

**THE INFLUENCE OF ORGANIZATIONAL COMMITMENT, WORK  
MOTIVATION, AND COMPENSATION ON EMPLOYEE PERFORMANCE AND  
EMPLOYEE SATISFACTION**

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***Abstract***

*Strong organizational commitment in employees, high work motivation, and compensation are some of the things that a company can pay attention to so that employees can achieve maximum performance and maximum job satisfaction and in the end this will have good implications for the company. This research is quantitative research with an exploratory approach. The data used in this research is primary data distributed to 300 employees of Pt. Sinar Mas Agro is spread throughout Indonesia with a minimum criteria of having worked for one year. The data used is analyzed by Smart PLS 4.0. The research results show that all the independent variables used have a positive relationship and have a significant influence on the dependent variable.*

**Keywords :** *Organizational Commitment, Work Motivation, Compensation, Employee Performance, Employee Satisfaction.*

**1. INTRODUCTION**

Companies have an obligation to secure high-quality human resources (HR). Advances in technology and trade encourage human resources to strive for quality improvement. This improvement in quality is reflected in engagement within the organization (Mahardika & Wibawa, 2019). Organizational commitment refers to an employee's loyalty to the company. Organizational commitment is the condition that employees agree with the organization's goals (Novita, 2016). When engagement is high, employees are more loyal and work harder to achieve company goals and progress. This commitment leads to job satisfaction, which is supported by company reciprocity. High engagement makes employees more loyal and willing to work hard to achieve company goals and progress. This commitment ensures job satisfaction, which is supported by company reciprocity (Riris Anggun, 2020).

Stephen P. Robbins and Judge define this as a situation in which a person takes sides with an organization and pursues the goals and desire to maintain membership in the organization. Mowday, Porter, and Steers (cited in Schultz, 1998) state that organizational commitment includes three elements: First, embrace the organization's values and goals. The second is a desire to contribute to the organization. Third, there is a strong desire to remain in the organization (Robbins, 2008).

There are many studies (Riris Anggun, 2020); (Ranty Sapitri, 2019); (Arestia, 2022) & (Tambrin et al., 2021) show that the organizational commitment variable has a positive direction and has a significant impact on employee performance. Researchers believe that apart from organizational commitment, there are other factors that can influence employee performance, namely work motivation and rewards.

Motivation is defined as a drive or impulse within humans that can give rise to, direct and organize behavior (Darmawan, 2013). (George, 2005) state that the elements of work motivation consist of behavioral direction, level of effort, and level of persistence. Direction of behavior is the behavior a person chooses at work, measured through the desire to complete work and obedience to regulations. The level of effort refers to how hard a person tries to work according to the behavior that has been chosen, measured through seriousness in work and the desire to be better than before. The level of persistence is how hard employees will continue to try to carry out the chosen behavior, measured through the desire to develop skills and advance the company as well as persistence in working even though the environment is less supportive.

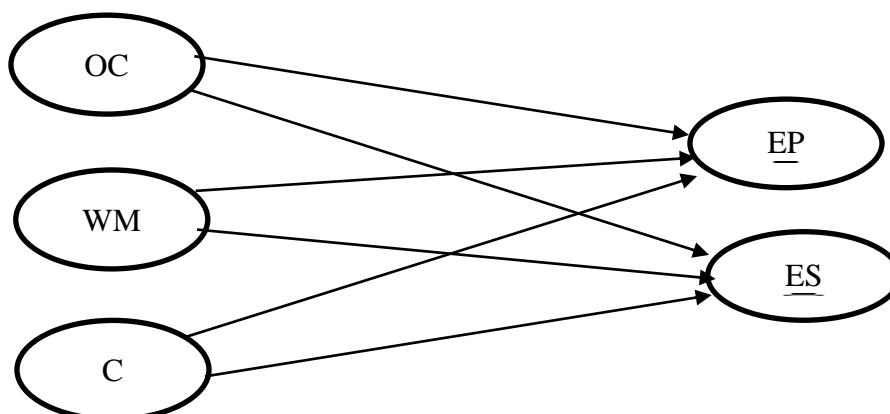
There are many studies (Setiawan, 2015). (Setiawan, 2015); (Abdillah & Hartono, 2017); (Andini & Rosdiana, 2023); (Ady & Wijono, 2013) & (Sukiyah et al., 2021)) show that variation in work motivation is positively related to This has been shown to have a significant impact on employee performance. The final variable that researchers believe can influence employee performance is compensation. Compensation is a human resource management (HRM) function that refers to any type of compensation that individuals receive in exchange for performing organizational tasks. Ivancevich (1995). Compensation, on the other hand, is the sum of all compensation that an employee receives in return for the services he provides, Mondy (2008). Kaswan (2012) divides the remuneration into two parts: (1) monetary remuneration. Financial compensation includes direct compensation and indirect compensation. Direct Monetary Compensation: Direct compensation is an award/remuneration known as salary or wages that is paid periodically based on a specified period of time. For purposes of this definition, wages or salary also includes payments in cash or in kind that an employee receives for performing his or her duties.

