



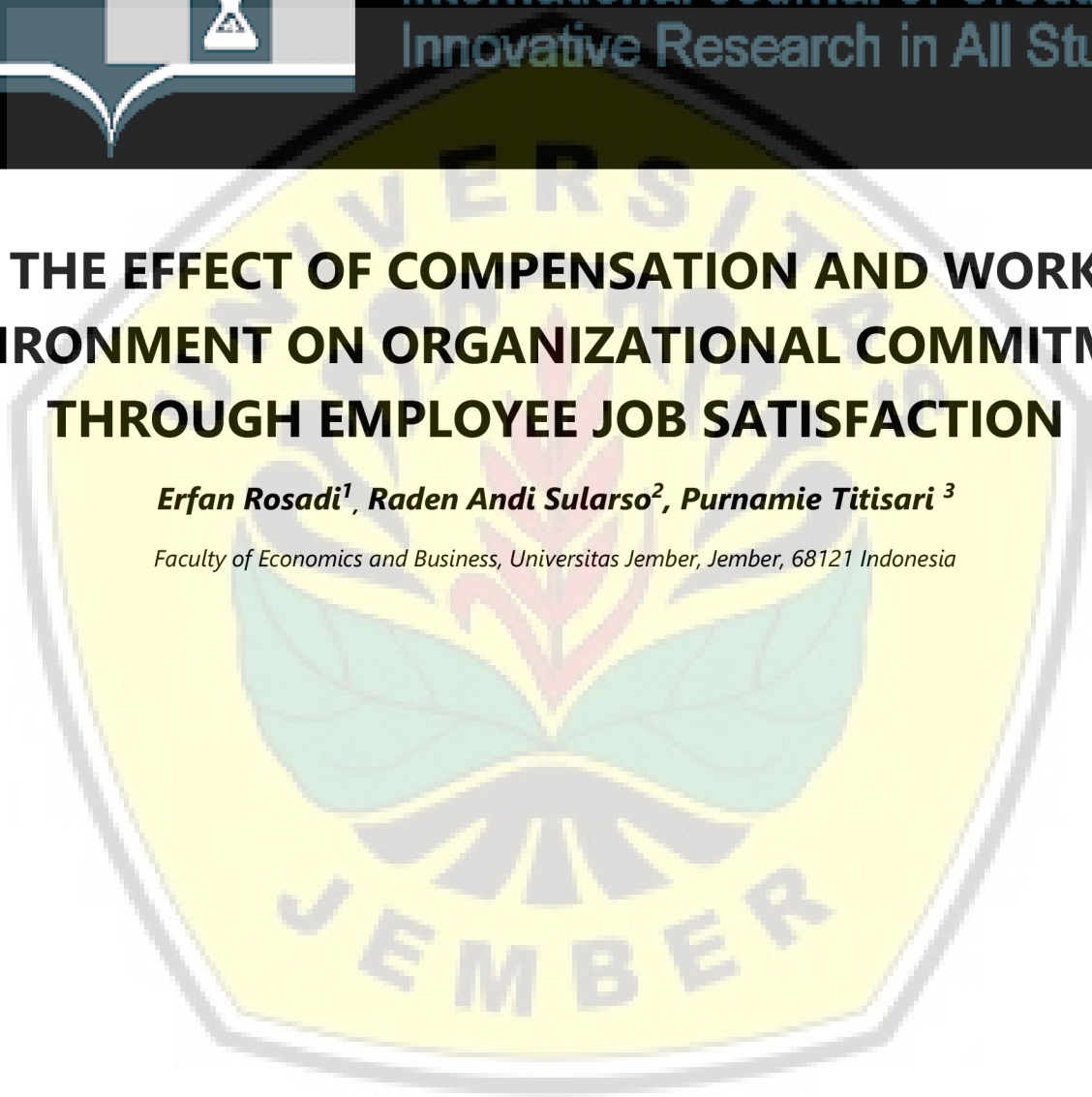
# IJCIRAS

International Journal of Creative and  
Innovative Research in All Studies

## **THE EFFECT OF COMPENSATION AND WORK ENVIRONMENT ON ORGANIZATIONAL COMMITMENT THROUGH EMPLOYEE JOB SATISFACTION**

*Erfan Rosadi<sup>1</sup>, Raden Andi Sularso<sup>2</sup>, Purnamie Titisari<sup>3</sup>*

