

THE EFFECT OF WORKFORCE DIVERSITY, LEADERSHIP STYLE AND COMPENSATION TOWARD ORGANIZATIONAL COMMITMENT (CASE STUDY AT PT. PERTAMINA MANADO)

PENGARUH KEANEKARAGAMAN TENAGA KERJA, GAYA KEPEMIMPINAN, DAN KOMPENSASI TERHADAP KOMITMEN ORGANISASI (STUDY KASUS : PT. PERTAMINA MANADO)

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ABSTRACT

The company could be healthy when clear working hours and arranged, self development excellent both the technical side and managerial jobs by leadership training, severance and allowances for old age, competence in corporate and organizational commitment. This study used three human resources management practices which are workforce diversity, leadership style, compensation and organizational commitment. The research aims to analyze the effect of workforce diversity, leadership style and compensation toward organizational commitment at PT. Pertamina Manado. 28 employees of PT. Pertamina Manado were surveyed as respondents. This research may imply the contribution of workforce diversity, leadership style and compensation toward organizational commitment with 59.9% while the remaining 40.1% are affected by other variables not examined in this research. PT. Pertamina Manado should provide more attention for the effect of workforce diversity, leadership style and compensation toward organizational commitment through research can get more information to improve their organizational commitment of employees.

Keywords: Organizational Commitment, Workforce Diversity, Leadership Style, Compensation.

ABSTRAK

Perusahaan bisa dikatakan sehat bila jam kerja yang jelas dan teratur, baik dari pengembangan diri yang baik dan pekerjaan manajerial dengan pelatihan, pesangon dan tunjangan untuk hari tua, kompetensi dalam komitmen perusahaan dan organisasi. Dalam penelitian ini digunakan tiga praktik manajemen sumber daya manusia yang keragaman tenaga kerja, gaya kepemimpinan, kompensasi dan komitmen organisasi. Tujuan dari penelitian ini adalah untuk menganalisis pengaruh keragaman tenaga kerja, gaya kepemimpinan dan kompensasi terhadap komitmen organisasi di PT. Pertamina Manado. Populasi adalah karyawan PT. Pertamina Manado dengan 28 karyawan sebagai sampel. Penelitian ini dapat diartikan bahwa kontribusi keragaman tenaga kerja, gaya kepemimpinan dan kompensasi terhadap komitmen organisasi dengan 59,9% sedangkan 40,1% sisanya dipengaruhi oleh variabel lain yang tidak diteliti dalam penelitian ini. Untuk PT. Pertamina Manado manajer harus peduli dan memberikan perhatian lebih untuk efek keanekaragaman tenaga kerja, gaya kepemimpinan dan kompensasi terhadap komitmen organisasi sehingga melalui penelitian bisa mendapatkan informasi lebih lanjut untuk meningkatkan komitmen organisasi mereka karyawan.

Kata Kunci: Komitmen Organisasi, Keragaman Tenaga Kerja, Gaya Kepemimpinan, Kompensasi.

1. INTRODUCTION

Research Background

The success of a company judged from the human resources of the company, or in other words, the employees themselves. A company could be said healthy when clear working hours and regular, self-development excellent both the technical side and managerial jobs by leadership training, severance and allowances for old age, competence in corporate and organizational commitment. If the enterprise is not healthy with irregular working hours, lack of training as a means employees to develop themselves, incentive is lacking, then what happens is not a success or profits for the company but a disaster for the company.

Companies lose money because employees are not willing to work together and are committed to be able to regulate the working hours so that the productivity of its employees do not reach the target and harm the company's financial and non-financial. The employees of a healthy company will directly committed to the company because everything has been fulfilled, but when the company can not meet the needs of employees, the company will lose money with no commitment or loyalty of employees to the company.

Talk about organization commitment, it can be defined as the belief of an employee in the goals and values of an organization and the aspiration to stay with that organization. In any large and healthy companies, the training program for prospective employees before work and become a permanent employee. Train their employees so that they are ready to get to work so well that they are trained and professional attitude error rate as new employees are minimized.

