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## **The Influence of Financial Compensation, Working Environment and Soft Skills on Employee Performance Through Organizational Commitment as An Intervening Variable at Mercu Buana University, Jakarta**

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### **Abstract:**

*This study aims to analyze the Influence of Financial Compensation, Non-Physical Work Environment, and Soft Skills on Employee Performance through Organizational Commitment as an Intervening Variable at Mercu Buana University, Jakarta. Data analysis was conducted through several tests, including the outer model measurement test (validity and reliability test), structural model test (R square, Path Coefficient, F-Square, Q-Square, Multicollinearity Test (VIF), Multiple and Simple Linear Regression Analysis), and hypothesis testing. The population of this study consisted of all non-teaching staff (non-lecturer employees) at Mercu Buana University, both permanent and contract employees, totaling 381 people, with a sample size of 150. Hypothesis testing in this study used the T-test with the provision that if the T-statistic value is greater than 1.979 and the P-value is less than 0.05, then the independent variable has a significant effect on the dependent variable. The results showed that Financial Compensation and Soft Skills have a positive and significant effect on Organizational Commitment and Employee Performance. Non-Physical Work Environment has a positive but not significant effect on Organizational Commitment and has a non-significant negative effect on Employee Performance. Through Organizational Commitment, Financial Compensation and Soft Skills have a positive and significant effect on Employee Performance, while Non-Physical Work Environment has a positive but not significant effect on Employee Performance.*

**Keywords:** Employee Performance, Organizational Commitment, Financial Compensation, Non-Physical Work Environment, Soft Skills

## **1. Introduction**

Reliable and professional human resources play a crucial role in achieving company goals. Therefore, companies must be capable of managing human resources effectively. The human resources within the company must exhibit high performance. According to Mangkunegara (2017), performance is the result of work obtained by employees in carrying out tasks assigned to them according to their responsibilities, quality, and quantity.

In addition to performance, the non-physical work environment is also a factor that supports the achievement of company goals. Like the research conducted by Suryani

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(2019), which stated that the non-physical work environment has a significant influence on employee performance.

Employees must also possess good communication skills, be able to convey messages and information clearly to avoid misunderstandings, and be able to control themselves and their emotions when encountering situations that do not meet expectations or encountering problems arising from errors in conveying and receiving information. This is part of the Soft Skills that all employees should possess.

In every organizational behavior, the importance of organizational commitment is always discussed. The level of employee commitment to the organization greatly determines the performance that will be achieved. According to research conducted by Angraini et al. (2021), the organizational commitment variable has a positive and significant effect on employee performance. Organizational commitment is the strong desire to remain a member of a particular organization, the desire to work hard in accordance with the organization's desires, and certain beliefs and acceptance of the values and goals of the organization. In other words, it is an attitude that reflects employees' loyalty to the organization and the ongoing process in which organization members express their concern for the organization's success and continuous progress (Luthans, 2006).

Mercu Buana University is a private university located in Jakarta, established on October 22, 1985. Since December 2016, Mercu Buana University has obtained an "A" or Excellent rating from the National Accreditation Board for Higher Education (BAN-PT) in Institutional Accreditation of Higher Education (AIPT). Mercu Buana University ranked 5th in the assessment of the top 10 private universities in Indonesia, an achievement that is supported by several factors (Ranking Web University, n.d.). The presence of human resources is a necessity for a university to carry out management functions including planning, organizing, actuating, and controlling. As an organization in the field of education, Mercu Buana University must have human resources with high performance in order to achieve its vision of becoming an excellent and prominent university to produce professional personnel.

Based on employee performance data at Mercu Buana University from 2016 to 2020, there have been significant decreases and increases in performance in several categories. With the decrease in the percentage of employees categorized as needing improvement, it can be interpreted that employee performance has improved, further supported by the increase in the percentage of employees with excellent performance reaching 19% in 2020. However, if we look at the percentage of employees with excellent and good performance categories in the 2020 performance data, it is 50%, and the percentage of employees with standard performance and needing improvement is also 50%, indicating that there are still areas for improvement and a need to identify the causes in order to increase the number of employees with good to excellent performance.

From previous research, there exists a research gap in the variables influencing employee performance, prompting the author to develop a new empirical model with

organizational commitment as an intervening variable to further refine the research findings on the impact of financial compensation, non-physical work environment, and soft skills on employee performance. The difference between this study and previous research lies in the addition of organizational commitment as an intervening variable between the effects of financial compensation, non-physical work environment, and soft skills on employee performance.

Based on the analysis of the aforementioned problem and the differing results of previous research conducted by several researchers, the researcher intends to conduct a study titled "The Influence of Financial Compensation, Non-Physical Work Environment, and Soft Skills on Employee Performance through Organizational Commitment as an Intervening Variable."

## **2. Literature Review**

### **Human Resources**

Human resource management is a process that deals with various issues concerning employees, labor, managers, and other workforce to support organizational activities in achieving organizational goals (Sinambela L. P., 2018). Human resource management is one of the methods used by organizations to manage all employees or human resources within it. Human resources must be managed effectively through human resource management to generate good performance to support the achievement of company goals.

