Psychocentrum Review
ISSN 2656-8454 (Electronic) | ISSN 2656-1069 (Print)
Editor Yuda Syahputra

Publication details, including author guidelines
URL: http://journal.unindra.ac.id/index.php/pcr/about/submissions#authorGuidelines

How Quality of Work-life’s Mediating Effect of Compensation System on Teacher’s Organizational Commitment?

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Article History
Received : 29 Mei 2021
Revised : 09 September 2021
Accepted : 11 September 2021

How to cite this article (APA 6th)

The readers can link to article via https://doi.org/10.26539/pcr.32638

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Original Article

How Quality of Work-life’s Mediating Effect of Compensation System on Teacher’s Organizational Commitment?

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Abstract. This study analyzes the effect of compensation system on teachers’ organizational commitment mediating by quality of work-life (QWL). The research data was collected by a questionnaire through the survey methods toward 325 teachers of a private school in Indonesia. Data analysis uses path analysis supported by descriptive statistics and correlational. The results show that compensation system had a significant effect on teachers’ organizational commitment mediating by QWL. This study also was found a fit research model can discuss among researchers and practitioners as references/discourse or a strategy for enhancing organizational commitment in various research fields and contexts.

Keywords: compensation system, quality of work-life, organizational commitment

Introduction

One of the critical issues in the industrial and organizational psychology area is organizational commitment. Organizational commitment is suspected to be an important determinant of individual life that has positive implications for organizational life. Several studies in various organizations, sectors, and countries indicate that organizational commitment determines individual life in the workplace. For example, a high organizational commitment can reduce turnover (Luz, de Paula, & de Oliveira, 2018) and burnout (Enginyurt et al., 2016; Khera, 2017). Tang, Shao, and Chens’ (2019) investigation also proved that organizational commitment is related to innovative behavior. Parimita, Purwana, and Suhud (2020), in their study, indicated that organizational commitment affects creativity. Organizational commitment is also related to knowledge management (Gopinath, 2019) and job satisfaction (Loan, 2020). Organizational commitment is also driving organizational citizenship behavior (OCB) (Grego-Planer, 2019) and job involvement (Patil, Ramanjanyelu, & Ambekar, 2016). Moreover, organizational commitments are an essential determinant of job performance (Lin & Shiqian, 2018; Metin & Asli, 2018) and productivity (Gvpn et al., 2018).

These studies indicate that organizational commitment is crucial for individual life and organizations, so that it deserves to be the focus of contemporary research, especially for organizational members who have a central role in realizing the mission and goals of organizations, such as teachers in school organizational context. When teachers are not able to
show their involvement in various school activities totally and optimally, especially activities related to teaching, and cannot uphold and implement the socio-educational norms that apply in schools, it is necessary to have in-depth scientific investigations to reveal these factors that influence it. Because, as indicated by various results of previous studies above, this phenomenon can interfere with the development of creativity, innovative behavior, knowledge management, job satisfaction, OCB, job performance, and productivity. More than that, it can also encourage the emergence of burnout and turnover among teachers.

Organizational commitment is the attitudinal experience of commitment that occurs apart from or as a consequence of day-to-day work activity (Beardwell & Thompson, 2017). Tang, Shao, and Chen (2019) describe organizational commitment as an organizational members' strong acceptance of organizational goals and values and their willingness to devote themselves to the organization and maintain their position. Organizational commitment also refers to the degree to which an employee identifies with the organization and wants to continue actively participating in it, willing to put forth effort on its behalf (Newstrom, 2017; Noe et al., 2019). Organizational commitment involves several attitudes reflected in affection, such as identical to organizational goals, being involved in organizational tasks, and feeling loyal to the organization (Ivancevich, Konopaske, & Matteson, 2018). Organizational commitment consists of three indicators: affective commitment, normative commitment, and continuance commitment. Affective commitment is the employees’ emotional attachment to, identification with, and involvement in the organization. Continuance commitment refers to commitment based on the costs that the employee associates with leaving the organization. Normative commitment is employees’ feelings of obligation to stay with the organization because they should; it is the right thing to do (Meyer & Allen, 1991). Based on various studies, organizational commitment, among others, affected by the compensation system and QWL.