*Faculty of Economics and Business, Universitas Jember, Jember, 68121 Indonesia*



# THE EFFECT OF COMPENSATION AND WORK ENVIRONMENT ON ORGANIZATIONAL COMMITMENT THROUGH EMPLOYEE JOB SATISFACTION

*Erfan Rosadi<sup>1</sup>, Raden Andi Sularso<sup>2</sup>, Purnamie Titisari<sup>3</sup>*

*Faculty of Economics and Business, Universitas Jember, Jember, 68121 Indonesia*

## Abstract

***The purpose of this study is to determine the effect of compensation and work environment on organizational commitment through employee job satisfaction. The type of this study is a qualitative research based on existing theories and previous research journals. The result of this study showed that compensation has an effect on employee job satisfaction. Work environment has an effect on employee job satisfaction. Compensation has an effect on organizational commitment. Work environment has an effect on organizational Commitment. Job satisfaction has an effect on organizational commitment. Compensation and work environment affect organizational commitment through job satisfaction.***

***Keyword: Compensation; Work Environment ; Job Satisfaction ; Organizational Commitment.***

## 1.INTRODUCTION

Sharma (2011: 125) states that compensation is a strategic human resource function that has a major impact on employee work functions because compensation can affect job satisfaction, especially in increasing or decreasing employee work effectiveness. Organizational attention is needed to arrange compensation properly and fairly, if employees perceive their compensation as inadequate, then job satisfaction will decrease. This statement is consistent with Sugianto's research (2017) which states that compensation has an effect on job satisfaction. However, the results of research by Igalens and Roussel

(2009) state the opposite, that compensation does not have a significant effect on job satisfaction.

Gibson (2010: 53) states that the work environment is a situation and condition in which the work environment is formed, is assessed directly or indirectly by employees and has become a major force in influencing employee behavior in the work environment. Organizational climate and environmental conditions are situations that can motivate employees to be willing to carry out work with good job satisfaction so that organizational effectiveness is also good. According to Arina (2008: 60), suggests several behaviors that lead to a comfortable work environment, including high tolerance in the team, motivation to do extra work, no gaps in everything and always unnecessary conflicts, disrespect for spirit and content. regulations within the company. Prawirosentono (2010: 4) states that the more conducive and comfortable a work environment is, it will have an effect on increasing job satisfaction so that employee work effectiveness will increase rapidly and the ultimate goal of an organization can be achieved. This is reinforced by the research of Quinerita Stevani Aruan (2015) which states that partially physical work environment factors and non-physical work environments have a positive and significant effect on employee job satisfaction. In contrast to the opinion of Octo Bayu Putra Wongkar (2018) the Work Environment does not significantly influence Employee Job Satisfaction at PT. Bank of North Sulawesi Go. According to Sutrisno (2012: 74), employee job satisfaction is an important issue that is considered in relation to employee work productivity and dissatisfaction is often associated with a high level of job demands and complaints. Workers with high levels of dissatisfaction were more likely to engage in sabotage.

Robbins and Judge (2012: 107) defines job satisfaction as a positive feeling at a job, which is the impact or evaluation result of various aspects of the job. Job satisfaction is an assessment and attitude of a person or employee towards their job and is related to the work environment, type of work, relationships between co-workers, and social relations in the workplace.

Organizational commitment is defined by Allen and Mayer as a form of employee love for the workplace. George and Jones said that workers who are committed to the organization like to be members of the organization, believe in the organization and have a good feeling about the organization, and are willing to defend the organization, and want to do something good for the organization. According to Colquitt, LePine, and Wesson (2009: 67) organizational commitment affects the desire of employees to remain members of the organization or leave the organization to pursue other jobs. Organizational commitment is defined as the relative strength of the individual in identifying his involvement in the organization.