### **Employee Performance**

Employee performance refers to the work output of an employee within a company based on predetermined objectives set by the company. Performance can also be defined as the work results achieved by an employee in carrying out their duties according to the responsibilities assigned to them, which can be measured in terms of quality and quantity (Sinambela L. P., 2019). Performance is a set of results achieved quantitatively and qualitatively from the completion of tasks assigned to an individual or group of individuals, referring to criteria standards of achievement and job execution established.

### **Organizational Commitment**

Organizational commitment is the state in which employees support a particular organization and its goals, and their willingness to maintain membership in the organization. Therefore, high levels of job involvement mean that an employee prioritizes specific tasks, while high organizational commitment means being aligned with the organization that recruited them (Robbins S. P., 2008).

### **Financial Compensation**

In the human resource management book by Sinambela L. P. (2018), compensation is defined as the total of all rewards given to employees as a reward for the services they provide to the organization. Financial compensation encompasses all forms of financial returns and tangible benefits received by employees as part of the

employment relationship. Based on their delivery method, compensation consists of direct financial compensation and indirect financial compensation. Direct financial compensation includes payments received by an individual in the form of salary, wages, bonuses, or commissions. On the other hand, indirect financial compensation is provided in the form of benefits, including all financial rewards not covered by direct financial compensation, such as employee insurance programs (Jamsostek), social assistance, medical expenses coverage (medical treatment), leave, and others.

### **Non-Physical Work Environment**

Anitha, J. (2014), defines the work environment as the surroundings of the employee's workplace that can influence their performance in carrying out assigned tasks. A good and pleasant work environment will increase employee motivation and engagement levels in their work. Meanwhile, according to Sedarmayanti (2017), the work environment encompasses all tools and materials faced by members or employees in their surrounding environment where they work, their work methods, as well as work arrangements both individually and as a group. According to Sedarmayanti (2017), the non-physical work environment refers to all conditions related to work relationships, including relationships with superiors, relationships with colleagues, or relationships with subordinates.

### **Soft Skills**

Yuliani (2012) defines soft skills as behavioral competencies, also known as interpersonal skills, which include communication or interaction skills, negotiation and conflict resolution skills, creative problem-solving skills, strategic thinking, personal effectiveness, team building, influencing skills, and idea or concept generation skills.

## **3. Methodology**

### **Hypotheses**

Hypotheses or basic assumptions are temporary answers to problems that are still conjectural because they still need to be proven true. These presumed answers are temporary truths that will be tested for their validity with data collected through research. Hypotheses are temporary answers to the research problem formulation (Sinambela L. P., 2023).

H1: Financial Compensation has a direct positive and significant effect on Organizational Commitment.

H2: Non-Physical Work Environment has a direct positive and significant effect on Organizational Commitment.

H3: Soft Skills have a direct positive and significant effect on Organizational Commitment.

H4: Financial Compensation has a direct positive and significant effect on Employee Performance.

H5: Non-Physical Work Environment has a direct positive and significant effect on Employee Performance.

H6: Soft Skills have a direct positive and significant effect on Employee Performance.

H7: Organizational Commitment has a direct positive and significant effect on Employee Performance.

H8: Financial Compensation has a direct positive and significant effect on Employee Performance through Organizational Commitment.

H9: Non-Physical Work Environment has a direct positive and significant effect on Employee Performance through Organizational Commitment.

H10: Soft Skills have a direct positive and significant effect on Employee Performance through Organizational Commitment.

### **Operational Definitions of Variables**

Research variables are essentially anything in any form that is designated by the researcher to be studied in order to obtain information about it, and then conclusions are drawn (Sugiyono, 2019). Meanwhile, Sinambela L. P. (2023) defines a variable as a concept with variations in value established for investigation.

The variables in this study use independent (explanatory) variables consisting of Financial Compensation, Non-Physical Work Environment, and Soft Skills, dependent (outcome) variable which is Employee Performance, and intervening variable which is Organizational Commitment.

### **Populasi dan Sampel**

#### **Population and Sample**

##### **Population**

Population is the generalization area consisting of objects and subjects with certain quantities and characteristics set by the researcher to be studied and then conclusions are drawn. According to Sinambela L. P. (2023), the population is the objects or subjects with certain quantities and characteristics set by the researcher to be studied and then conclusions are drawn. The population in this study consists of 381 individuals.

##### **Sample**

A sample is a subset of the number and characteristics possessed by the population. In this study, the author uses probability sampling techniques. Probability sampling is one of the sampling techniques that provides an equal chance for each element (member) of the population to be selected as a sample member.

To determine the sample size, this study uses the Taro Yamane formula as follows:

$$n = \frac{N}{N (d)^2 + 1}$$

Where:

n = sample size

N = population size

d = Precision set at (6,4%)

$$n = \frac{381}{381 (0,064)^2 + 1}$$

$$n = \frac{381}{1,56 + 1}$$

$n = 148,83 \rightarrow \text{rounding} = 150$

The number of samples used in this study is 150 samples. Because the sampling process is random, each member of the population has an equal chance of being selected as a sample member.