Scholars claimed that compensation system affects organizational commitment (e.g., Llanos & Ahmad, 2017; Pratama & Aima, 2018; Isimoya, Olajide, & Onafalujo, 2018; Rahmawathi & Supartha, 2018; Karnia, Kusumandaru, & Indrajati, 2019; Tarigan, Nazaruudin, & Absah, 2020; S治愈Jedi, Fadah, Tobing, & Bukhori, 2020). Compensation is termed as a gift for the employees after accomplishing some assignments or works given by the company, which will finally reduce by some points based on the companies' and governments' regulation (Indradewa, Dhewanto, & Tjakraatmadja, 2016). Compensation refers to all payments of money and all goods or commodities used based on the value of money to reward employees (Daft, 2016). Besides, compensation is also reflected in all forms of financial results and tangible benefits received by workers as part of the working relationship (Bernardin, 2012). Compensation is also described as employees' pay and benefits in total or an organizations' commitment to anything that employees desire, value, willing, and able to offer in exchange (Lussier & Hendon, 2017).

Compensation has a motivational function, which is consists of extrinsic and intrinsic (Vecchio, 2006). Extrinsic compensation comes from outside of, or external to, the individual, while intrinsic compensation may be more accurately characterized as self-administered (that is, arising from within the person). Extrinsic compensation includes pay, fringe benefits, promotions, and perquisites. According to Martocchio (2020), extrinsic compensation includes monetary compensation represents core compensation, which includes: basic salary, seniority wages, service wages, incentive wages, wages for knowledge plans and skills-based wages, and employee benefits; and nonmonetary rewards include protection programs (medical insurance), paid-time-off (vacations), and services (daycare assistance). Intrinsic compensation is feelings of competence, accomplishment, responsibility, and personal growth. Intrinsic compensation also reflects employees' psychological mindsets that result from performing their jobs. In practice, when schools can provide adequate compensation and can meet the decent living needs of teachers that reflected in the pay, fringe benefits, incentive, protection programs, feelings of competence, accomplishment, responsibility, and personal
growth (Vecchio, 2006; Martocchio, 2020) potentially increasing teachers’ organizational commitment, manifested in affective, normative, and continuance commitment (Meyer & Allen, 1991). Based on the research result and argument above, can formulate the first hypothesis:

H1: Compensation system had a direct effect on teachers’ organizational commitment.

Organizational commitment is also influenced by QWL. Several studies indicated that QWL significantly affects organizational commitment (e.g., Karaaslan & Aslan, 2019; Ong, Tan, Villareal, & Chiu, 2019; Osibanjo, Oyewunmi, Abiodun, & Oyewunmi, 2019; Sahni, 2019; Aminizadeh et al., 2021). In reality, QWL is a very important dan needed by workers, including the teachers in the school organization context. QWL is a general concept, encompassing several aspects of the job experience, include management and supervisory style, freedom and autonomy to make decisions on the job, good physical surroundings, job safety, good working hours, and meaningful tasks (Ivanovich & Konopaske, 2013). QWL refers to the ability of staff to satisfy their personal needs through experiences they learn in the organization (Jahani et al., 2017) and the degree to which members of a work organization can satisfy important personal needs through their organizations’ experience (Daniel, 2019). Cascio (2016) describes QWL in two ways. First, a set of objective organizational conditions and practices (e.g., promotion-from within policies, democratic supervision, employee involvement, safe working conditions). The second, employees' perceptions that they are safe and relatively well satisfied, they have a good work-life fit and can grow and develop as human beings. QWL is concerned overall work climate and the impact on work and people as well as on organization effectiveness (Chaturvedi & Saxena, 2017). Hence, the value system of the quality of work-life considers investing in individuals (Jahanbani et al., 2018). Besides, QWL also reflects a set of real working conditions in an organization, such as fair and adequate pay, safe and hygienic working environments, equal opportunities for continued growth and security, organizational legality, social affiliation in working life, overall living space, social unity, and development of human capabilities (Hashempour et al., 2018). According to Bateman (2014), QWL includes a safe and healthy environment; work that develops human capabilities; opportunities for personal growth and security; the social environment that shapes personal identity, freedom from suspicion, views as part of society and upward mobility; constitutionalism, or the right to privacy, reciprocity, and dissent; work roles that reduce violations of personal pleasure and family needs; and socially responsible organizational action. This condition, if a good condition can encourage teachers to improve their organizational commitment, manifests in affective, normative, and continuance commitment (Meyer & Allen, 1991). Based on studies and arguments above, the second hypothesis:

H2: Compensation system had a direct effect on teachers’ organizational commitment.

