Effect of Job Promotion and Transactional Leadership on Company Performance Through Organizational Commitments As Mediation Variables in Pt Nittoh Presisi Indonesia

Abstract: This study aims to examine the effect of job promotion and transactional leadership on company performance through organizational commitment as a mediating variable at PT. Nittoh Presisi Indonesia. This study uses an explanatory analysis approach. This means that each variable presented in the hypothesis will be observed through testing the causal relationship of the independent variable to the dependent variable. The population in this research are employees who work at the PT. Nittoh Presisi Indonesia. While the sample used includes 133 employees who work in company offices. This sampling uses the saturated sample method because it uses all employees at the company office. The results showed that job promotion variables partially influence organizational performance. Transactional leadership variables partially influence organizational performance. The organizational commitment variable partially affects organizational performance. Job promotion variables partially affect organizational commitment. Transactional leadership variables partially influence organizational commitment. The effect of promotion on organizational performance is 0.526. The effect of promotion on performance through organizational commitment is 0.795 x 0.826 = 0.561. In this case, the indirect effect is greater than the direct effect, so it can be said that the work organizational commitment variable is intervening. The direct effect of transactional leadership on organizational performance is 0.596. Meanwhile, the effect of transactional leadership on organizational performance through organizational commitment is 0.795 x 0.826 = 0.657. In this case, the indirect effect is greater than the direct effect, so it can be said that the work organizational commitment variable is intervening.

Keywords: Job promotion, transactional leadership, organizational commitment, company performance.

INTRODUCTION

Performance can be measured from productivity, quality, consistency and so on. On the other hand, company performance measures results, behavior and normative, education and the resulting concepts, including management development (Richard, 2002). Noe, et al., (2008) explained that to obtain maximum company performance, a company needs employees who have maximum individual performance as well. HR has a dominant role in processing resources and materials so that they become products through their policies. Therefore, to improve performance, it is necessary to get sufficient attention so that HR can work efficiently and produce a performance that can contribute to organizational productivity.

To get optimal performance, there have been many studies that have attempted to identify various factors that influence individual performance and organizational performance, such as Brahmasari, and Suprayetno, 2008; Murty, Hudiwinarsih (2012); Soedjono (2005). According to Richard et al., (2009) company performance is something that is produced by an organization which includes outcomes, namely financial performance such as profit as measured by return on assets, return on investment and so on, market performance (product market performance) such as market share expansion, and sales. Also, the return from the shareowner is the return of the shareowner and the economic increase of the shareowner.

In some areas, company performance can also be measured from other things such as strategic plans, operations, finance, legal and organizational development. Developing an institution or organization is a must to survive in the competitive climate of the world.
The goals of productivity are related to the development of the organization. Small organizations have the desire to keep growing and becoming big. The developing organization is to come back to the development itself.

A factor that has an impact on company performance is promotion. Promotion is a move from one position to another that has a higher status and responsibility (Martoyo, 2007: 71). Meanwhile, according to Hasibuan (2008: 108), a promotion to a position is a transfer that increases the authority and responsibility of the employees to a higher position in the organization so that their rights, status, and income obligations increase. Another case, according to Tohardi, quoted from Flippo (2002: 382) that promotion is a change from one job to another that has better conditions in terms of position and responsibility.

From the above definition, it can be concluded that promotion has an important meaning for the company because promotion means company stability and employee morale that will be more secure. The promotion will always be followed by duties, responsibilities which are higher than previously occupied positions. In general, promotion is also followed by an increase in income and other facilities. However, this promotion itself has value because it is proof of recognition, among other things, of its achievements.

Transactional leadership factors also have an impact on company performance. Leadership is the initial formation and maintenance of structure in expectations and interactions. The definition of leadership according to Hosking (1996) is those who consistently make an effective contribution to the social order that is expected and perceived to do so. To someone else is doing something based on acceptance by the group and having special skills appropriately for special situations. The definition of leadership according to Terry (2010) states that leadership is an activity to influence people so that they like to strive to achieve group or organizational goals.

All activities must be centered on the leader and given the slightest freedom to others in creating and acting, and even then, they must not be separated from the existing provisions. As for some of the characteristics of the bureaucratic leadership style, the leader will determine all decisions related to all work and will order all subordinates to carry them out; The leader will set standards on how subordinates will perform tasks; There is a very clear sanction if a subordinate cannot carry out his duties according to predetermined performance standards.

Organizational commitment also has an impact on company performance. Organizational commitment is the attitude of employees who are interested in the goals, values, and goals of the organization which is shown by the acceptance of individuals for the values and goals of the organization and a desire to be affiliated with the organization and a willingness to work hard for the organization so that individuals feel at home and want to stay in the organization for the sake of achievement of goals and organizational continuity.