### **Data Analysis Method**

The data analysis method in this research uses quantitative analysis, namely descriptive statistical analysis and inferential statistical analysis. Descriptive statistics are methods related to data collection and presentation to obtain information about the distribution of the data. The inferential statistics used is the PLS-SEM (Partial Least Squares – Structural Equation Modeling) analysis technique with Smart-PLS 3 software. This inferential statistic consists of Outer model analysis (validity and reliability tests) and Inner model analysis (R-square determination coefficient, F-square, Q-square, and multicollinearity test).

This research produces 3 models, models 1 and 2 use multiple linear regression analysis, which is a linear relationship between two or more independent variables with a dependent variable, while model 3 uses simple linear regression analysis, which is an approach method for the relationship between one dependent variable and one independent variable.

The regression equations are as follows:

$$Y = b_1X_1 + b_2X_2 + b_3X_3 \text{ (1)}$$

$$Z = b_1X_1 + b_2X_2 + b_3X_3 \text{ (2)}$$

$$Y = b_1Z \text{ (3)}$$

### **Hypothesis Testing**

The hypothesis testing statistic used is the t-statistic or t-test. The purpose of hypothesis testing is to determine significance by comparing the significance value that occurs with a confidence level of 0.05. Alternatively, to determine significance or non-significance by looking at the T-table at alpha 0.05 (5%) = 1.96, then the T-table is compared to the T-value. The hypothesis is considered accepted if the T-value is greater than the T-table, and to reject or accept the hypothesis, probability values are used; if the p-value is less than 0.05, then the hypothesis will be accepted.

## **4. Empirical Findings/Result**

The research questionnaire was distributed to 150 respondents, and data processing was subsequently conducted. The following are the results of data analysis using SEM-PLS with SmartPLS software.

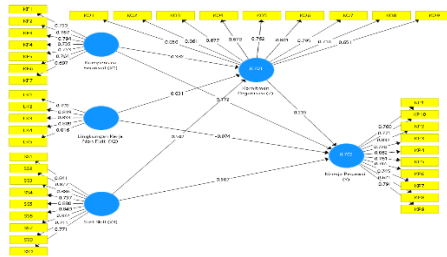


Figure 1. Outer Model

### Validity test

#### *Convergent Validity*

Convergent validity with reflective indicators using SMART PLS is used to prove whether the statements of each latent variable can be understood by respondents as intended by the researcher. To test convergent validity, we look at the value of AVE (Average Variance Extracted). The AVE value is considered good if it is greater than 0.50 (Ghozali, 2015). The following table shows the AVE values.

Table 1. AVE (*Average Variance Extracted*)

Variable	Average Variance Extracted (AVE)	Rule of Thumb	Conclusion
Employee Performance (Y)	0,588	0,500	Valid
Organizational Commitment (Z)	0,575	0,500	Valid
Financial Compensation (X1)	0,562	0,500	Valid
Non-Physical Work Environment (X2)	0,662	0,500	Valid
Soft Skill (X3)	0,685	0,500	Valid

Source: Primary data processed (2023)

Based on the confirmatory analysis of convergent validity with AVE (Average Variance Extracted) values  $> 0.5$ , all variables listed in Table 4.11 are considered to be valid in terms of convergence.

### Reliability Test

Table 2. Construct Reliability and Validity

Variable	Cronbach's Alpha	Composite Reliability	Conclusion
Employee Performance (Y)	0,922	0,934	Reliable
Organizational Commitment (Z)	0,906	0,923	Reliable
Financial Compensation (X1)	0,871	0,900	Reliable
Non-Physical Work Environment (X2)	0,874	0,908	Reliable
Soft Skills(X3)	0,942	0,951	Reliable

Source: Primary data processed (2023)

According to the criteria for Cronbach's Alpha proposed by Dahlan et al. (2014), the variables in this study are considered highly reliable as they have Cronbach's Alpha values between 0.80 and 1.00. Hair et al. (2014) state that composite reliability values should be  $> 0.70$ , although values of 0.60 are still acceptable. Consistent with Ghozali

(2016), the criterion used to measure Composite Reliability is  $> 0.70$ . The table above shows that the variables used in this study are reliable as they have values greater than 0.70.

### Structural Model Testing (Inner Model)

#### R Square dan Q Square

**Table 3. Coefficients of Determination**

	<b>R Square</b>	<b>R Square Adjusted</b>	<b>Q Square</b>
Employee Performance (Y)	0,703	0,694	0,395
Organizational Commitment (Z)	0,701	0,695	0,388

Source: Primary data processed (2023)

According to Chin (1998), the R-Square values are categorized as strong if they are greater than 0.67, moderate if they are greater than 0.33 but lower than 0.67, and weak if they are greater than 0.19 but lower than 0.33. Based on the table above, the coefficient of determination (R-Square) for the endogenous variables is greater than 0.67 (strong), indicating that all independent variables simultaneously have a strong influence on the dependent variable. Furthermore, in terms of Predictive Relevance (Q2), Employee Performance (Y) yields a value of 0.395 and Organizational Commitment (Z) yields a value of 0.388. These values are greater than 0, indicating that the model has predictive values considered relevant and strong. This means that the observations generated by the model can be considered good.