QWL, besides affects organizational commitment, is also influenced by the compensation system. Previous research results revealed that compensation systems have a significant effect on QWL (e.g., Maghaminejad & Adib-Hajbaghery, 2016; Chanana & Gupta, 2016; Jain & Thomas, 2016). As an illustration, when schools can provide adequate compensation and can meet the decent living needs of teachers that reflected in the pay, fringe benefits, incentive, protection programs, feelings of competence, accomplishment, responsibility, and personal growth (Vecchio, 2006; Martocchio, 2020) can encourage enhancing QWL, such as, develops human capabilities, personal growth and security, shapes personal identity, freedom from suspicion, constitutionalism, personal pleasure and family needs, and socially responsible organizational action (Bateman 2014). Based on studies and arguments above, the third hypothesis:

H3: Compensation system had a direct effect on QWL.

The various studies above indicated that QWL mediates the effect of the compensation system on teachers’ organizational commitment. However, when the teachers received pay, fringe benefits, incentives, protection programs, feelings of competence, accomplishment,
responsibility, and personal growth (Vecchio, 2006: Martocchio, 2020), adequately as a reward for their work, can stimulate QWL and then it implicates enhancing teachers’ organizational commitment, particularly affective and continuance commitment (Meyer & Allen, 1991). The recent studies by scholars (e.g., Mogaddam & Azad, 2015) also proved that compensation system influences QWL; meanwhile, the investigation by researchers (e.g., Ojedokun, Idemudia, & Desouza, 2015; Yusoff, Rimi, & Meng, 2015; Akar, 2018; Farid, Izadi, Ismail, & Alipour, 2015; Hashempour, Hosseinpour, Etemadi, & Poursadeghiyan, 2018) shows that QWL affects teachers’ organizational commitment. Based on argues and studies above, the fourth hypothesis is:

H₄: Compensation system had an indirect effect on teachers’ organizational commitment mediating by QWL.

Method

Participants

The research participant is 325 private junior high school and senior high school teachers in Indonesia spread across seven provinces. There are Jakarta, Banten, West Java, Central Java, Riau Islands, East Nusa Tenggara, and East Kalimantan. The participant distribution in each region is present in Table 1.

Table 1. The participant distribution

<table>
<thead>
<tr>
<th>No.</th>
<th>Provinces</th>
<th>Participants</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Jakarta</td>
<td>72</td>
<td>22.15</td>
</tr>
<tr>
<td>2.</td>
<td>Banten</td>
<td>55</td>
<td>16.92</td>
</tr>
<tr>
<td>3.</td>
<td>West Java</td>
<td>61</td>
<td>18.76</td>
</tr>
<tr>
<td>4.</td>
<td>Central Java</td>
<td>52</td>
<td>16</td>
</tr>
<tr>
<td>5.</td>
<td>Riau Island</td>
<td>33</td>
<td>10.15</td>
</tr>
<tr>
<td>6.</td>
<td>East Nusa Tenggara</td>
<td>24</td>
<td>7.38</td>
</tr>
<tr>
<td>7.</td>
<td>East Kalimantan</td>
<td>28</td>
<td>8.61</td>
</tr>
<tr>
<td>Jumlah</td>
<td></td>
<td>325</td>
<td>100</td>
</tr>
</tbody>
</table>

The participants personal characteristics shown in Figure 1. The majority of participants are female (53.23%), aged 26 - 35 years (35.08%), bachelor (S1) education (81.54%), and length of teaching < 5 years (37.23%). Besides, 77.54% of participants were married.

Figure 1. Personal characteristics of the participant

Sampling Procedures

This research uses an accidental sampling procedure based on participants' willingness to fill in the questionnaire when the research was conducted (Widodo, 2019) in the private junior high school and senior high school in Indonesia spread across seven provinces through google...
form feature on the smartphone. The research was conducted from December 2020 until February 2021.

**Materials and Apparatus**

This research was used a quantitative approach to the survey method through a questionnaire on a Likert scale with five answer options: strongly disagree, disagree, neutral, agree, and strongly agree. The researcher themselves made the questionnaire is base on the theoretical indicators of the experts. The indicators of the compensation system: pay, fringe benefits, incentive, protection programs, feelings of competence, accomplishment, responsibility, and personal growth (Vecchio, 2006; Martocchio, 2020). QWL: safe and healthy environment; work that develops human capabilities; opportunities for personal growth and security; the social environment that shapes personal identity, freedom from suspicion, views as part of society and upward mobility; constitutionalism, or the right to privacy, reciprocity, and dissent; work roles that reduce violations of personal pleasure and family needs; and socially responsible organizational action (Bateman, 2014). Organizational commitment: affective, normative, and continuance commitment Meyer & Allen (1991).