There are a number of studies (Saputra et al., 2023); (Rahmawati & Liswandi, 2022); (Rumere, 2018); (Setiani, 2011) & (Nugraha & Tjahjawati, 2018) show that the Compensation variable has a positive relationship and has a significant influence on Employee Performance. Researchers believe that in terms of employee performance, the variables above will also influence job satisfaction.

## **2. RESEARCH METHODS**

There are two components of employees that an organization should have in order to be a good healthy company and easily achieve all planned goals and visions like good employee performance and employee job satisfaction. Employee performance and employee job satisfaction are interrelated and influenced by similar factors. In this research researchers believe that organizational commitment and work motivation and employee performance and job satisfaction are affected by adequate compensation. This research is a quantitative research with an exploratory approach that combines parts of previous research into new research that covers significant gaps. The data used in this research is the primary data that agree with working with minimum criteria for 2 years with 300 cinemas employees spread

across Indonesia using a multiple-choice questionnaire distribution method with a rating scale of 1-5. Totally disagree. Data were analyzed with Intelligent PLS 4.0 as follows:



**Figure 1**  
Model

**Note:**

OC : Organizational Commitment

WM: Work Motivation

C: Compensation

EP: Employee Performance

ES: Employee Satisfaction

**Hypothesis:**

H1: The Influence of Organizational Commitment on Employee Performance

H2: The Influence of Work Motivation on Employee Performance

H3: The Influence of Compensation on Employee Performance

H4: The Influence of Organizational Commitment on Employee Satisfaction

H5: The Influence of Work Motivation on Employee Satisfaction

H6: The Influence of Compensation on Employee Satisfaction

### 3. RESULT

#### Convergent Validity

The use of primary data included the use of a questionnaire distribution method on a scale of 1 to 5, including the phrases “agree,” “strongly agree,” “disagree,” “strongly disagree,” and “neutral.” Requires validity testing of each question element asked. This study uses five variables, consisting of three independent variables: organizational commitment, work motivation, and compensation, and two dependent variables: employee performance and job satisfaction (Sarstedt et al., 2014).

**Table 1**  
Convergent Validity

<b>Variable</b>	<b>Item Question</b>	<b>Loading Factor</b>
Organizational Commitment (X1)	Organizational Commitment can influence employee performance	0.801
	Organizational Commitment can influence Job Fit	0.810
	Commitment within employees can make employees willing to work, resulting in satisfaction	0.808
	Commitment within employees makes employees sincere in their work so that all work can be done well	0.821
	Organizational Commitment can improve	0.831
	Organizational commitment can increase enthusiasm for work so that ultimately employee performance increases	0.822
	Work Motivation influences employee performance	0.829
Work Motivation (X2)	Work Motivation influences Job Satisfaction	0.828
	Work Motivation can increase employee enthusiasm at work so that employee performance increases	0.838
	Work Motivation can increase employee enthusiasm at work so that employees are more satisfied at work	0.841
	Work Motivation can make employees sincere in their work so that it is easier to feel satisfaction	0.807