**Table 4. Path Coefficient and F Square**

	<b>Path coefficient</b>	<b>P Values</b>	<b><math>\Sigma F^2</math></b>
Organizational Commitment (Z) -> Employee Performance (Y)	0,235	0,016	0,055
Financial Compensation (X1) -> Employee Performance (Y)	0,172	0,022	0,045
Financial Compensation (X1) -> Organizational Commitment (Z)	0,382	0,000	0,285
Non-Physical Work Environment (X2) -> Employee Performance (Y)	-0,074	0,450	0,006
Non-Physical Work Environment (X2) -> Organizational Commitment (Z)	0,031	0,732	0,001
Soft Skill (X3) -> Employee Performance (Y)	0,587	0,000	0,334
Soft Skill (X3) -> Organizational Commitment (Z)	0,542	0,000	0,396

Source: Primary data processed (2023)

#### Path Coefficients:

Path coefficients represent the model for observing the direction of hypothesis relationships. Based on the test results of path coefficients in Table 4.23, the



relationships between variables can be observed. Some variables have positive relationships while others have negative relationships.

### F-Square (Effect Size)

F-square is a measure used to assess the relative impact of an influencing variable (exogenous) on the influenced variable (endogenous). In the table above, it is found that Organizational Commitment has a small influence on Employee Performance, Financial Compensation has a small influence on Employee Performance, Financial Compensation has a moderate influence on Organizational Commitment, Non-Physical Work Environment has a small influence on Employee Performance, Non-Physical Work Environment has a small influence on Organizational Commitment, Soft Skills have a moderate influence on Employee Performance, and Soft Skills have a strong influence on Organizational Commitment.

### Multicollinearity Test (VIF)

The multicollinearity test aims to determine whether there is high or perfect correlation among independent variables in a regression model. Decision-making criteria related to multicollinearity testing are as follows (Ghozali, 2014):

- If the VIF value < 10 or Tolerance value > 0.01, multicollinearity is considered not to occur.
- If the VIF value > 10 or Tolerance value < 0.01, multicollinearity is considered to occur.

**Table 5. Inner VIF Values**

Variabel	Kinerja Karyawan (Y)	Komitmen Organisasi (Z)
Employee Performance (Y)		
Organizational Commitment (Z)	3,350	
Financial Compensation (X1)	2,200	1,712
Non-Physical Work Environment (X2)	3,033	3,029
Soft Skills(X3)	3,465	2,482

Source: Primary data processed (2023)

From the research results presented in the table above, there is no multicollinearity issue for each variable because the Inner VIF values are below or equal to 10.

### Linear Regression Analysis

This analysis is aimed at understanding the relationship between independent variables and dependent variables, whether each independent variable has a positive or negative relationship and predicts the value of the dependent variable when the independent variable values increase or decrease. In this study, the linear regression analysis model obtained is as follows:

Model 1

$$Y = b_1X_1 + b_2X_2 + b_3X_3 \text{ (I)}$$

$$\text{Employee Performance} = 0,172 \text{ KF} - 0,074 \text{ LK} + 0,587 \text{ SS}$$

Explanation of the formulas above:

- a) The coefficient value of Financial Compensation (b1) is 0.172 with a positive value. This means that for every 1-unit increase in Financial Compensation, Employee Performance will increase by 0.172.
- b) The coefficient value of Non-Physical Work Environment (b2) is -0.074 with a negative value. This means that a 1-unit increase in Non-Physical Work Environment will not affect the increase in Employee Performance.
- c) The coefficient value of Soft Skills (b3) is 0.587 with a positive value. This means that for every 1-unit increase in Soft Skills, Employee Performance will increase by 0.587. Model 2

#### Model 2

$$Z = b_1X_1 + b_2X_2 + b_3X_3 \text{ (2)}$$

$$\text{Organizational Commitment} = 0,382 \text{ KF} + 0,031 \text{ LK} + 0,542 \text{ SS}$$

Explanation of the formulas above:

- a) The coefficient value of Financial Compensation (b1) is 0.382 with a positive value. This means that for every 1-unit increase in Financial Compensation, Organizational Commitment will increase by 0.382.
- b) The coefficient value of Non-Physical Work Environment (b2) is 0.031 with a positive value. This means that a 1-unit increase in Non-Physical Work Environment will increase Organizational Commitment by 0.031.
- c) The coefficient value of Soft Skills (b3) is 0.542 with a positive value. This means that for every 1-unit increase in Soft Skills, Organizational Commitment will increase by 0.542.

#### Model 3

$$Y = b_1Z$$

$$\text{Employee Performance} = 0,235 Z$$

The formula above can be explained as follows:

The coefficient value of Z (b1) is 0.235 with a positive value. This means that for every 1-unit increase in Organizational Commitment, Employee Performance will increase by 0.235.

