

The Effect of Compensation and Organizational Commitment on Work Satisfaction in Transportation Company

Yayuk Suprihartini
Prodi DIV Teknik Listrik Bandara, Politeknik Penerbangan Indonesia Curug, Indonesia
yayuk.suprihartini@ppicurug.ac.id

Indra Rustiawan
Prodi Manajemen Informatika, Universitas Putra Indonesia, Indonesia
indra.rustiawan@gmail.com

Muhamad Irpan Nurhab
Prodi Manajemen, Institut Agama Islam Negeri Metro, Indonesia
irpanmatstat@gmail.com

Taryana Taryana
Prodi Teknik Listrik Bandara, Politeknik Penerbangan Indonesia Curug, Indonesia
taryana@ppicurug.ac.id

Arjang
Prodi Magister Manajemen, Universitas Indonesia Timur, Indonesia
arjanuit7@gmail.com

Article's History:

Received 2 Maret 2023; Received in revised form 14 Maret 2023; Accepted 17 Maret 2023; Published 1 April 2023. All rights reserved to the Lembaga Otonom Lembaga Informasi dan Riset Indonesia (KITA INFO dan RISET).

Suggested Citation:

Suprihartini, Y., Rustiawan, I., Nurhab., M. I., Taryana, Y., & Arjang. (2023). The Effect of Compensation and Organizational Commitment on Work Satisfaction in Transportation Company. JEMSI (Jurnal Ekonomi, Manajemen, Dan Akuntansi), 9 (2), 382–387. <https://doi.org/10.35870/jemsi.v9i2.1044>

Abstract:

The purpose of this study is to ascertain how organizational commitment and pay affect employee job satisfaction. The dissemination of questionnaires and the usage of library data were the approaches used in this study's quantitative methodology. Using the saturated sample method, 50 employees made up the study's sample. Using SPSS 22 for data analysis, multiple linear regression is the method employed. The data quality test, the conventional assumption test, the hypothesis test, and the coefficient of determination are the data analysis techniques that are employed (R²). The findings of this study suggest that organizational commitment and salary have a considerable impact on employee job satisfaction, either partially or simultaneously. Employee work satisfaction is most strongly influenced by organizational commitment.

Keywords: organizational commitment, compensation, employee job satisfaction.

INTRODUCTION

The growth of business development in the service industry is currently accelerating. The community's requirements to live fulfilling lives are inextricably linked to the growth of the service sector's company. One of them, the provision of transportation services, is highly sought after by the general public today. This business moves to meet the needs

of the community by carrying out daily activities. In terms of business, the majority of people need transportation services every day as they begin their activities, making this service the most lucrative. (<https://infopeluangusaha.org>) In all aspects of human activity, transportation is a crucial kind of communication. Human interactions can be formed more readily the more advanced the transportation system is. The ability of transportation services to immediately open and support economic activities makes their function in the economy crucial. Along with technological advances in the field of transportation services today, transportation facilities are growing rapidly. Likewise, companies in the transportation sector are increasingly popping up, both individual companies and large ones, which, for similar companies, will intensify the struggle to draw customers. The improvement in service quality for land transportation service providers like taxis has a significant impact on customers' decisions to use them. Users of taxi services will have separate choices thanks to the addition of facilities and the transformation of the service system toward effectiveness and efficiency (Girsang, 2019).

Companies must be able to enhance and continually enhance the services offered if they are to anticipate complaints from customers (the community). The level of customer happiness will increase with improved service, which will ultimately boost the company's confidence. Employee performance must be at a high level to deliver quality service. The ability of every corporate leader to give guidance regarding the work done by each employee, so that employees can better comprehend the duties of the task they are doing, can help develop high performance. In addition, a positive work environment produced by inspiring employees, fostering good work habits, and paying each worker fairly will be able to raise employee job satisfaction. In essence, job satisfaction is a personal matter. The value system that applies to each individual will determine their level of satisfaction. This results from the variations in each person. Work satisfaction refers to a person's perspective on the benefits of the work they have done. Hence, an employee's level of job satisfaction increases with their level of devotion to their employer. Organizational commitment is influenced by employee willingness to make sacrifices for the organization as well as staff turnover rates. Involvement with the organization on a personal level, identification with it, and a desire to stay a member are all examples of organizational commitment. Due to the worry that they would face consequences if they file complaints, employees occasionally pay less attention to the organization's response mechanism, which encourages a loyal attitude towards them. High commitment can boost achievement, job motivation, length of service, work productivity, and employees' diligence in showing up to work, which reduces absenteeism, among other good effects (Azzem, 2010).