The compensation system questionnaire consists of 10 items (e.g., the salary provided by the school is sufficient for a decent life, the allowance provided by the school provides a feeling of comfort in working, the additional income provided by the school encourages morale, the school provides scholarship support to teachers who continue their studies at a higher level) with a corrected item-total correlation coefficient between .450 – .839 and an alpha coefficient = .919, QWL: 16 items (e.g., the school environment is safe for carrying out work activities, the school environment provides a sense of comfort at work, the school provides flexibility for teachers to develop their potential, the school guarantees a more decent teacher life) with a corrected item-total correlation coefficient between .497 – .856 and an alpha coefficient = .936, and organizational commitment: 10 items (e.g., I am ready to involve myself in various school activities, I am willing to work hard beyond what is expected of a teacher, I respect the ethical norms that apply at school, I give my best for the betterment of the school) with a corrected item-total correlation coefficient between .625 – .907 and an alpha coefficient = .946. All items have corrected item-total correlation coefficient > .4 and all variables have an alpha coefficient > .7, so it is valid and reliable as a research instrument (van Griethuijsen et al., 2014; Hair et al., 2018).

**Data Analysis**

Data analysis is conduct by path analysis supported by descriptive statistics and correlational. The test of significance of the path coefficient uses a t-test. Descriptive analyzes were performed by SPSS version 26, while the path analysis by LISREL 8.80.

**Result**

The descriptive statistical analysis result for the three research variables are present in Table 2. The mean values from the lowest to the highest in a succession of all variables are compensation system (39.09), organizational commitment (41.51), and QWL (68.98). The correlation analysis results of all variables have significant relationships with the other variables at level p < .01. This condition indicates that all the variables have a mutual relationship with each other. The correlation coefficient from the lowest to the highest in succession is compensation system and organizational commitment (.619), QWL and organizational commitment (.623), and QWL and compensation system (.772).
Hypothesis testing results with path analysis of the effects of compensation system on organizational commitment mediating by QWL are summarizing in Table 3. All of the hypotheses were supported (t value > t table at α = .01). Therefore, this study revealed that the compensation system had a positive significant direct effect on organizational commitment, QWL had a positive significant direct effect on organizational commitment, the compensation system had a positive significant direct effect on QWL, and the compensation system had a positive significant indirect effect on organizational commitment mediating by QWL.

Table 2. Descriptive statistics and correlation matrix

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Compensation system</td>
<td>39.09</td>
<td>6.985</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. QWL</td>
<td>68.98</td>
<td>8.504</td>
<td>.772*</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>3. Organizational commitment</td>
<td>41.51</td>
<td>5.465</td>
<td>.619*</td>
<td>.623*</td>
<td>1.00</td>
</tr>
</tbody>
</table>

**p < .01

The Figure 2 and Figure 3 present the test results of the model with the goodness of fit statistics: Chi-Square = .000, df = 0, p-value = 1.00000 > .05 and RMSEA = .000 < .08. That means the model tested is fit. This result indicates that the theoretical model being test is supported by empirical data from teachers of private junior high school and senior high school in Indonesia spread across seven provinces (Jakarta, Banten, West Java, Central Java, Riau Islands, East Nusa Tenggara, and East Kalimantan).

![Figure 2. Path coefficients](image-url)
Discussion

This research result found that the compensation system significantly affects teachers’ organizational commitment. These findings indicate that the compensation system is essential for teachers’ organizational commitment. The path coefficient obtained was positive (.34) with t value (5.19) > t table (2.34), indicating that the improvement of the compensation system, which includes: pay, fringe benefits, incentive, protection programs, feelings of competence, accomplishment, responsibility, and personal growth (Vecchio, 2006; Martocchio, 2020) can have implications for increasing teachers’ organizational commitment manifested in affective, normative, and continuance commitment (Meyer & Allen, 1991). This also means that teachers who get satisfactory compensation tend to have a strong emotional attachment to, identification with, and involvement in the school organization and have good feelings of obligation to stay with the school organization. These findings are consistent and confirm the results of previous studies that compensation has a positive and significant effect on organizational commitment (e.g., Karnia et al., 2019; Tarigan et al., 2020; Sriredjeki et al., 2020).