## **2. LITERATURE REVIEW**

### **2.1. Compensation**

The definition of compensation according to Arep and Tanjung (2012: 16) is anything received by employees as remuneration for efforts that have been given to the company. According to Mangkuprawira (2014: 203) compensation includes direct cash payments, indirect payments in the form of employee benefits and incentives to motivate employees to work hard to achieve higher productivity. Compensation is an important component in relation to employees. Compensation is strongly influenced by internal and external factors of the company. Compensation is strongly influenced by the pressures of labor market factors, collective bargaining power, government regulations, top management's philosophy of payments and benefits including international compensation (Mangkuprawira, 2014: 203). Compensation according to Mangkuprawira (2014: 203) is something that employees receive in exchange for their service contributions to the company. If managed properly, compensation helps the company achieve its goals and acquire, nurture and look after employees well. On the other hand, without sufficient compensation, existing

employees are very likely to leave the company and to reassign is not easy. The result of dissatisfaction with payment may reduce performance, increase complaints, lead to strikes and lead to physical and psychological measures, such as increased levels of absenteeism and employee turnover, which in turn will improve the mental health of the employee's severity. Conversely, if there is an overpayment

### **2.2. Work Environment**

The work environment is defined as the situation around the workplace, both physically and non-physically, which can give a pleasant, secure, reassuring and comfortable impression of working. According to Wahyu (2013: 117), the work environment is divided into two dimensions, namely the physical environment that is real and the non-physical environment. Gibson (2010: 19). The work environment is a variable that has a considerable influence on employee motivation (Wursanto, 2005: 301). Based on the definition of the opinions of experts above, it can be interpreted that the work environment is everything that is around the workers, both physically and non-physically, which affects the tasks that are carried out and a conducive work environment will encourage and increase employee morale so that employee job satisfaction can be obtained.

### **2.3. Job Satisfaction**

According to Sutrisno (2012: 73), employee job satisfaction is an important issue that is considered in relation to employee work productivity and dissatisfaction is often associated with a high level of job demands and complaints. Workers with high levels of dissatisfaction were more likely to engage in sabotage. Robbins and Judge (2011: 79) defines job satisfaction as a positive feeling at a job, which is the impact or evaluation result of various aspects of the job. Job satisfaction is an assessment and attitude of a person or employee towards their job and is related to the work environment, type of work, relationships between coworkers, and social relations in the workplace. In simple terms, job satisfaction can be concluded as what makes someone enjoy the job they do because they feel happy in doing their job. Based on the definition opinion put forward by the experts regarding job satisfaction, it can be concluded that job satisfaction is the emotional

feeling felt by an employee for what he does. Job satisfaction arises when expectations are proportional to the remuneration provided by the company for the work provided, so that employees can meet their physical needs and social status. it can be concluded that job satisfaction is an emotional feeling that is felt by an employee for what he does. Job satisfaction arises when expectations are proportional to the remuneration provided by the company for the work provided, so that employees can meet their physical needs and social status. it can be concluded that job satisfaction is an emotional feeling that is felt by an employee for what he does. Job satisfaction arises when expectations are proportional to the remuneration provided by the company for the work provided, so that employees can meet their physical needs and social status.

#### **2.4. Organizational Commitment**

Organizational commitment can arise because individuals have an emotional attachment to the company which includes moral support and accepting the values that exist within the company as well as an inner determination to serve the company. Luthans (2012: 249) states that organizational commitment is an attitude that reflects employee loyalty to the organization and a continuous process where organizational members express their concern for the organization and its success and continuous progress. Moorhead and Griffin (2013: 73) say that organizational commitment is an attitude that reflects the extent to which an individual knows and is bound to his organization. Based on the opinions of some of these experts.

### **3. RESEARCH METHODOLOGY**

This research is a qualitative research based on existing theories and previous research journals.