Employee satisfaction has a big impact on the work they produce. A worker's general attitude about their employment, or the discrepancy between the compensation they receive and what they feel they should earn, is referred to as their level of job satisfaction. The fairness, magnitude, and procedures used in compensation administration all influence employee satisfaction with pay. Good job satisfaction is predicted to promote employee loyalty to the company, motivation at work, and happiness at work, all of which will boost output. Disgruntled workers have a tendency to evade tasks and obligations, which will obstruct the process of accomplishing corporate objectives. Employees who are not happy frequently skip work and are more likely to quit. Happy workers are healthier and live longer, and their happiness at work will spread throughout the company (Mondy, 2008).

The entire arrangement of supplying services to "employers" and "workers" is known as compensation, and it can take the form of direct payment in the form of money (financial) or indirect payment in the form of non-financial benefits (non-financial). Because the quantity of remuneration is a reflection of the worth of the employee's work, compensation is crucial for the employees as persons. On the other hand, the amount of pay can have an impact on how well employees perform at work. Employee satisfaction and motivation to meet company objectives will increase if compensation is supplied appropriately and accurately. And if the payment is late or insufficient, it will typically result in the employee's performance declining. Because compensation plans serve as a benchmark for the company's efforts to manage human resources, pay is crucial not just for employees but also for the business as a whole (NitiseMITO, 2001).

LITERATURE REVIEW

Organizational Commitment

Organizational commitment is viewed as a value orientation toward the organization, demonstrating that

people give their jobs and organizations serious consideration. Everyone will attempt to put up their best effort to assist the organization in achieving its objectives (Gunawan et al., 2020). Organizational commitment is the willingness of members to continue participating in the organization and to put in a lot of effort to help it realize its objectives (Tsai & Huang, 2008). Employees' level of commitment to the organization is determined by how much they support its aims and how much they want to work there. According to numerous studies, people who are generally happy with their jobs will be a little more devoted to the company (Pandiangan et al., 2022).

Compensation

All money or items received by employees directly or indirectly in exchange for services rendered to the company constitute compensation. Employees are compensated in lieu of their contributions to the company in the form of service (Haribowo et al., 2022). One way that HRM activities are implemented relates to compensation for all kinds of individual prizes received in exchange for completing organizational responsibilities (Wahyoedi et al., 2022). The topic of compensation is crucial since it serves as the primary driver for hiring new employees and has a significant impact on their level of excitement for their work. As a result, every organization needs to be able to decide on the appropriate pay in order to support the attainment of business objectives more successfully and effectively. Every organization should have guidelines on how to calculate the appropriate compensation because the topic of compensation is not a simple one but rather one that is highly complex (Rivai & Sagala, 2011).

Employee Job Satisfaction

Workplace morale, discipline, and performance all indicate an employee's positive emotional attitude toward his or her job and show that they enjoy it. As a collection of positive or negative employee emotions based on monetary rewards and psychological (non-monetary) benefits, job satisfaction. The satisfying of physical and psychological requirements is another factor in employee job satisfaction, and managers' actions can help to meet these needs on a psychological level (Siregar et al., 2022). In order to foster an environment of transparency and provide opportunity for personnel to perform their jobs as effectively as possible, managers need to be taught this. Twelve factors, including input, management and employee relations, work discipline, work environment, proper rest and nutrition, discrimination, performance awards, policy clarification, opportunities, decision-makers, and the manager's role, are crucial for job happiness (Sutagana et al., 2022).