### Hypothesis Test Results

**Table 6. Hypothesis Testing Results**

H	Total Effect	Path coefficient	T Statistics ( O/STDEV )	P Values	Keterangan
H1	Financial Compensation (X1) -> Organizational Commitment (Z)	0,382	6,775	0,000	Positive and significant
H2	Non-Physical Work Environment (X2) -> Organizational Commitment (Z)	0,031	0,342	0,732	Positive but not significant
H3	Soft Skills (X3) -> Organizational Commitment (Z)	0,542	8,077	0,000	Positive and significant
H4	Financial Compensation (X1) -> Employee Performance (Y)	0,172	2,295	0,022	Positive and significant
H5	Non-Physical Work Environment (X2) -> Employee Performance (Y)	-0,074	0,756	0,450	Negative and not significant
H6	Soft Skills (X3) -> Employee Performance (Y)	0,587	6,252	0,000	Positive and significant

H7	Organizational Commitment (Z) -> Employee Performance (Y)	0,235	2,421	0,016	Positive and significant
H8	Financial Compensation (X1) -> Organizational Commitment (Z) -> Employee Performance (Y)	0,090	2,140	0,033	Positive and significant
H9	Non-Physical Work Environment (X2) -> Organizational Commitment (Z) -> Employee Performance (Y)	0,007	0,325	0,745	Positive but not significant
H10	Soft Skills (X3) -> Organizational Commitment (Z) -> Employee Performance (Y)	0,127	2,248	0,025	Positive and significant

Source: Primary data processed (2023)

## Discussion

### The Direct Influence of Financial Compensation on Organizational Commitment

Based on the results of hypothesis testing 1, the path coefficient value of Financial Compensation towards Organizational Commitment is 0.382 (positive) with a T-Statistics value of  $6.775 > 1.96$  and a P-value of  $0.000 < 0.05$ . Thus, hypothesis 1: Financial Compensation has a direct positive and significant influence on Organizational Commitment is accepted. Based on these results, it can be stated that Financial Compensation has a direct positive and significant influence on Organizational Commitment at Universitas Mercu Buana. This can be interpreted as meaning that the higher the value of Financial Compensation, the higher the Organizational Commitment.

From this research, it was found that Incentives make a significant contribution compared to other indicators. Providing incentives can significantly contribute to organizational commitment. Incentive provision has the potential to motivate, increase productivity, and create deeper involvement of employees towards the goals and values of the company. These research findings are in line with previous research conducted by Saputri & Pratama (2020) that Financial Compensation has a significant effect on Organizational Commitment. This means that the better the financial compensation, the higher the organizational commitment.

### The Direct Influence of Non-Physical Work Environment on Organizational Commitment

Based on the results of hypothesis testing 2, the path coefficient value of Non-Physical Work Environment towards Organizational Commitment is 0.031 (positive) with a T-Statistics value of  $0.342 < 1.96$  and a relatively high P-value of  $0.732 > 0.05$ . Thus, hypothesis 2: Non-Physical Work Environment has a significant influence on Organizational Commitment is **rejected**. These results indicate that the Non-Physical Work Environment does not have a significant positive influence on Organizational Commitment at Universitas Mercu Buana.

The research found that coordination among colleagues is not optimal, with a lack of understanding of each team member's roles and responsibilities, unclear communication, a lack of regular meetings, differences in work styles, and a lack of team member engagement being the causes. These research findings are consistent with previous studies conducted by Jayaningrum et al. (2020), which found that the

Non-Physical Work Environment does not have a significant influence on Organizational Commitment. For the Non-Physical Work Environment variable, it is known that the calculated t-value < the tabulated t-value, which is  $1.085 < 1.979$ , and the significance value is greater than 0.05, specifically 0.280, indicating that the Non-Physical Work Environment does not affect Organizational Commitment.

### **The Direct Influence of Soft Skills on Organizational Commitment**

Based on the results of hypothesis testing 3, the path coefficient value of Soft Skills towards organizational commitment is 0.542 (positive) with a T-Statistics value of  $8.077 > 1.96$  and a P-value of  $0.00 < 0.05$ . Thus, hypothesis 3: Soft Skills have a direct positive and significant influence on Organizational Commitment is **accepted**. Based on the t-test results, it is found that Soft Skills have a direct positive and significant influence on Organizational Commitment at Universitas Mercu Buana.

From the research results, it is found that self-awareness of strengths and weaknesses contributes significantly compared to other indicators. Awareness of strengths and weaknesses can help individuals assess whether their personal values align with organizational values. The alignment of these values can strengthen commitment. Self-awareness can increase motivation and engagement if individuals feel that the organization provides opportunities to develop strengths and address weaknesses to enhance individual attachment and commitment to the organization. These research findings are consistent with previous studies conducted by Ramadhanty et al. (2020), which found that there is an influence of Soft Skills on Organizational Commitment at PT. Pindo Deli Pulp and Paper Mill Department Paper Machine 9 because the hypothesis testing results indicate that Soft Skills have a positive and significant influence on Organizational.

### **The Direct Influence of Financial Compensation on Employee Performance**

Based on the results of hypothesis testing 4, the path coefficient value of financial compensation towards employee performance is 0.172 (positive) with a T-Statistics value of  $2.295 > 1.96$  and a P-value of  $0.001 < 0.05$ . Thus, hypothesis 4: Financial compensation has a significant influence on employee performance is **accepted**. Based on the t-test results, it is concluded that Financial Compensation has a direct positive and significant influence on Employee Performance at Universitas Mercu Buana.