**LITERATURE REVIEW**

1. **Job Promotion**

Promotion is a move from one position to another that has a higher status and responsibility (Martoyo, 2007: 71). Meanwhile, according to Hasibuan (2008: 108), a promotion to a position is a transfer that increases the authority and responsibility of employees to a higher position in an organization so that their rights, status, and income obligations increase. Another case according to Flippo (2002: 382) that promotion is a change from one job to another that has better conditions in terms of position and responsibility.

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2. **Leadership**

The notion of leadership according to Hosking (1996) is those who consistently make an effective contribution to the social order that is expected and perceived to do so. To someone else is doing something based on acceptance by the group and having special skills appropriately for special situations. The definition of leadership according to Terry (2010) states that leadership is an activity to influence people so that they like to strive to achieve group or organizational goals.

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3. **Organizational Commitment**

According to Cherrington (1995) organizational commitment as a personal value, which sometimes refers to a loyal attitude to the company. Robbins (2008) suggests organizational commitment is one of the attitudes that reflect feelings of like or dislike towards the organization where you work.

Organizational commitment is the attitude of employees who are interested in the goals, values, and goals of the organization which is shown by the acceptance of individuals for the values and goals of the organization and a desire to be affiliated with the organization and a willingness to work hard for the organization so that individuals feel at home and want to stay in the organization for the sake of achievement of goals and organizational continuity.
Meyer and Allen (1993) suggest three components of organizational commitment:

a. Affective Commitment occurs when employees want to be part of the organization because of an emotional bond or feel they have the same values as the organization.

b. Continuance Commitment, namely the willingness of individuals to stay in the organization because they do not find other jobs or because of certain economic rewards.

c. Normative Commitment arises from employee values. Employees stay as members of the organization because there is an awareness that is committed to the organization is what they should be doing.

Attitudes in the organization are considered important because they affect behavior. And organizational commitment as part of the attitude influences various important behaviors for the organization to function effectively. The importance of employee commitment is strengthened by a series of studies that have shown there is a strong relationship between organizational commitment and job performance (Luthans, 2002: 237).

Research by Dessler (1999: 58) shows that highly committed employees have lower absentee scores and have a longer working period and tend to work harder and show better performance. The high commitment of the aforementioned employees is inseparable from the employees' trust in the good management of their treatment, namely the existence of a management approach towards human resources as valuable assets and not merely as commodities that can be exploited at will by management.

4. Organizational Performance

The definition of organizational performance refers to the ability of employees to carry out all the tasks that are their responsibility. These tasks are usually based on indicators of success that have been implemented. As a result, it will be known that an employee enters a certain level of work. The level can be various terms. Performance can be categorized as over target, on target, or under target. Departing from the things referred to as a whole for the work of an employee. The definition of organizational performance is a description of the level of achievement of the implementation of an activity program or policy in realizing the goals, objectives, vision, and mission of the organization as outlined in the strategic planning of an organization (Moeheringo, 2010: 60). Mangkuprawira (2009: 218-219) says that performance is a matter, or the overall success rate of a person during a certain period in carrying out a task compared to various possibilities, such as work standards, targets, or criteria that have been determined in advance and have been agreed together.

According to Wibowo (2010: 19), performance is a management style in managing performance-oriented resources that carries out an open and sustainable communication process by creating a common vision and strategic and integrated approach as a driving force to achieve organizational goals. According to Rivai and Sagala (2009: 548) suggest that: "Performance is a function of motivation and ability to complete a task or a person’s work should have a certain degree of willingness and level of ability. According to Richard et al., (2009), organizational performance is what is produced by the organization which includes results, namely financial performance such as profit as measured by return on assets, return on investment, and so on, market performance such as the expansion of market share, and sales. Also, the return from the shareowner the return of the shareowner and the economic increase of the shareowner. In some areas of organizational performance can also be measured from other things such as strategic planning, operations, finance, legal and organizational development. Developing an institution or organization is a must to survive in the competitive climate of the world.

The organizational performance measurement presented Sudarmanto (2009: 13) recommends six aspects, namely:

- Productivity, the ability to produce goods and services
- Quality, producing goods and services that meet quality standards.
- Round time, the time needed in each process of changing these goods and services, then it reaches the customer/consumer.
- Timeliness, the time it takes to produce these goods and services.
- Use of resources: the resources needed to produce these goods and services.
- Fee, the fee required. In implementing activities or programs to achieve success, some factors can affect the success of the organization.

RESEARCH METHODS

Time and Location of Research

The research will be conducted in October-December 2019 by taking the location at PT. Nittoh Presisi Indonesia.