Workforce Diversity included training, gender, and age. After conducting regular training, employees are directly confronted with the real world of work, namely the presence of leaders above them who are ready to provide direction as the first task of a new employee, Leadership style affects the work and workers. Leaders who are able to control their employees will result in a positive outcome indirectly to the company.

Based on data published by the Ministry of State-Owned Enterprises (SOEs) recorded 92 of 119 SOEs posted a net profit in 2014. PT. Pertamina No. 4 position as one of the state the biggest income and indirectly said to be a healthy company. And also In 2013, PT. Pertamina was ranked 122 out of the 500 best companies the world by Fortune Global.

Manado, North Sulawesi is one of the cities that have realized the potential of the tourism that comes from the natural environment, social and culture has a very strong impetus to boost the economic development sector. To achieve this, the government and all elements of society synergize in maintaining and increasing the original atmosphere of the natural surroundings and beautiful laid out more interesting and artistic; problems of garbage, water and air pollution are managed according to the standard of health. but reversed its tourism potential of the city of Manado also holds the potential of geothermal reach 9 points, Tomohon Lahendong region is part of geothermal in North Sulawesi. With the 9 point geothermal in North Sulawesi to raise the potential of the city of Manado on natural resources that will be managed by state-owned companies, namely PT. Manado Pertamina will also increase local revenue.

Research Objectives

This research aims to examine, the effect of:

1. Leadership style effect on Organizational Commitment of PT. Pertamina Manado
2. Compensation effect Organizational Commitment of PT. Pertamina Manado

3. Workforce Diversity, Leadership Style and Compensation effect of Organization Commitment of PT. Pertamina Manado

2. THEORETICAL FRAMEWORK

Human Resources Management

According to Schuler (2000) "Human resource management is organizational in its compass, it involves all managerial personnel, it regards people as the most important single asset of the organizational and it seeks to enhance company performance, employee needs and societal well bring" and Flippo (2005) "planning, organizing, directing, controlling of procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and social objectives are achieved. Human resources management can be concluded as the how we training and manage the other people.

Workforce Diversity

Carrell (2006:213) Considered that workforce diversity as the ways that people differ which can affect a task or relationship within an organization such as age, gender, race, education, religion, and culture. In the dictionary definition workforce diversity is Similarities and differences among employees in terms of age, cultural background, physical abilities and disabilities, race, religion, sex, and sexual orientation. Paulus (2011) "workforce consisting of a broad mix of workers from different racial and ethnic background of different ages and genders, and of different domestic and national culture". Workforce diversity can be concluded as the increasing trend of workforce diversity along racial, ethnic and gender lines, education level, training.

Leadership Style

Leadership style is the combination of attitude and behavior of a leader, which leads to certain patterns in dealing with the followers (Dubrin 2004:242). And The leader restructures the problems, offers solutions to the problems, establishes priorities and initiates developmental operations (Bass B. 1990). Leadership was associated with strength of personality (Bass 1990; Bowden, 1926). A leader was seen as a person with many popular traits of personality and character (Bass, 1990; Bingham, 1927). Leadership style can be concluded as the result of the philosophy, personality and experience of the leader.

Compensation

Watson (2011) Compensation is something that is done or given to make up for damage, trouble, something good that acts as a balance against something bad or undesirable or payment given for doing a job. Flippo (2005) "The function of compensation is defined as the adequate and equitable remuneration of personnel for their contributions to the organizational objectives". Compensation can be concluded as the paying for the employee or similar meaning is bonus.

Organizational Commitment

Mowday (1982) Organizational Commitment has also been defined as the belief of an employee in the goals and values of an organization and the aspiration to stay with that organization. Robbins (2005) also had a similar definition of organizational commitment, the condition where the employee identifies with the organization and its goals and desires to continue being a member of that organization.