## **4. DISCUSSION**

#### **4.1. The Effect of Compensation on Employee Job Satisfaction**

Compensation according to Mangkuprawira (2014: 203) is something that employees receive in exchange for their service contributions to the company. If managed

properly, compensation helps the company achieve its goals and acquire, nurture and look after employees well. On the other hand, without sufficient compensation, existing employees are very likely to leave the company and to reassign is not easy. Judge (2011: 79) defines job satisfaction as a positive feeling at a job, which is the impact or evaluation result of various aspects of the job. Job satisfaction is an assessment and attitude of a person or employee towards their job and is related to the work environment, type of work, relationships between coworkers, and social relations in the workplace. In simple terms, job satisfaction can be concluded as what makes someone enjoy the job they do because they feel happy in doing their job. The results of previous research conducted by Sinollah (2011) are summarized in the Autonomy Journal that he researched, entitled The Effect of Compensation on Employee Job Satisfaction (Studies at PT. PLN (Persero) Distribution of East Java Ap & J Pasuruan), the results show that the compensation variable has a significant effect on satisfaction. work of employees of PT. PLN (Persero) Distribution of East Java Ap & J Pasuruan is strengthened by research by Rani Veriyani and Arif Partono Prasetio (2018) that compensation has a significant positive effect on job satisfaction in the Scientific Journal of Economic Management and Accounting.

#### **4.2. The Effect of Compensation on Employee Organizational Commitment**

Luthans (2012: 249) states that organizational commitment is an attitude that reflects employee loyalty to the organization and a continuous process where organizational members express their concern for the organization and its success and continuous progress. The previous research of I Gede Nanda Wiguna Arta (2017) was summarized in the Udayana University Management Journal which he studied entitled The Effect of Compensation on Organizational Commitment and Turnover Intention on Agent Pru Megas, the results show that compensation has a significant positive effect on organizational commitment to the PRU Megas agent. It is emphasized that the research results of Dewa Ayu Diah Kumala Dewi and Putu Saroyini Piartrini (2020) in the Management E-Journal emphasized that compensation has a positive effect on the organizational

commitment of the workforce of the Environmental Service Office of Tabanan Regency.

#### **4.3. The Effect of Work Environment on Employee Job Satisfaction**

The work environment is defined as the situation around the workplace, both physically and non-physically, which can give a pleasant, secure, reassuring and comfortable impression of working. The results of previous research conducted by Adveni Aoliso, are summarized in the Journal of Business and Management with the title The Effect of Work Environment on Employee Satisfaction at PT Taspen (Persero) Kupang Branch Office. Based on the research results indicate that the work environment has a strong influence on job satisfaction of employees of PT. Taspen (Persero) Kupang Branch. It is also strengthened by the research of Quinerita Stevani Aruan, Mahendra Fakhri (2015) where the results of his research work environment has a positive and significant effect on job satisfaction of employees of PT. Freeport Indonesia is summarized in the Modus Journal.

#### **4.4. The Effect of Work Environment on Employee Organizational Commitment**

Previous research conducted by Ahmad Shalahuddin (2013) was summarized in the Journal of Management Theory and Applied with the title The Influence of Leadership and Work Environment on Organizational Commitment and Employee Performance of PT. Sumber Djantin In West Kalimantan, the results showed that the work environment had a significant effect on the organizational commitment of employees of PT. Sumber Djantin West Kalimantan with a positive direction of relationship. Reinforced by the research results of Muhammad Iqbal Zainal Abidin, Yonathan Pangtuluran and Siti Maria (2016) summarized in the Journal of Economics and finance where the work environment has a positive and significant effect on organizational commitment at the SMC Samarinda hospital.

#### **4.5. The Effect of Job Satisfaction on Employee Organizational Commitment**

The results of previous research conducted by Firmananda Hutama Akbar, summarized in the Journal of Business Administration with the title The Effect of Job

Satisfaction on Organizational Commitment and Employee Performance (Studies on Permanent Employees at PG Kebon Agung Malang), the results of the study show that the Job Satisfaction variable has a significant effect on the Commitment variable. Organizational. Because the path coefficient is positive, it can be said that the higher the employee's job satisfaction, the higher the organizational commitment of employees at PG Kebon Agung Malang. Strengthened by the research of Henry Haris (2017), the variables of job satisfaction and organizational commitment have a positive and significant effect on employees of PT. Jasindo Insurance (Persero) Corporate and Retail Branch Offices in Bandung printed in the Economic Journal of Resource Management.

