The Effect of Organizational Culture and Compensation on Organizational Commitment Through Job Satisfaction As a Variable Intervening at PT. Duwa Atmimuda Kudus

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Abstract.
This study aims to analyze the effect of organizational culture and compensation on organizational commitment through job satisfaction as an intervening variable at PT. Duwa Atmimuda Kudus. The population in this study was all 304 employees in the production department of PT. Duwa Atmimuda Kudus. The sampling technique used was purposive sampling with the slovin formula resulting in a sample of 173 employees. Data analysis was done using AMOS V.24 SEM analysis. Results show that organizational culture has a positive and significant effect on job satisfaction, compensation has a positive and significant effect on job satisfaction, organizational culture has a positive and significant effect on organizational commitment, compensation has a positive but insignificant effect on organizational commitment and job satisfaction has a positive and significant effect on organizational commitment.

Keywords: organizational culture, compensation, organizational commitment, job satisfaction

1. Introduction

In the current era of globalization, competition in the business world is increasingly tight and difficult to predict. To deal with this, companies are required to have a competitive advantage in order to compete. One factor that can create competitive advantage is human resources. Human Resources (HR) as one of the company’s important assets, every organization is required to be able to carry out dynamic changes as a strategy to be able to adapt to the environment so that the organization can survive and be sustainable. Challenges and environmental changes encourage companies to always strive to be effective and efficient. One of the company’s strategies for retaining its
employees is to continue to increase employees’ organizational commitment to the company.

In a company, leaders and employees work together and need each other. Leaders are the main component in an organization as people who drive a company, because leaders have an important role in providing information, decisions and so on to achieve organizational goals. The number of companies starting to operate in the same field makes the number of competitors increase. Competition between companies can be achieved if the company has human resources that are qualified, competent and have high organizational commitment.

Organizational commitment is the level of trust and acceptance of the workers towards the goals of the organization and has a desire to remain in the organization (Busro, 2018:71). Someone who joins a company organization is required to have a commitment within himself, therefore employee organizational commitment is very important in the company and with high commitment it is expected that employees can work optimally and can lead to increased performance for employees.

Organizational Culture according to Robbins and Judge (2015:355) is a shared system that is embraced by members that distinguishes the organization from other organizations. Overall organizational culture can be seen through the way of thinking, the way of working, the way employees and leaders of a company behave in carrying out their respective work tasks. Apart from that, organizational culture must be reflected in the activities of company leaders, because employees will see their superiors or leaders carrying out their duties and obligations as leaders which has an impact on the emergence of the company’s organizational culture.

Compensation according to Hasibuan (2019:198) is all income in the form of money, direct or indirect goods, which employees receive as compensation for services provided to the company. With proper compensation in accordance with the needs and desires of employees, employees work diligently and work wholeheartedly so that it will improve employee performance.

Job satisfaction reflects one’s feelings in doing work, because job satisfaction is a desire, need, ambition and past experiences that shape work expectations. Job Satisfaction according to Rivai & Sagala (2013:856) is a person’s self-assessment of whether or not they feel happy or dissatisfied at work.

PT Duwa Atmimuda Kudus is an industrial company engaged in metal-based furniture which was founded by Mr. Subangkit on December 18, 1994, and is located at Jambean Street No.21, Kudus Regency. In the beginning, the company was Adi’s workshop which was established as a supplier for the Polytron company. In 1997 the demand
for components from companies engaged in furniture such as Jepara, Kudus, Solo and East Java increased, making the company PT Duwa Atmimuda Kudus a supplier of goods for furniture. The company grew in 2000 and then expanded the target market and the company became a supplier in Central Java, Special Region of Yogyakarta, and East Java so that the company needed to increase employees, which initially numbered 40 people until now to 304 employees.

In the midst of the development of the company PT Duwa Atmimuda Kudus there are problems, it can be seen that the employee exit data of PT Duwa Atmimuda Kudus for 3 years has increased.

<table>
<thead>
<tr>
<th>Year</th>
<th>Employee Exit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>1</td>
</tr>
<tr>
<td>2021</td>
<td>4</td>
</tr>
<tr>
<td>2022</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>14</td>
</tr>
</tbody>
</table>

Source: HRD PT. Duwa Atmimuda Kudus, 2023

One of which is the decline in employee organizational commitment, which is marked by employee exit data for the last three years has increased. Besides, organizational culture is not optimal because there are indicators that are sufficient and less. In addition to organizational culture, compensation can affect organizational commitment, which can be explained that overtime pay for office staff has increased while production employees of PT. Duwa Atmimuda in the last two years have not increased, besides the problem of employee job satisfaction with inadequate work facilities.

The Research Gap from this study are the results of research conducted by Nasution et al (2019), organizational culture has a positive and significant effect on employee job satisfaction, while research conducted by Sativa & Yunus (2018) based on the results of research has no significant negative effect between the effect of organizational culture on employee job satisfaction and research conducted by Yusuf et al (2021) in organizational culture has a negative and insignificant effect on job satisfaction.