Previous Research

Ahmad (2013), discussed about Compensation System and Organizational Commitment, the case of Langkawi Hotel. The paper examines the relationship between compensation system and hotel managers’ organizational commitment. Clearly managerial compensation is a critical area influencing hotel performance but few studies of executive compensation in the hospitality industry have been published and none related to organizational commitment. In this study, executive compensation was evaluated on the basis of four dimensions: external competitiveness, compensation based on performance, incentive-base mix and openness and participation. Munjuri (2012) discussed, about Workforce Diversity Management and Employee Performance in The Banking Sector in Kenya. It is in this context that this Research investigated the effects of workforce diversity management on employee performance in the Banking industry in Kenya. Workforce diversity was found to affect employee performance at varying degrees considering both managers and non-managerial employees of the Bank. The managers registered a greater impact while the impact was less among the non-managerial employees. The various tests of hypotheses showed a significant level of association between employee performance and the mean productivity levels of the bank workforce when categorized by gender, age and level of education. Busrha, Usman and Naveed (2011) is discussed about Effect of Transformational Leadership on Employees’ Job Satisfaction and Organizational Commitment in Banking Sector of Lahore (Pakistan), Conducted with a purpose to investigate the relationship between transformational leadership and job satisfaction and organizational commitment of employees working in banking sector of Lahore.

Conceptual Framework

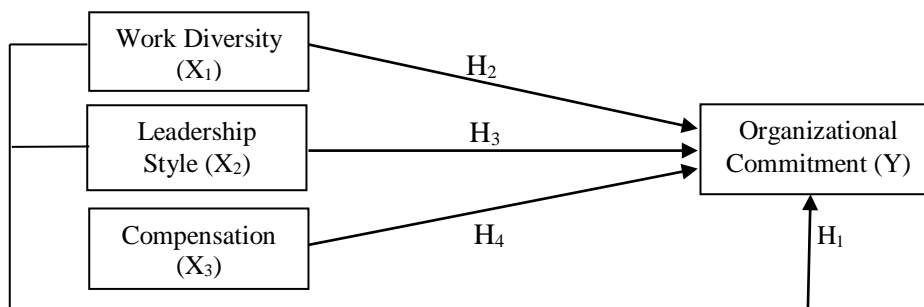


Figure 1. Conceptual Framework
 Source: Data Processed 2015

3. RESEARCH METHOD

Type of Research

This research is to know the effect of workforce diversity, leadership style and compensation toward organizational commitment. This research is causal type. Causal since the purpose is to determine if one or more variables cause another variable to occur or change. This research is a quantitative method since using questionnaire as a tool to gather data and analysis.

Place and Time of Research

This research conducted at PT. Pertamina Manado which is located in Jl. Dr. Sam Ratulangi 8 Manado, and this research regarding the employee in PT. Pertamina Manado as respondents from May 2015.

Population and Sampling

Population is the entire group of people, events or things of interest that the researcher wishes to investigate. Sekaran (2009). The population in this research is the employee in PT. Pertamina Manado. According to Sekaran (2009) sample is a subset of a population that comprises some members selected from it. Saturation Sampling is a method of sampling to include all members of the population as the study sample. . The overall number of permanent employees of Pertamina only 28 employees of all of the population's my take on the whole sample.

Data Collecting Method

Data information collected to support this research is taken from primary and secondary data. The primary data of this research are taken from questionnaire. Questionnaires are distributed to the employee of PT. Pertamina Manado. The secondary data is data collected by studying the relevant literature in order to obtain a theoretical overview from books, journals, and relevant literature from library and internet

Operational Definition and Measurement of Research Variable.

This research defines the variable into:

1. Organizational Commitment (Y) are defined Variable is anything that can differing or varying values. The values can differ at times for the same object or person, or the same time for different objects or person. Can describe of organization commitment
2. Workforce Diversity (X₁) means factor of age, training and education level
3. Leadership Style (X₂) means are variable Colonizer, Robber, Supervisors, Farmer , Shepherd, Servant, and Parent
4. Compensation (X₃) Means Salary, Wage, Incentive, Fringe Benefits

Measurement of the variables is an integral part of research and an important aspect of research design. Likert scale as a widely used rating scale is designed to examine how strong subjects agree or disagree with statements on a five point scale as shown in table 1.

Table 1 Likert Scale Grading Point

Statement	Score
Strongly Agree	5
Agree	4
Neutral	3
Disagree	2
Strongly Disagree	1

Source: Research Methods for Business, 5th edition, 2009

**Data Analysis Method
Validity and Reliability Test**

To measure validity, construct validity has to be utilized and the measurement for the validity is factor analysis. Reliability test can be used as a measure that signals the consistency and stability of the instruments used in the survey when repeated measurements are made. A well known approach to measure reliability is to use the Cronbach alpha. The value of Cronbach alpha with the range of greater than 0.70 is considered acceptable and good.