From this research, it is found that incentives contribute significantly compared to other indicators. A good incentive program can help focus employees' attention on aspects crucial for the company's success and encourage increased productivity because employees strive harder to achieve results that qualify for incentives, which also serve as recognition for outstanding performance. These research findings align with previous studies conducted by A. Agung et al. (2023), where multiple linear regression analysis results showed a regression coefficient for the level of financial compensation at 0.389, meaning that if there is an increase in the level of Financial Compensation by one unit, it will increase Employee Performance by 0.389 units. This implies that Financial Compensation significantly influences Employee Performance.

### **The Direct Influence of Non-Physical Work Environment on Employee Performance**

Based on the results of hypothesis testing 5, the path coefficient value of the Non-Physical Work Environment towards employee performance is -0.074 (negative) with a T-Statistics value of  $0.756 < 1.96$  and a P-value of  $0.450 > 0.05$ . Thus, hypothesis 5: The Non-Physical Work Environment has a significant influence on employee performance is **rejected**. Based on the t-test results, it is concluded that the Non-Physical Work Environment has a direct negative but not significant influence on Employee Performance at Universitas Mercu Buana.

These results are not in line with expectations, which anticipated a significant positive influence of the Non-Physical Work Environment on Employee Performance. The findings in this study indicate that a lack of coordination among colleagues is one of the main factors contributing to these results. Uncertainty regarding tasks and responsibilities due to a lack of coordination can hinder progress and performance. The results of hypothesis testing 5 in this study align with previous research conducted by Jayaningrum et al. (2020), which found that the Non-Physical Work Environment does not affect Employee Performance. This is because the descriptive analysis results show that the influence of the Non-Physical Work Environment variable is mostly spread across negative values, and its P-value indicates  $0.154 > 0.05$ .

### **The Direct Influence of Soft Skills on Employee Performance**

Based on the results of hypothesis testing 6, the path coefficient value of Soft Skills towards employee performance is 0.587 (positive) with a T-Statistics value of  $6.252 > 1.96$  and a P-value of  $0.00 < 0.05$ . Thus, hypothesis 6: Soft Skills have a significant influence on employee performance is **accepted**. Based on the t-test results, Soft Skills have a direct positive and significant influence on Employee Performance at Universitas Mercu Buana. Employees with good Soft Skills are able to communicate effectively, collaborate in teams, solve problems efficiently, and manage time effectively. Awareness of one's strengths and weaknesses also contributes significantly to individual performance, as it helps individuals continue self-development, overcome challenges, understand roles that align with their skills, and manage stress effectively.

These findings are consistent with previous research indicating that Soft Skills have a positive and significant influence on Employee Performance, as evidenced by the smaller significant value compared to the significance level and the positive coefficient. The results of hypothesis testing 6 in this study align with previous research conducted by Irawati (2020), which found that Soft Skills have a positive and significant influence on Employee Performance. This is evident from the significant value of 0.000, which is smaller than the significance level of 0.1. The positive value is evident from the coefficient value of 0.491.

### **The Direct Influence of Organizational Commitment on Employee Performance**

Based on the results of hypothesis testing 7, the path coefficient value of Organizational Commitment towards employee performance is 0.235 (positive) with a T-Statistics value of  $2.421 > 1.96$  and a P-value of  $0.016 < 0.05$ . Thus, hypothesis

7: Organizational Commitment has a direct positive and significant influence on Employee Performance is **accepted**. Based on the t-test results, Organizational Commitment has a direct positive and significant influence on Employee Performance at Universitas Mercu Buana. Employees with high organizational commitment tend to feel a sense of ownership towards the organization and are more responsible for overall organizational performance.

From this research, it is found that employees showing a sense of ownership towards the organization contribute significantly compared to other indicators. Employees with high organizational commitment tend to feel that the success or failure of the organization is also their own. This can increase ownership and responsibility for overall organizational performance. A sense of ownership can drive creativity and innovation, encourage creative thinking, provide new ideas, and seek ways to improve performance. The results of this study are consistent with previous research conducted by Guridno & Sinambela (2019), which found that Organizational Commitment has a positive and significant influence on Employee Performance in the secretariat bureau of the general secretariat of the People's Representative Council of the Republic of Indonesia. This is indicated by the C.R value of  $6.053 > 1.96$  and the P-value  $< 0.05$ .

#### **The Indirect Influence of Financial Compensation on Employee Performance through Organizational Commitment**

Based on the results of hypothesis testing 8, the path coefficient value of Financial Compensation through Organizational Commitment towards Employee Performance is 0.090 (positive) with a T-Statistics value of  $2.140 > 1.96$  and a P-value of  $0.033 < 0.05$ . Thus, hypothesis 8: Financial Compensation has a positive and significant indirect influence on Employee Performance through Organizational Commitment is **accepted**.

Based on the t-test results, Financial Compensation has a positive and significant indirect influence on Employee Performance through Organizational Commitment at Universitas Mercu Buana. Employees who feel valued through financial compensation and have high organizational commitment are more motivated to achieve individual and organizational goals, thereby enhancing overall productivity. Incentives provided on a team or project-based basis can create a positive work atmosphere, strengthen the bond between employees and the organization, and encourage employees to work more efficiently and effectively to achieve better results and qualify for incentives.

