Human Resource Development (X1), Organizational Commitment (X2), Compensation (X3), Working Environment (X4), and Leadership Style (X5); while the rest (100% - 82% = 18%) by others.

Partial Analysis on Effect

Table 3. Coefficient of Regression and Its Significance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.019</td>
<td>1.195</td>
<td>.016</td>
</tr>
<tr>
<td></td>
<td>Human Resources Development</td>
<td>.202</td>
<td>.049</td>
<td>.188</td>
</tr>
<tr>
<td></td>
<td>Organizational Commitment</td>
<td>.079</td>
<td>.866</td>
<td>.091</td>
</tr>
<tr>
<td></td>
<td>Compensation</td>
<td>.076</td>
<td>.059</td>
<td>.080</td>
</tr>
<tr>
<td></td>
<td>Work Environment</td>
<td>.239</td>
<td>.075</td>
<td>.262</td>
</tr>
<tr>
<td></td>
<td>Leadership Style</td>
<td>.038</td>
<td>.069</td>
<td>.457</td>
</tr>
</tbody>
</table>

<sup>a</sup> Dependent Variable: Employee Performance

Source: Analysis results with SPSS
From the data in Table 3 on the variable of Human Resource Development (X1), it can be seen that the value of the coefficient is 0.202, with the constant of 0.019, and so the obtained regression calculation equation is 

\[ Y = 0.019 + 0.202X1. \]

It can also be seen in Table 3 that t-count value = 4.108, for t-table value with a significant level of \( \alpha = 0.05 \) and degree of freedom (df) = 129, and so the obtained t-table = 1.986. Thus, the value of t-count > t-table\( 4.108 > 1.986 \), with a probability value of sig = 0.000 which is far below 0.05, and so \( H_o \) is rejected and \( H_a \) is accepted, meaning significant. Therefore, the Human Resource Development Variable has a significant effect on the Employee Performance Variable.

On the Organizational Commitment Variable (X2), the coefficient value is 0.079 with the constant of 0.019, and so the obtained regression equation is 

\[ Y = 0.019 + 0.079X2. \]

It can be seen from Table 3 that t-count value = 1.201, for t-table value with a significant value of \( \alpha = 0.05 \) and degree of freedom (df) = 129, and so the obtained t-table = 1.986. The value of t-count < t-table\( 1.201 < 1.986 \), with a probability value of sig = 0.233 which is bigger than the value of 0.05, and so \( H_o \) is accepted and \( H_a \) is rejected, meaning not significant. Therefore, the Organizational Commitment Variable has no significant effect on the Employee Performance Variable.

On the Compensation Variable (X3), the coefficient value is 0.076 with the constant of 0.019 and so the obtained regression equation is 

\[ Y = 0.019 + 0.076X3. \]

It can be seen from Table 3 that t-count value = 1.291, for t-table value with a significant value of \( \alpha = 0.05 \) and degree of freedom (df) = 129, and so the obtained t-table = 1.986. The value of t-count < t-table\( 1.291 < 1.986 \), with a probability value of sig = 0.199 which is bigger than the value of 0.05, and so \( H_o \) is accepted and \( H_a \) is rejected, meaning not significant. Therefore, the Compensation Variable has no significant effect on the Employee Performance Variable.

On the Working Environment Variable (X4), the coefficient value is 0.239, with the constant of 0.019 and so the obtained regression equation is 

\[ Y = 0.019 + 0.239X4. \]

It can also be seen from Table 3 that t-count value = 3.174, for t-table value with a significant level of \( \alpha = 0.05 \) and degree of freedom (df) = 129, and so the obtained t-table = 1.986. The value of t-count > t-table\( 3.174 > 1.986 \), with a probability value of sig = 0.002 which is far below the value of 0.05, and so \( H_o \) is rejected and \( H_a \) is accepted, meaning significant. Therefore, the Working Environment Variable has a significant effect on Employee Performance.

On the Leadership Style Variable (X5), the coefficient value is 0.438, with the constant of 0.019, and so the obtained regression equation is 

\[ Y = 0.019 + 0.438X5. \]

It can also be seen from Table 3 that t-count value = 7.234, for t-table value with a significant level of \( \alpha = 0.05 \) and degree of freedom (df) = 129, and so the obtained t-table = 1.986. The value of t-count > t-table\( 7.234 > 1.986 \), with a probability value of sig = 0.000 which is far below the value of 0.05, and so \( H_o \) is rejected and \( H_a \) is accepted, meaning significant. Therefore, the Leadership Style Variable has a significant effect on Employee Performance.

Based on the above results, the obtained regression equation is 

\[ Y = 0.019 + 0.202X1 + 0.079X2 + 0.076X3 + 0.239X4 + 0.438X5. \]

All the regression coefficients are positive, which means that an increase in any independent variables of Human Resource Development (X1), Organizational Commitment (X2), Compensation (X3), Working Environment (X4), and Leadership Style (X5) will result in an increase in the dependent variable of Employee Performance.

V. Discussion

The Effect of Human Resource Development on Employee Performance

The results of t test show that the t-count value of Human Resource Development variable is bigger than the t-table value; this indicates that the variable of Human Resource Development has a significant effect on the Employee Performance of PT.Bank SULUTGOoof North Sulawesi Province. This finding indicates that an increase in Compensation for the employees of PT.Bank SULUTGOoof North Sulawesi Province will improve Employee Performance.