Multiple Regression Analysis Method

The Multiple Regression Analysis Method The method of analysis used in this study is multiple regression models approach the return. This method has been chosen to measure the Workforce Diversity (X₁), Leadership Style(X₂), Compensation (X₃) on Organizational Commitment(Y)

Whereas:

- Y = Organizational Commitment
- X₁ = Workforce Diversity
- X₂ = Leadership Style
- X₃ = Compensation
- bo = Intercept
- b1, b2, b3 = The regression coefficient of each variable

RESULT AND DISCUSSION

Validity and Reliability

The value of *Measures of Sampling Adequacy* (MSA) of the indicator is all above the acceptance limit 0.5, therefore the research instrument is valid. The reliability test is done by looking at the *Alfa Cronbach* value, in this research the value of Alfa Cronbach is 0.839 which is above the acceptance limit of 0.6 therefore the research instrument is reliable

Classical Assumption Test

Multicollinearity Test

Table 2. Multicollinearity

Model	Collinearity Statistic	
	Tolerance	VIF
1 (Constant)		
Workforce Diversity	.656	1.523
Leadership Style	.663	1.509
Compensation	.521	1.919

a. Dependent Variable: Organizational Commitment

Source: Data Processed, 2015

The tolerance value of Workforce Diversity is 0.656, Leadership Style 0.663, and compensation 0.521 which are more than 0.2, the VIF value of Workforce Diversity 1.523, Leadership Style 1.509, and compensation 1.919 which are less than 10 show that the model concluded to be free from multicollinearity.

Heteroscedasticity Test

Heteroscedasticity occurs of the dots from certain patterns. In this research the dots spreading above and below zero point in ordinate. This is proved there is no heteroscedasticity in this regression.

Normality Test

Normality Test can be identifying by using graph of P-P Plot. The data will distribute normally if the value of P-P Plot is near diagonal line of the graph. The dots are spreading near the

diagonal line and follow the direction of the diagonal line. Therefore the normality test is completed.

Multiple Regression Analysis

Table 3. Multiple Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.283	.678		.418	.680
	Workforce Diversity	.264	.152	.270	1.731	.096
	Leadership Style	.513	.158	.506	3.257	.003
	Compensation	.170	.194	.153	.874	.391

a. Dependent variable: Y

Source: Data Processed, 2015

The equation as follows:

$$Y = 0.283 + 0.264X_1 + 0.513X_2 + 0.170X_3$$

The Explanation of the equation are:

1. Constant (α) 0.283 shows the relationship between Workforce Diversity (X₁), Leadership Style (X₂) and Compensation (X₃), factors to Organizational Commitment factor. This means that if all independent variable are equal to zero, Organizational Commitment factor is predicted to be 0.283.
2. If the other are constant, an increase of one point in Workforce Diversity factor (X₁) will result in an average increase of at least 0.264 in Organizational Commitment factor Y
3. If the other are constant, an increase of one point in Leadership Style factor (X₂) will result in an average increase of at least 0.513 in Organizational Commitment factor Y
4. If the other are constant, an increase of one point in Compensation factor (X₃) will result in an average increase of at least 0.170 in Organizational Commitment factor Y

Table 4. Result of R and R²

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.774 ^a	.599	.551	.32098

a. Predictors: (Constant), Workforce Diversity, Leadership Style, Compensation

Source: Data Processed, 2015

The coefficient of correlation (R) is 0.774 meaning that level of relationship between independent and dependent variable is strong positive association, R² = 0.599 = 59.9% that means Organizational Commitment is able to be explained by Workforce Diversity, Leadership Style and Compensation. The rest 50.1% are caused by the other factors.