#### **The Indirect Influence of Non-Physical Work Environment on Employee Performance through Organizational Commitment**

Based on the results of hypothesis testing 9, the path coefficient value of the Non-Physical Work Environment through Organizational Commitment towards Employee Performance is 0.007 (positive) with a T-Statistics value of  $0.325 < 1.96$  and a P-value of  $0.745 > 0.05$ . Thus, hypothesis 9: The Non-Physical Work Environment has a positive and significant indirect influence on Employee Performance through Organizational Commitment is **rejected**. Based on the t-test results, the Non-Physical

Work Environment has a positive but not significant indirect influence on Employee Performance through Organizational Commitment at Universitas Mercu Buana.

Effective coordination among employees is crucial for achieving optimal performance, with open communication and active employee involvement in the coordination process being key to addressing role ambiguity, conflicts, and building strong team relationships. Good coordination also ensures fair recognition and acknowledgment of each employee's contributions, enhancing ownership and motivation to deliver the best results for the organization.

### **The Indirect Influence of Soft Skills on Employee Performance through Organizational Commitment**

Based on the results of hypothesis testing 10, the path coefficient value of Soft Skills through Organizational Commitment towards Employee Performance is 0.127 (positive) with a T-Statistics value of  $2.248 > 1.96$  and a P-value of  $0.025 < 0.05$ . Thus, hypothesis 10: Soft Skills have a positive and significant indirect influence on Employee Performance through Organizational Commitment is **accepted**. Based on the t-test results, Soft Skills have a positive and significant indirect influence on Employee Performance through Organizational Commitment at Universitas Mercu Buana.

Soft Skills, such as interpersonal skills, communication, leadership, and empathy, play a crucial role in influencing organizational commitment and employee performance. Good communication skills can enhance employees' commitment to the organization and their performance by enabling them to convey ideas, understand instructions, and interact effectively with colleagues and management. The ability to empathize, conflict resolution skills, and self-awareness of one's strengths and weaknesses can also help employees feel ownership towards the organization and deliver work results that meet company standards, as it encourages personal growth, good collaboration with the team, and positive contributions to organizational success.

## **5. Conclusions**

Based on the results of the research and discussion of the testing of the Influence of Financial Compensation, Non-Physical Work Environment, and Soft Skills on Employee Performance through Organizational Commitment as an Intervening Variable, the authors draw the following conclusions:

1. Financial Compensation has a direct positive and significant effect on Organizational Commitment. This means that the higher the value of financial compensation, the more likely employees are to choose to stay at Universitas Mercu Buana. This is indicated by the positive path coefficient result with a T-Statistics value of  $6.775 > 1.96$  and a P-value of  $0.000 < 0.05$ .
2. Non-Physical Work Environment has a direct positive but not significant effect on Organizational Commitment. The condition of the Non-Physical Work Environment does not change employees' commitment to Universitas Mercu

Buana. Employees choose to stay in the organization not because of the Non-Physical Work Environment, but rather because of other variables. This is indicated by the positive path coefficient with a T-Statistics value of  $0.342 < 1.96$  and a P-value of  $0.732 > 0.05$ .

3. Soft Skills have a direct positive and significant effect on Organizational Commitment. This means that the higher the value of Soft Skills, the more employees will increase their commitment to Universitas Mercu Buana. This is indicated by the positive path coefficient with a T-Statistics value of  $8.077 > 1.96$  and a P-value of  $0.00 < 0.05$ .
4. Financial Compensation has a direct positive and significant effect on Employee Performance. This means that the higher the value of financial compensation given to employees, the more they will improve their performance, thus being able to make a positive contribution to Universitas Mercu Buana. This is indicated by the positive path coefficient with a T-Statistics value of  $2.295 > 1.96$  and a P-value of  $0.001 < 0.05$ .
5. Non-Physical Work Environment has a direct negative but not significant effect on Employee Performance. The condition of the Non-Physical Work Environment cannot change the value of Employee Performance. This is indicated by the negative path coefficient with a T-Statistics of  $0.756 < 1.96$  and a P-value of  $0.450 > 0.05$ .
6. Soft Skills have a direct positive and significant effect on Employee Performance. Thus, the higher the value of Soft Skills, the higher the performance of employees. This is indicated by the positive path coefficient with a T-Statistics value of  $6.252 > 1.96$  and a P-value of  $0.00 < 0.05$ .
7. Organizational Commitment has a direct positive and significant effect on Employee Performance. The desire to remain in the organization motivates employees to enhance their performance. This is indicated by the positive path coefficient with a T-Statistics value of  $2.421 > 1.96$  and a P-value of  $0.016 < 0.05$ .
8. Financial Compensation has an indirect positive and significant effect on Employee Performance through Organizational Commitment. The higher the value of compensation combined with the desire to remain in the organization, the better the employee's performance. This is indicated by the positive path coefficient with a T-Statistics value of  $2.140 > 1.96$  and a P-value of  $0.033 < 0.05$ .
9. Non-Physical Work Environment has an indirect positive but not significant effect on Employee Performance through Organizational Commitment. The condition of the Non-Physical Work Environment cannot influence employee performance even when supported by organizational commitment. This is indicated by the positive path coefficient with a T-Statistics of  $0.325 < 1.96$  with a P-value of  $0.745 > 0.05$ .
10. Soft Skills have an indirect positive and significant effect on Employee Performance through Organizational Commitment. Higher Soft Skill values will enhance employee performance through organizational commitment. This is indicated by the positive path coefficient with a T-Statistics value of  $2.248 > 1.96$  and a P-value of  $0.025 < 0.05$ .