Research conducted by Saluy & Raharjo, (2021) suggested that compensation has a positive and significant effect on employee job satisfaction, while research conducted by Rosalla, et al, (2020) compensation has a negative and significant effect on employee job satisfaction and research conducted by Saputra (2022) say that organizational culture has a negative and insignificant effect on job satisfaction.
According to the research conducted by Lewaherilla et al. (2022) organizational culture has a positive and significant effect on employee organizational commitment and research conducted by Daslim, et al (2021) says that organizational culture has a positive and significant effect on employee organizational commitment. Meanwhile, research conducted by Bagis, et al. (2021) organizational culture has a negative but not significant effect on organizational commitment and research conducted by Anindya et al. (2022) organizational culture has a negative and insignificant effect on employee organizational commitment.

Research conducted by Imron et.al (2020) shows that compensation has a positive effect on organizational commitment, in contrast to the research conducted by Kurniawan et.al (2022) that compensation has a negative but not significant effect on organizational commitment and research conducted by Arif et al (2021), Norhayati (2021) said that compensation has a positive and significant effect on employee organizational commitment.

Research conducted by Yusnita et. al (2022), Anindya (2022) pointed out that job satisfaction has a positive effect on organizational commitment, in contrast to research conducted by Kasmari, et.al (2022) which states that job satisfaction has a negative but significant effect on employee organizational commitment.

Based on the problems above, the purpose of this study was to determine the effect of organizational culture and compensation on organizational commitment through job satisfaction as an intervening variable at PT Duwa Atmimuda Kudus.

Based on the explanation of the problem, the theoretical framework of research that the researcher will use can be described in Figure 1 as follows:

**Figure 1: Theoretical Framework.**

H1: Organizational culture has a positive and significant effect on job satisfaction.

H2: Compensation has a positive and significant effect on job satisfaction.
H3: Organizational culture has a positive and significant effect on organizational commitment.

H4: Compensation has a positive and significant effect on organizational commitment.

H5: Job satisfaction has a positive and significant effect on organizational commitment.

2. Method

In this research using a quantitative approach. The quantitative approach is a research method that uses statistical figures, starting from data collection, interpretation of numbers and the results are presented in numerical form (Arikunto, 2019: 27). The population in this study were all employees of the production department of PT Duwa Atmimuda Kudus, totaling 304 employees. The sampling technique in this study used a purposive sampling technique with the sample criteria used being production employees who had worked for at least 2 years. To determine the sample size using the Slovin formula so that the respondents used in the research sample were all production employees of PT. Duwa Atmimuda Kudus as many as 173 respondents.

This research also uses primary and secondary data, in which the primary data was obtained from questionnaires filled out by respondents and the secondary data used in this study was in the form of documents, literature related to the problem such as journals and articles. The data collection method uses interviews and questionnaires, while data analysis uses SEM AMOS version 24.

3. Result and Discussion

3.1. Presenting the Results

The number of male respondents was 158 respondents (91.3%), while the number of female respondents was 15 respondents (8.7%). This shows that employees of PT. Duwa Atmimuda as the respondent was mostly male. The number of respondents aged 18-20 years amounted to 15 respondents (8.7%), respondents aged 21 to 30 years amounted to 41 respondents (23.7%), respondents aged 31 to 40 years amounted to 65 respondents (37.6%), respondents aged over 40 years amounted to 52 respondents (30.1%). This shows that the employees of PT. Duwa Atmimuda as the respondents, most of whom are over 40 years old.
Respondents with junior high school education were 3 (1.7%), respondents with high school education were 156 respondents (90.2%), respondents with D3 education were 5 respondents (2.9%), respondents with S1 education were 9 respondents (5.2%). This shows that employees of PT. Duwa Atmimuda as the respondents were mostly in high school education.

Respondents with a work period of 2 to 6 years were 47 respondents (27.2%), respondents with a work period of 7 to 11 years were 12 respondents (6.9%), respondents with a work period of 12 to 16 years were 44 respondents (25.4%), and respondents with a working period of more than 16 years were 70 respondents (40.5%). This shows that employees of PT. Duwa Atmimuda’s length of service for most employees is more than 16 years.

### Table 2: Hypothesis Testing.

<table>
<thead>
<tr>
<th></th>
<th>CR</th>
<th>P</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job_Satisfaction</td>
<td>&lt;—</td>
<td>Organizational_Culture</td>
<td>5.517</td>
</tr>
<tr>
<td>Job_Satisfaction</td>
<td>&lt;—</td>
<td>Compensation</td>
<td>5.691</td>
</tr>
<tr>
<td>Organizational_Commitment</td>
<td>&lt;—</td>
<td>Organizational_Culture</td>
<td>3.093</td>
</tr>
<tr>
<td>Organizational_Commitment</td>
<td>&lt;—</td>
<td>Compensation</td>
<td>5.78</td>
</tr>
<tr>
<td>Organizational_Commitment</td>
<td>&lt;—</td>
<td>Job_Satisfaction</td>
<td>5.494</td>
</tr>
</tbody>
</table>

**Source:** AMOS Analysis Results, 2023

Based on table, the hypothesis test above can be explained as follows:

#### 3.1.1. Hypothesis 1 The Effect of Organizational Culture on Job Satisfaction

It can be seen that the CR value between the influence of organizational culture and job satisfaction is $5.517 > 1.645$ and the P value is $0.000 < 0.05$. Because the CR value is greater than 1.645, which means it is positive and the P value is smaller than 0.05, which means it is significant. Based on this explanation, it can be concluded that organizational culture has a positive and significant effect on job satisfaction of PT employees. Duwa Atmimuda. Hypothesis 1 is accepted.