Hypothesis Testing

Table 5. F-Test Result

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.853	3	1.284	12.466	.000 ^b
	Residual	2.576	25	.103		
	Total	6.429	28			

- a. Dependent Variable: Organizational Commitment
- b. Predictors: (Constant), Workforce Diversity, Leadership Style, Compensation

Source: Data Processed, 2015

The ANOVA F-Test result on Table 4 Test F_{count} value is 12.466 with a significance level of 0.000. in this study if $F_{count} > F_{table}$. So, since $12.466 > 3.09$ then H_0 is rejected. It means that the Independent variable of workforce diversity, leadership style and compensation have simultaneous effect on dependent variable of organizational commitment.

Table 5. T-Test Result

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
		1	(Constant)	.283		
	Workforce Diversity	.264	.152	.270	1.731	.096
	Leadership Style	.513	.158	.506	3.257	.003
	Compensation	.170	.194	.153	.874	.391

- a. Dependent Variable: Organizational Commitment

Source: Data Processed 2015

Table 5 shows that t_{count} is 1.731 and since the level of significant is 5% (0.05) then the t_{table} is 2.060. the result is $t_{count} = 1.731 < t_{table} = 2.060$. Since the t_{count} is smaller than t_{table} then H_0 is accepted and H_1 is rejected. It means that variable competence is not significantly effect organizational commitment. Table 5 shows that $t_{count} 3.257$ and since the level of significant is 5% (0.05) then the t_{table} is 2.060. The result is $t_{count} = 3.257 > t_{table} = 2.060$. Since the t_{count} is bigger than t_{table} then H_0 is rejected and H_1 is accepted. It means that variable honest is significantly effect organizational commitment. Table shows that t_{count} is .874 and since the level of significant is 5% (0.05) then the t_{table} is 2.060. the result is $t_{count} = .874 < t_{table} = 2.060$. Since the t_{count} is smaller than t_{table} then H_0 is accepted and H_1 is rejected. It means that variable competence is not significantly effect organizational commitment. It means leadership style has partial effect toward organizational commitment

Discussion

Workforce Diversity (X_1) has no related with Organizational Commitment. This factor has no significant effect based on the analysis of T_{test} the value of T_{count} . That means the Workforce Diversity has no significant effect to Organization Commitment of PT. Pertamina Manado. The employee in this case 28 respondents. But had similar result with Munjuri (2012 that Workforce The various tests of hypotheses showed a significant level of association between employee performance and the mean productivity levels of the bank workforce when categorized by gender, age and level of education.

The variable (X_2) Leadership Style has a strong effect to organization commitment because the leader has an important role. They cultivate all the employees to be the person has a high definition of goal for their company. It means the Leadership Style has a significant influence to Organizational Commitment. Also in result with Bursha (2011) The findings of the study concluded that transformational leadership positively effects job satisfaction and organizational commitment of employees.

The variable (X_3) Compensation is about how rewarding someone for service or by making up for someone's loss, damage, or injury by giving the injured party an appropriate benefit.. It means Compensation has no significant effect to Organizational Commitment. But has similar result with Ahmad (2013) that the compensation system openness and participation were however not significantly related to normative commitment. The significance of these findings is discussed.

Some problem based on Compensation aspect such as first the compensation awarded is too small, so all employees cannot feel the differences when the organization given compensation. Second, the another reason is the employee already think they don't need compensation because the salaries and benefits paid by the company has more than enough.

Data processing shows that Leadership Style (X_2) have a significant effect toward Organizational Commitment. Meanwhile Workforce Diversity (X_1) and Compensation (X_3) has no significant effect to Organizational Commitment.

5. CONCLUSION AND RECOMMENDATION

Conclusion

The conclusions in this research:

1. PT. Pertamina (Persero) Manado is one of the gas and oil companies in this city can be seen from the implementation of the organizational commitment which can be effect by the workforce diversity, leadership style and compensation
2. The analysis, it is clear that the third independent variable, compensation give the negative effect toward organization commitment. The second independent variable, leadership style gives the most effect toward organization commitment. The first independent variable, workforce diversity gives the negative effect toward organization commitment.

Recommendation

There are two recommendation base on the conclusion above, which are:

1. Based on the result, in leadership style, research found that it is all positive effect from respondent. So, PT Pertamina Manado must develop their leadership style more to have excellent organization commitment.
2. Based on the result, workforce diversity and compensation to effect toward organizational commitment with the negative result. It means the organization must make a more program to have training innovative and creative to make their commitment increase in organization

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