### **5. CONCLUSION**

The compensation has an effect on employee job satisfaction. Work environment has an effect on employee job satisfaction. Compensation has an effect on organizational commitment. Work environment has an effect on organizational Commitment. Job satisfaction has an effect on organizational commitment. Compensation and work environment affect organizational commitment through job satisfaction.

### **REFERENCES**

- [1] Ahmad Shalahuddin. 2013. Pengaruh Kepemimpinan Dan Lingkungan Kerja Terhadap Komitmen Organisasional Dan Kinerja Karyawan PT. Sumber Djantin Di Kalimantan Barat. Jurnal Manajemen Teori dan Terapan Tahun 6. No. 1, April 2013
- [2] Arep dan Tanjung. 2012. Manajemen Sumber Daya Manusia. Edisi Kedua. Yogyakarta : BPEC
- [3] Dewa Ayu Diah Kumala Dewi. 2020. Pengaruh Kompensasi Dan Keselamatan Kesehatan Kerja Terhadap Komitmen Organisasional Tenaga Kerja Dinas Lingkungan Hidup Tabanan. E-Jurnal Manajemen, Vol. 9, No. 4, 2020 : 1297-1317 ISSN : 2302-8912.
- [4] Gibson, James. L., et all. 2010. Organisasi, Perilaku, Struktur, Proses. Edisi Ke-5. Jakarta : Erlangga.

- [5] I Gede Nanda Wiguna Arta. 2017. Pengaruh Kompensasi Terhadap Komitmen Organisasional Dan Turnover Intention Pada Agent Pru Megas. E-Jurnal Manajemen Unud, Vol. 6, No. 8, 2017: 4156-4184 ISSN : 2302-8912.
- [6] Luthans, Fred. 2012. Perilaku Organisasi. Yogyakarta: Penerbit Andi.
- [7] Mangkuprawira. 2014. Manajemen Sumber Daya Manusia Strategik. Jakarta : Penerbit Ghalia.
- [8] Moorhead dan Griffin. 2013. Perilaku Organisasi. Jakarta: Salemba Empat.
- [9] Octo Bayu Putra Wongkar 2018, Pengaruh Lingkungan Kerja, Pelatihan Dan Pemberdayaan Sumber Daya Manusia Terhadap Kepuasan Kerja Karyawan Pada PT. Bank Sulutgo. Jurnal EMBA Vol.6 No.4 September 2018, Hal. 3338 – 3347 ISSN 2303-1174.
- [10] Prawirosentono, Suryadi. 2011. Kinerja. Bandung: Alfabeta.
- [11] Rani Veriyani. 2018. Pengaruh Kompensasi Terhadap Kepuasan Kerja Karyawan Pada Divisi Produksi Pt. Soljer Abadi. Jurnal Imiah Manajemen Ekonomi dan Akuntansi Vol. III No. 1 Januari - Juni 2018 p-ISSN: 2541-5255.
- [12] Robbins dan Judge. 2011. Perilaku Organisasi. Edisi 12. Jakarta : Salemba Empat
- [13] Sharma Suraj P., 2011, The Effects of Empowerment and Transformational Leadership on Employee Intentions to Quit: A Study of Restaurant Workers in India, International. Journal of Management Vol. 28 No. 1 Part 2 Mar 2011 217-394.
- [14] Sinollah 2011, Pengaruh Kompensasi Terhadap Kepuasan Kerja Karyawan (Studi Pada PT. PLN (Persero) Distribusi Jawa Timur Ap & J Pasuruan). Jurnal OTONOMI Volume 11. No. 1 Juli 2011.
- [15] Sugianto. 2018. Pengaruh Kompensasi, Motivasi Dan Lingkungan Kerja Melalui Kepuasan Kerja Terhadap Efektivitas Kerja Tenaga Kependidikan Kontrak Kerja Di Universitas Jember. Jurnal Bisnis dan Manajemen Vol. 12, No. 1 Januari 2018.
- [16] Sutrisno. 2012. Manajemen Keuangan Teori, Konsep dan Aplikasi. Yogyakarta : EKONISIA