	Great work motivation makes employees more sincere in their work so they can complete their work well	0.825
Compensation (X3)	Compensation can affect employee performance	0.828
	Compensation can affect employee job satisfaction	0.814
	Compensation can make employees more sincere in their work so that employee performance increases	0.822
	Compensation can make employees more sincere in their work so that job satisfaction increases	0.834
	Compensation can make employees work more enthusiastically so that their achievement targets will be better	0.854
	Compensation can make employees work more enthusiastically so that employees are not lazy at work	0.821
Employee Performance (Y1)	Organizational Commitment can influence employee performance	0.843
	Work Motivation can influence employee performance	0.833
	Compensation can affect employee performance	0.831
	Employees work sincerely and enthusiastically which can influence their performance	0.845
Employee Satisfaction (Y2)	Organizational Commitment can influence Job Satisfaction	0.844
	Work Motivation can influence Job Satisfaction	0.823

	Compensation can affect Job Satisfaction	0.841
	Employees who work sincerely and enthusiastically can easily get satisfaction	0.851

Valid : > 0.70

**Realibility Test**

The 24 question items from the variables Organizational Commitment, Work Motivation, Compensation, Employee Performance and Job Satisfaction are valid because they are above 0.70. Next, what are the variables Organizational Commitment, Work Motivation, Compensation, Employee Performance and Job Satisfaction by knowing the Composite Reliability and Cronbach Alpha values as follows (Supriyanto, 2019):

**Table 2**  
Realibility Test

Variable	Composite Realibility	Cronbach Alfa
Organizazzional Commitment	0.811	0851
Work Motivation	0.821	0.861
Compensation	0.819	0.859
Employee Peformance	0.841	0.891
Employee Satisfication	0.839	0.879

Valid : > 0.70

**4. DISCUSSION**

**Path Coefisien**

24 question items and 5 variables, namely Organizational Commitment, Work Motivation, Compensation, Employee Performance and Job Satisfaction, can be confirmed to be valid and reliable because they are above 0.70. The final stage is the Path Coefficient to determine the direction of the relationship and whether it has a significant influence or not (Sarstedt et al., 2014):

**Table 3**  
Path Coefisien

Variable	P-Values	Note
OC-> EP	0.014	Accepted
WM->EP	0.019	Accepted
C->EP	0.012	Accepted
OC-> ES	0.011	Accepted
WM->ES	0.018	Accepted
C->ES	0.012	Accepted

Significant Level > 0,05

The results of table 3 of the path coefficients in this study show that employees who have high commitment, strong work motivation and adequate compensation can influence employee performance. This is in line with the P-Values results which have a positive

relationship and a significant influence on Employee Performance, namely 0.014 on the Organizational Commitment variable on Employee Performance, 0.019 on the Work Motivation variable on Employee Performance, and 0.012 on the Compensation variable on Employee Performance. Thus the first, second and third hypotheses in this study can **be accepted**.

In line with the first, second and third hypotheses in this research. Strong commitment, passionate work motivation, and large compensation can also make employees easily gain job satisfaction. The results of the P-Values variable Organizational Commitment to Job Satisfaction are 0.011, the Work Motivation variable to Job Satisfaction is 0.018, the Compensation variable to Job Satisfaction is 0.012. Thus the fourth, fifth and sixth hypotheses in this research can **be accepted**.

## 5. CONCLUSION

Based on the results of the statistical analysis and description above, two points can be concluded as follows:

1. The results of table 3 of the path coefficients in this study show that employees who have high commitment, strong work motivation and adequate compensation can influence employee performance. This is in line with the P-Values results which have a positive relationship and a significant influence on Employee Performance, namely 0.014 on the Organizational Commitment variable on Employee Performance, 0.019 on the Work Motivation variable on Employee Performance, and 0.012 on the Compensation variable on Employee Performance. Thus the first, second and third hypotheses in this study can **be accepted**.
2. In line with the first, second and third hypotheses in this research. Strong commitment, passionate work motivation, and large compensation can also make employees easily gain job satisfaction. The results of the P-Values variable Organizational Commitment to Job Satisfaction are 0.011, the Work Motivation variable to Job Satisfaction is 0.018, the Compensation variable to Job Satisfaction is 0.012. Thus the fourth, fifth and sixth hypotheses in this research can **be accepted**.

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