METHODOLOGY

A saturated sample is the method of sampling that was employed in this investigation. So, the sample for this study is the full population, or up to 50 employees. Interviews and questionnaires were used to collect the study's main data. Research conducted in libraries and manuals were used as secondary data. Version 22.0 of SPSS (Statistical Program for Social Sciences) was used for data processing and analysis. The multiple linear regression approach is the technique utilized for data analysis.

CASE STUDIES

Based on research data, it is known that the last education of respondents was dominated by SMA/SMK by as many as 36 people, or 72%. Then Bachelor (S1): 9 people or 18%, Diploma (D3): 2 people or 4%, Others (TNI): 2 people or 4%, and Masters (S2): 2 people or 4%. This indicates that most of the respondents have completed high school or vocational school education. This means that the respondents have a secondary education, moreover, it was discovered from the findings of a random sample of interviews that the average high school or vocational high school graduate works as a mechanic. In this study, up to 24 respondents, or 48%, had worked for at least six to ten years. 21 respondents, or 42%, fell into the category of respondents who had worked for 1 to 5 years, 2 respondents, or 4%, had worked for 11 to 15 years, and 3 respondents, or 6%, had worked for more than 16 years. This demonstrates that the majority of respondents have put in enough time at their jobs, as job satisfaction increases with length of employment. Employee job satisfaction is higher when they first start working, but it steadily declines over the course of five to eight years before increasing again after more than eight years. Someone's ability to perform their job will

increase with time spent at the job. 39 respondents, or 78.0%, reported having a salary between IDR 3,000,000 and IDR 5,000,000. As many as 16.0%, or 8 respondents, received salaries of less than Rp. 3,000,000.00, and 6.0%, or 3 respondents, received salaries of more than Rp. 5,000,000.00. This demonstrates that the majority of respondents earn incomes between Rp. 3,000,000 and Rp. 5,000,000, which do not include any employee benefits. Employees will be more content with their jobs if they get a higher income, and vice versa.

Distribution of respondents' answers regarding organizational commitment variable (X1) From the data that has been processed, it demonstrates that 58.36% of respondents indicated that they "agree" (S). Doubtful responses (RR) of 27.09% came next, those who answered "strongly agree" by 10.0%, and those who answered "disagree" (TS) by 4.55%. The results of these percentages can be said to be good. Spread of respondents' compensation responses (X2) According to the data that has been analyzed, 38.58% of respondents indicated that they were "doubtful," which is the most common response. After responses to Agree (S) of 34.17%, respondents then gave their opinions in the following order: Disagree (TS), 9.42%; Strongly Disagree (STS), 1.33%; and Strongly Agree (SS), 0.33%. So, it can be said that compensation is generally enough. the respondents' responses to questions about work satisfaction (Y) According to the data that has been processed, 45.8% of respondents indicated that they "agree" (S). Following that, responses of disagree (SS) by 0.8%, doubtful (RR) by 25.0%, and strongly agree (SS) by 28.4% were given. So, it may be said that overall employee job satisfaction is high. The organizational commitment variable has a maximum value of 52 and a minimum value of 29, with an average value of 41.12 and a standard deviation of 5.367, according to the findings of descriptive statistics. This indicates that a minimum of 29 respondents selected "strongly disagree," "disagree," and "undecided," and a maximum of 52 respondents selected "agree," "strongly agree," and "agree" (SS). The compensation variable has a range of values between 58 and 25, an average of 40.72, and a standard deviation of 5.838. In other words, select replies that strongly disagree (STS), disagree (TS), or are undecided (RR) at a minimum value of 25 respondents, and select answers that agree (S) and strongly agree (S) at a maximum value of 58 respondents (SS). The highest and minimum values for the variable "work satisfaction" are 49 and 31, respectively, with an average value of 40.20 and a standard deviation of 4.490. This indicates that respondents chose more strongly disagree (STS), disagreed (TS), and were undecided (RR) replies with a minimum value of 31, and more agree (S) and strongly agree (SS) responses at a maximum value of 49.