**Suggestions**

Based on the findings of this research, the authors provide several suggestions, including:

**For researchers:**

- a. Reviewing the R-Square test results in Chapter IV, where only 70.3% of the independent variables (Financial Compensation, Non-Physical Work Environment, and Soft Skills) are capable of influencing the Organizational Commitment variable and 70.1% capable of influencing Employee Performance. Therefore, it is highly recommended for future research to retest these variables in other organizations and also examine other factors that may affect Organizational Commitment and Employee Performance.
- b. Based on the results of the indirect effects of variables on Employee Performance through Organizational Commitment, it is highly recommended for future researchers to retest the study in other organizations that have similar characteristics to Universitas Mercu Buana Jakarta.

**For the company:**

- a. Based on the questionnaire results on the financial compensation variable, the lowest loading factor value responded by the respondents is on indirect financial compensation with the indicator of payment when not working. This means that the company needs to review the payment provided when employees are not working. Do employees still receive payment without any reduction or deduction when they take leave or sick leave.
- b. Based on the questionnaire results on the Non-Physical Work Environment variable, the lowest loading factor value responded by the respondents is good communication between supervisors and subordinates. This indicates that communication between supervisors and subordinates has not been effectively established. To improve communication between supervisors and subordinates to strengthen organizational commitment, it is advisable to establish regular meetings between supervisors and subordinates. Provide open communication channels, communication training, and involve employees in decision-making. These discussions can increase employee motivation and commitment.
- c. Based on the questionnaire results on the Soft Skills variable, the lowest loading factor value responded by the respondents is on the ability to identify and interpret information conveyed by others (sensitivity skill). The company can provide training and development to employees and provide opportunities for employees to develop social skills and interpersonal sensitivity.
- d. Based on the questionnaire results on the Financial Compensation variable, the lowest loading factor value responded by the respondents is on indirect financial compensation with the indicator of payment when not working. The company should consider the policy of payment when employees are not working; it is important to align it with the organizational culture, company finances, and employee needs. Listening to employee feedback and monitoring the impact of such policies on productivity and performance are important steps to ensure successful implementation.
- e. Based on the questionnaire results on the Non-Physical Work Environment variable, the lowest loading factor value responded by the respondents is good

communication between supervisors and subordinates. This low value indicates that communication between supervisors and subordinates has not been effectively implemented. The company can provide regular feedback to help employees understand how they perform in their jobs. Constructive feedback provides direction for improvement that can enhance performance.

- f. Based on the questionnaire results on the Soft Skills variable, the lowest loading factor value responded by the respondents is the ability to identify and interpret information conveyed by others. The company can organize social skills and interpersonal sensitivity training for all employees. This may include aspects such as empathy, effective communication, and teamwork. The company can also involve employees in organizing projects or collaborative tasks that require teamwork.
- g. Based on the questionnaire results on the Organizational Commitment variable, the lowest loading factor value responded by the respondents is not having any other alternatives if leaving the organization. This means that some employees feel that there are many other organizations that could be alternatives if they leave the current organization. To minimize this, the organization should provide opportunities for skill development and career growth and treat employees fairly. Focus on a company culture that supports collaboration, innovation, and personal development. Provide attractive facilities and benefits. Support policies that promote a balance between work and personal life. Listen to input and feedback from employees, recognize and appreciate employee contributions. Provide opportunities for employees to advance their careers within the organization.
- h. Based on the questionnaire results on the Financial Compensation variable, the lowest loading factor value responded by the respondents is on indirect Financial Compensation with the indicator of payment when not working, and the lowest average value on the Organizational Commitment variable is not having any other alternatives if leaving the organization. The organization should ensure competitive wages and benefits according to job descriptions and positions. Review the reduction of payment when employees take leave, whether annual leave, long leave, or when employees are sick..
- i. Based on the questionnaire results on the Non-Physical Work Environment variable, the lowest loading factor value responded by the respondents is good communication between supervisors and subordinates, and the lowest loading factor value on the Organizational Commitment variable is not having any other alternatives if leaving the organization. One possible action that the company can take to build good communication between supervisors includes: Set aside time for regular meetings between supervisors and subordinates, both individual and group meetings, to provide feedback, discuss goals, and plan future actions. Facilitate an environment where supervisors and subordinates feel comfortable speaking openly. Provide transparent information about the company's progress, goals, and strategic direction.
- j. Based on the questionnaire results on the Soft Skills variable, the lowest loading factor value responded by the respondents is the ability to identify and interpret information conveyed by others, and the lowest loading factor value on the Organizational Commitment variable is not having any other alternatives if leaving the organization. Improving the ability to identify and interpret information

conveyed by others can positively impact commitment and performance. The organization should build a culture of open communication, provide communication skills training, support idea exchange, and use technology that supports effective communication

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