This finding is consistent with Mondy’s theory (2008) that some strategic benefits that may be obtained from training and development include employee satisfaction, increased vigor, higher retention rates, lower turnover, an improvement in employee recruitment, better end results, and the fact that satisfied employees will results in satisfied customers. For employees a human resource development program can mean a systematic process of learning and practicing to increase their competence and performance in their work now and prepare them for roles and responsibilities that will come (Ruky, 2004). This finding supports previous research from Siregar (2009), Maryani (2011) and Rumawas (2015), which states that human resource development has a positive and significant effect on employee performance.
The Effect of Organizational Commitment on Employee Performance

The results of t test show that the t-count value of Organizational Commitment variable is smaller than the t-table value; this indicates that the Organizational Commitment variable has no significant effect on the Employee Performance variable PT. Bank SULUTGO of North Sulawesi Province. This finding indicates that high Organizational Commitment will not increase Employee Performance.

This finding is not consistent with Armstrong’s theory (2003), stating that commitment refers to love and loyalty. Organizational Commitment is the desire of the members of an organization to maintain their membership in the organization and to be willing to make high efforts to achieve the organizational goals. This finding does not support the previous research conducted by Maryyanand AL-Faouri (2008), Sukmawati (2013), and Rumawas (2015) which state that the organizational commitment has a positive and significant effect on employee performance.

The Effect of Compensation on Employee Performance

The results of t test show that the t-count value of Compensation variable is smaller than the t-table value; this indicates that the Compensation variable has no significant effect on the Employee Performance variable of PT. Bank SULUTGO of North Sulawesi Province. This finding indicates that an increase in Compensation for the employees of PT. Bank SULUTGO of North Sulawesi Province will not increase Employee Performance.

This finding shows dissent to some experts regarding compensation. The factor of compensation program has the potential to influence employment behavior, like spurning employees to be more productive, improving performance, increasing productivity, and shrinking employee turnover (Simamora, 1997). Dissatisfaction with the provision of compensation can lead to a decrease in performance, an increase in the degree of absenteeism and employee turnover (Mangkuprawira, 2003). This finding is consistent with Chang’s study (2008), which states that the compensation system has no effect on individual performance, as well as Juliningrum’s study (2013), which states that there is no positive effect between compensation and employee performance. However, this is not consistent with Titi Riansari (2012) and Rumawas (2015). Their studies show that Compensation has a significant effect on Employee Performance.

The Effect of Working Environment on Employee Performance

The results of t test show that the t-count value of Working Environment variable is bigger than the t-table value; this indicates that the variable of Working Environment has a significant effect on the Employee Performance of PT. Bank SULUTGO of North Sulawesi Province. This finding indicates that an improvement in Working Environment in PT. Bank SULUTGO of North Sulawesi Province will increase Employee Performance.

This finding is consistent with Mangkunegara’s theory (2005) which states that the determining factors of individual performance in an organization are the individual factor and organizational working environment factor. The organizational working environment factor strongly supports the individual in achieving performance. This finding also supports the findings of Razak (2007) and Titi Riansari (2012) which state that a good working environment will improve performance. This is in contrast to the study of Sukmawati (2013) which states that the working environment has no positive effect on employee performance.

The Effect of Leadership Style on Employee Performance

The results of t test show that the t-count value of Leadership Style variable is bigger than the t-table value; this indicates that the variable of Leadership Style has a significant effect on the Employee Performance of PT. Bank SULUTGO of North Sulawesi Province. This finding indicates that an improvement in Leadership Style in PT. Bank SULUTGO of North Sulawesi Province will increase Employee Performance.

This finding is consistent with Fidler’s Contingency Model theory (Fred Fidler, 1967) which states that effective group performance depends on a proper match between the leader’s style and how big the situation gives control to the leader. This finding also supports the findings of Rante (2014) and Elenkov (2000) which state that there is a positive and significant relation between leadership style and employee performance.

VI. Conclusion And Suggestion

Conclusion

Based on the research findings on how big the effect of Human Resource Development, Organizational Commitment, Compensation, Working Environment, and Leadership Style on Employee Performance, it can be concluded that: 1). Human Resource Development variable has a significant effect on Employee Performance variable. The test results of both variables indicate that the human resource development program through education and training undertaken by PT. Bank SULUTGOin North Sulawesi Province is very supportive of employee performance. 2). Organizational Commitment variable has a positive but not significant effect on
Employee Performance variable. This finding shows that an increase in Organizational Commitment will increase the Employee Performance of PT. Bank SULUTGO, which can be seen from the indicator of employees’ behaviors. 3) Compensation variable has a positive but not significant effect on Employee Performance variable. This finding shows that an increase in Compensation will indirectly increase Employee Performance, which can be seen from the indicator of direct and indirect rewards. 4) Working Environment variable has a positive and significant effect on Employee Performance. This finding indicates that an improvement of the working environment through effective work communication patterns, harmonious work relations, respectful and dynamic work climate, relatively adequate work facilities will increase employee performance. 5) Leadership Style variable has a positive and significant effect on Employee Performance. This finding shows that a good combination of several leadership styles will improve employee performance.

**Suggestion**

1) Further research is expected to review in more depth the variables of Human Resource Development, Organizational Commitment, Compensation, Working Environment, Leadership Style, and Employee Performance at other locations, as well as to add other variables so that the research’s conceptual model is more complex and so can contribute to the development of science and give practical contribution.

2) PT. Bank SULUTGO is one of the renowned banks located in North Sulawesi and so the education and training program for the employees needs to be continued and improved. Furthermore, it needs to continue improving the working environment in terms of effective work communication, harmonious work relations, respectful and dynamic work climate, relatively adequate work facilities as well as a combination of leadership styles; all of which need to be improved by the managers of PT. Bank SULUTGO.

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**References**