According to the results of the Variance Inflation Factor (VIF) calculation, organizational commitment has a VIF value of 1.200, and compensation has a 1.200 VIF value. This demonstrates that there are no independent variables with VIF values greater than 10. Therefore, it can be said that the independent variables in the regression model do not exhibit multicollinearity. The calculation's results also indicate each variable's tolerance value, which is 0.833 for organizational commitment and 0.833 for salary. As a result, none of the independent variables have tolerance values lower than 0.10. As a result, the tolerance value indicates that the regression model has no multicollinearity. This is in keeping with Imam Ghozali's assertion that the cutoff value frequently used to determine the presence of multicollinearity is whether the VIF value is greater than 10 or the tolerance value is less than 0.10. The significance value for the t test on the relationship between the variable organizational commitment (X1) and employee job satisfaction (Y) is 0.000; this value is less than 0.05 ($0.000 < 0.05$), and the t count is higher than the t table ($9.824 > 2.012$). A positive t value denotes a direct correlation between variable X1 and Y. Hence, it can be said that H01 is rejected but Ha1 is approved. This indicates that employee satisfaction is positively and significantly impacted by corporate commitment. The significant value for the t test on the salary variable (X2) and employee job satisfaction (Y) is 0.001, which is less than 0.05 ($0.040 < 0.005$), and t-count is higher than t-table ($2.116 > 2.012$). A positive t value denotes a direct correlation between variable X2 and Y. Hence, it can be said that Ha2 is approved whereas H02 is disapproved. This proves that pay has a favorable and substantial impact on employee satisfaction. So, it can be said that factors affecting salary and organizational commitment have an impact on employee work satisfaction. According to the value of the standardized coefficients and a significance level of 0.000 ($0.000 < 0.05$), the two variables organizational commitment and compensation influence employee job satisfaction.

Testing the interactions between organizational commitment (X1) and pay (X2) on employee job satisfaction simultaneously (Y). According to the study's findings, if the significance value is less than the probability of 0.05 or the value of $0.000 < 0.005$, then Ha3 is accepted and H03 is rejected, which indicates that simultaneous (simultaneous) commitment organization (X1) and compensation (X2) have a significant impact on employee job satisfaction (Y). Job satisfaction is represented by the value of the constant (a) (Y). According to this, the value of

employee work satisfaction is 7.949 if organizational commitment and salary are held constant. Employee work satisfaction is directly correlated with organizational commitment. This is evident from the organizational commitment variable's regression coefficient of 0.656. (X1). Hence, there is a one-way relationship between organizational commitment and work satisfaction among employees. Employee job satisfaction is better in environments where the company is more dedicated. Employee job satisfaction is directly correlated with compensation. The regression coefficient of 0.130 on the compensation variable shows this (X2). This indicates that there is a one-way relationship between pay and work satisfaction among employees. Employee job happiness rises in environments where compensation is greater and more lucrative. According to the 0.866 coefficient of determination (R^2), our findings suggest that organizational commitment and remuneration variables can account for 74.0% of job satisfaction variables. However additional factors not looked at in this study account for the remaining 26.0% ($100\% - 74.0\%$) of the explanation.

CONCLUSION

The following inferences can be made in light of the research findings: Organizational commitment has a limited but considerable impact on employee work satisfaction. This is based on the t test's results, which were 9.824 and 0.00 at the significance level. This implies that employee work satisfaction is inversely correlated with organizational quality and level of commitment. Employee job satisfaction is significantly impacted by employee partial compensation. Based on a t-test score of 2.116 and a significance level of 0.40, this conclusion was reached. This implies that employee job satisfaction increases in direct proportion to employee salary. Organizational commitment and salary both have a big impact on how happy employees are at work. This is based on the f-results, test's which were 70.773, with a significant level of 0.000. In other words, job happiness is inversely correlated with organizational commitment and employee compensation. Organizational commitment is the independent variable with the strongest bearing on employee work satisfaction.