This study result also indicates that the compensation system has a positive and significant effect on QWL with a path coefficient = .77 and t value (21.83) > t table (2.34). These findings indicate that the improvement of the compensation system, particularly pay, fringe benefits, and incentive can stimulate increasing QWL manifested in a safe and healthy environment; work that develops human capabilities; opportunities for personal growth and security; the social environment that shapes personal identity, freedom from suspicion, views as part of society and upward mobility; constitutionalism, or the right to privacy, reciprocity, and dissent; work roles that reduce violations of personal pleasure and family needs; and socially responsible organizational action (Bateman, 2014). It also means that a good compensation system tends to drive enhancing QWL. For example, the school that applies a good compensation system manifested in high pay, fringe benefits, and incentives can improve QWL better. These findings are consistent and confirm previous studies conducted by Chanana and Gupta (2016) and Jain and Thomas (2016) that compensation positively correlates with QWL.

In addition, this study also shows that QWL has a positive and significant effect on teacher’s organizational commitment with the path coefficient = .36 and t value (5.46) > t table (2.34). The positive path coefficient indicates that improving QWL can enhance teachers’ organizational commitment manifested in affective, normative, and continuance
commitment (Meyer & Allen 1991). It also means that the school with adequate QWL tends to have a strong emotional attachment to, identification with, and involvement in the school organization and have good feelings of obligation to stay with it. This empirical fact is in line and confirms the results of previous studies conducted by Akar (2018) and Hashempour et al. (2018), which claimed that QWL has a positive and significant effect on organizational commitment.

This study also confirmed that QWL plays a vital role as a mediator in the effect of the compensation system on teachers’ organizational commitment with path coefficient = .28 and t value (5.30)> t table (2.34). This evidence addressed that QWL is vital in the correlation between the compensation system on organizational commitment context. It suggests that QWL manifested in various indicators and attributes can mediate the compensation system and organizational commitment. It also means that when QWL is adequate, it will be crucial goodwill for the relationship between the compensation system and organizational commitment. This evidence, in line and consistent with previous studies that compensation influences QWL (Chanana & Gupta, 2016; Jain, & Thomas, 2016), QWL affects teachers’ organizational commitment (e.g., Akar, 2018; Hashempour et al., 2018), and compensation system related to teachers’ organizational commitment (Karnia et al., 2019; Tarigan et al., 2020; Sirejedjeki et al., 2020).

Overall, this empirical fact confirms that the compensation system and QWL are vital for teachers' organizational commitment, so that it needs to manage and developed adequately and optimally. Consequently, school principals need to give more serious attention to the compensation system and QWL in the school. This attention can manifest in strategic policies that improve the compensation system and QWL. These policies must support developing dimensions or indicators of the compensation system and QWL. For the compensation system, implementing the strategic policies must provide goodwill for developing pay, fringe benefits, incentive, protection programs, feelings of competence, accomplishment, responsibility, and personal growth (Vecchio, 2006; Martocchio, 2020). Likewise, implementing the strategic policies must also stimulate the emergence of a safe and healthy environment; work that develops human capabilities; opportunities for personal growth and security; the social environment that shapes personal identity, freedom from suspicion, views as part of society, and upward mobility; constitutionalism, or the right to privacy, reciprocity, and dissent; work roles that reduce violations of personal pleasure and family needs; and socially responsible organizational action (Bateman, 2014) in the school environment.

Finally, the research also created a fit model that the theoretical model was in accordance (fit) with empirical data from teachers of private junior high school and senior high school in Indonesia, especially Jakarta, Banten, West Java, Central Java, Riau Islands, East Nusa Tenggara, and East Kalimantan province. This finding confirms that the compensation system and QWL are essential determinants for the teachers’ organizational commitment.

Conclusion

This research proves that the compensation system significantly affects teachers’ organizational commitment, either directly or indirectly mediated by QWL. This study also confirmed a fit research model about the compensation systems’ affects teachers’ organizational commitment mediating by QWL with the research field of the private school teachers in Indonesia, especially Jakarta, Banten, West Java, Central Java, Riau Islands, East Nusa Tenggara, and East Kalimantan province. This model can discuss among researchers and practitioners as references/discourse or a strategy for enhancing organizational commitment in various contexts and research fields. For the researcher, the model can be further expanded into new research with more participants, adding variables and indicators, and use another statistical approach, such as structural equation modeling (SEM). For educational practitioners,
the model can adopt to increase organizational commitment among private school teachers by improving the compensation system and QWL, with implications enhancing teachers’ creativity, innovative behavior, knowledge management, job satisfaction, OCB, job performance, and productivity, and reducing burnout and turnover intention.

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