Research Design

This study uses an explanatory analysis approach. This means that each variable presented in the hypothesis will be observed through testing the causal relationship of the independent variable to the dependent variable.

Population and Sample

The population in this research are employees who work at the PT. Nittoh Presisi Indonesia. While the sample used includes 133 employees who work in company offices. This sampling uses the saturated sample method because it uses all employees at the company office.
**RESEARCH RESULTS AND DISCUSSION**

1. Partial analysis of the effect of promotion on organizational performance

   The results of the analysis of the effect of promotion on organizational performance partially show that the coefficient of promotion is 0.526. The t value is 7.079. The significance value is 0.00. This significant value is smaller than 0.05. This means that the job promotion variable partially affects organizational performance. The magnitude of the effect of promotion on organizational performance is known to be the value of r squared of 0.277. This means that the influence of job promotion variables on performance is 27.7% and the rest is influenced by other variables that are not included in the equation model.

2. Partial analysis of the effect of transactional leadership on organizational performance

   The results of the analysis of the effect of transactional leadership on organizational performance show that the coefficient of transactional leadership is 0.596. The t value is 8.488. The significance value is 0.00. This significant value is smaller than 0.05. This means that the transactional leadership variable partially affects organizational performance. The magnitude of the influence of transactional leadership on organizational performance is known to be the value of r squared of 0.355. This means that the effect of the transactional leadership variable on organizational performance is 35.5% and the rest is influenced by other variables that are not included in the equation model.

3. Partial analysis of the influence of organizational commitment on organizational performance

   The results of the analysis of the influence of work organizational commitment on the performance show that the coefficient of organizational commitment is 0.826. The t value is 16.760. The significance value is 0.00. This significant value is smaller than 0.05. This means that the variable organizational commitment partially affects organizational performance. The magnitude of the influence of organizational commitment on organizational performance is known that the value of r squared is 0.682. This means that the influence of the organizational commitment variable on organizational performance is equal to 68.2% and the rest is influenced by other variables that are not included in the equation model.

4. Partial analysis of the effect of promotion on organizational commitment

   The results of the analysis of the effect of promotion on organizational commitment partially show that the coefficient of promotion is 0.679. The t value is 10.587. The significance value is 0.00. This significant value is smaller than 0.05. This means that the variable of promotion has a partial effect on organizational commitment. The magnitude of the effect of promotion on organizational commitment is known to be the value of r squared of 0.461. This means that the influence of the organizational commitment variable on organizational performance is 46.1% and the rest is influenced by other variables that are not included in the equation model.

5. Partial analysis of the effect of transactional leadership on organizational commitment

   The results of the analysis of the effect of transactional leadership on organizational commitment partially show that the coefficient of transactional leadership is 0.795. The t value is 14.997. The significance value is 0.00. This significant value is smaller than 0.05. This means that the leadership variable partially affects organizational commitment. The magnitude of the influence of leadership on organizational commitment is known to have the value of r squared of 0.632. This means that the influence of the leadership variable on organizational commitment is 63.2% and the rest is influenced by other variables that are not included in the equation model.

6. Analysis of the effect of promotion on organizational performance through organizational commitment variables

   Based on the results of data analysis, it is known that the effect of promotion on organizational performance is 0.526. The effect of promotion on performance through organizational commitment is 0.795 X 0.826 = 0.651. In this case, the indirect effect is greater than the direct effect, so it can be said that the work organizational commitment variable is intervening.

7. Analysis of the effect of transactional leadership on organizational performance through organizational commitment variables

   Based on the results of data analysis, it is known that the direct effect of work leadership on organizational performance is 0.596. While the effect of work leadership on organizational performance through organizational commitment is 0.795 X 0.826 = 0.657. In this case, the indirect effect is greater than the direct effect, so it can be said that the work organizational commitment variable is intervening.

**CONCLUSION**

Job promotion variables partially affect organizational performance. Promotion of 0.526. The t value is 7.079. The significance value is 0.00. This significant value is smaller than 0.05. The value of r squared is 0.277. This means that the influence of job promotion variables on performance is 27.7% and the rest is influenced by other variables that are not included in the equation model.

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Suggestion
Companies should consider promotion, transactional leadership and organizational commitment in improving organizational performance. This is because the analysis shows that these variables have an impact on organizational performance. In increasing promotion, it is necessary to pay attention to the rules related to the promotion of positions in companies, promotions are carried out transparently, promotions are carried out openly and avoid money politics. Leadership also needs to be improved by paying attention to the fair attitude shown by leaders in the company, in terms of mutual respect and developing a culture that is beneficial to other companies. Organizational commitment also needs to be improved by increasing normative commitment and ongoing commitment for employees so that employees remain in the organization.

REFERENCES