REFERENCES

- Girsang, W. S. (2019). The Effect of Organizational Culture and Commitment on Employee Performance at Hospital. *AJIE-Asian Journal of Innovation and Entrepreneurship*, 4(2).
- Gunawan, F. E., Wilujeng, F. R., Rembulan, G. D., & Tannady, H. (2020). Service quality analysis of smes tempe in province of Jakarta, Indonesia. *Technology Reports of Kansai University*, 62(7), 3827-3833.
- Azzem, S. M. (2010). Job Satisfaction and Organizational Commitment Among Employees in the Sultanate of Oman. *Journal of Psychology*, (1), 295-299.
- Haribowo, R., Tannady, H., Yusuf, M., Wardhana, G. W., & Syamsurizal, S. (2022). Analisis Peran Social Media Marketing, Kualitas Produk Dan Brand Awareness Terhadap Keputusan Pembelian Pelanggan Rumah Makan Di Jawa Barat. *Management Studies and Entrepreneurship Journal (MSEJ)*, 3(6), 4024-4032.
- Mondy, R. W. (2008). *Human Resource Management*. Jakarta: Penerbit Erlangga.
- Nitisemito, A. S. (2001). *Personnel Management*. Jakarta: Ghalia Indonesia.
- Pandiangan, S. M. T., Octiva, C. S., Yusuf, M., Suryani, S., & Sesario, R. (2022). The Role of Digital Marketing in Increasing Sales Turnover for Micro, Small, and Medium Enterprises. *Jurnal Pengabdian Mandiri*, 1(12), 2601-2606.
- Rivai, V., & Sagala, E. J. (2011). *Human Resource Management for Companies*. Jakarta: PT. Raja Grafindo Persada.
- Siregar, A. P., Tannady, H., Jusman, I. A., Cakranegara, P. A., & Arifin, M. S. (2022). Peran Harga Produk Dan Brand Image Terhadap Purchase Decision Produk Cold Pressed Juice Re. Juve. *Management Studies and Entrepreneurship Journal (MSEJ)*, 3(5), 2657-2665.
- Sutagana, I. N. T., Ernayani, R., Liow, F. E. R., Octiva, C. S., & Setyawasih, R. (2022). Analisis Pengaruh Paket Remunerasi dan Stres Kerja terhadap Turnover Intention dengan Kepuasan Kerja sebagai Variabel Mediasi pada Karyawan. *BUDGETING: Journal of Business, Management and Accounting*, 4(1), 183-203.
- Tannady, H., Andry, J. F., & Nurprihatin, F. (2020, March). Determinants factors toward the performance of the employee in the crude palm oil industry in West Sumatera, Indonesia. In *IOP Conference Series: Materials*

- Science and Engineering* (Vol. 771, No. 1, p. 012066). IOP Publishing.
- Tsai, M. T., & Huang, C. C. (2008). The Relationship among Ethical Climate Types, Facets of Job Satisfaction, and the Three Components of Organizational Commitment: A Study of Nurses in Taiwan. *Journal of Business Ethics*, 8(3), 65-581.
- Umar, H. (2008). *HRM Research Design and Employee Behavior Positive Paradigm and Problem Solver Based*. Jakarta: PT. Raja Grafindo Persada.
- Wahyoedi, S., Tannady, H., Assery, S., Supriatna, D., & Abubakar, F. (2022). Analisis Faktor Determinan Kinerja Karyawan Pada Perusahaan Perdagangan Berjangka Komoditi Nasional. *Management Studies and Entrepreneurship Journal (MSEJ)*, 3(5), 3263-3268.
- Wibowo, I. G. P. (2014). The Effect of Work Stress on Job Satisfaction and Organizational Commitment of UD Employees, Ulam Sari Denpasar. *Tesis Program Pascasarjana Universitas UDAYANA Denpasar*.