#### 3.1.2. Hypothesis 2 The Effect of Compensation on Job Satisfaction

It can be seen that the CR value between the effect of compensation on job satisfaction is $5.691 > 1.645$ and the P value is $0.000 < 0.05$. Because the CR value is greater than 1.645, which means it is positive and the P value is smaller than 0.05, which means it
is significant. Based on this explanation, it can be concluded that compensation has a positive and significant effect on the job satisfaction of PT employees. Duwa Atmimuda. Hypothesis 2 is accepted.

### 3.1.3. Hypothesis 3 The Effect Organizational Culture on Organizational Commitment

It can be seen that the CR value between the influence of organizational culture on organizational commitment is $3.093 > 1.645$ and the P value is $0.002 < 0.05$. Because the CR value is greater than 1.645, which means it is positive and the P value is smaller than 0.05, which means it is significant. Based on this explanation, it can be concluded that organizational culture has a positive and significant influence on the organizational commitment of PT employees. Duwa Atmimuda. Hypothesis 3 is accepted.

### 3.1.4. Hypothesis 4 The Effect of Compensation on Organizational Commitment

It can be seen that the CR value between the influence of compensation on organizational commitment is $0.578 < 1.645$ and the P value is $0.563 > 0.05$. Because the CR value is smaller than 1.645, which means it is positive and the P value is greater than 0.05, which means it is not significant. Based on this explanation, it can be concluded that compensation has a positive but insignificant effect on the organizational commitment of PT employees. Duwa Atmimuda. Hypothesis 4 is rejected.

### 3.1.5. Hypothesis 5 The Effect of Job Satisfaction on Organizational Commitment

It can be seen that the CR value between the influence of job satisfaction on organizational commitment is $5.494 > 1.645$ and the P value is $0.000 < 0.05$. Because the CR value is greater than 1.645, which means it is positive and the P value is smaller than 0.05, which means it is significant. Based on this explanation, it can be concluded that job satisfaction has a positive and significant effect on the organizational commitment of PT employees. Duwa Atmimuda. Hypothesis 5 is accepted.
3.1.6. Mediation Test

Based on the results of data processing carried out by researchers, it can be seen that the total effect analysis. The total effect is done to determine the total influence between construct variables, both direct influence, indirect influence and total influence. The total effect analysis can be seen in table 3 as follows:

<table>
<thead>
<tr>
<th>No.</th>
<th>Path of Influence</th>
<th>Direct Effect</th>
<th>Indirect Effect</th>
<th>Total Effect</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>$X_1 \rightarrow Y$ (Organizational Culture – Organizational Commitment)</td>
<td>0.258</td>
<td>0.263</td>
<td>0.521</td>
<td>Can Be an Intervening Variable</td>
</tr>
<tr>
<td>2.</td>
<td>$X_2 \rightarrow Y$ (Compensation – Organizational Commitment)</td>
<td>0.044</td>
<td>0.244</td>
<td>0.288</td>
<td>Can Be an Intervening Variable</td>
</tr>
</tbody>
</table>

Source: AMOS Analysis Results, 2023

Based on the table above, after carrying out the mediation test, it can be seen that organizational culture has a direct effect value of 0.258 and an indirect effect of 0.263. It can be concluded that the direct effect value is smaller than the indirect effect value, with these results it can be concluded that job satisfaction is able to mediate the influence of organizational culture on organizational commitment. Compensation has a direct effect value of 0.044 and an indirect effect of 0.244. It can be concluded that the direct effect value is smaller than the indirect effect value, with these results it can be concluded that job satisfaction is able to mediate the influence of organizational culture on organizational commitment.

3.2. Create a Discussion

3.2.1. The Effect Organizational Culture on Job Satisfaction

Based on the results of testing hypothesis 1 ($H_1$) in this research, it shows that organizational culture has a positive and significant effect on the job satisfaction of PT Duwa Atmimuda Kudus employees. This means that a good organizational culture at PT Duwa Atmimuda Kudus can increase employee's job satisfaction. After conducting research, organizational culture is sufficient so that it can have an impact on employee’s job satisfaction at PT Duwa Atmimuda Kudus.

The results of this research are in line with research conducted by Nasution, et al (2019), Ratnasari et al (2020), Nurhasanah et al (2022) which said that organizational culture has a positive and significant effect on job satisfaction. Different research results from Sativa & Yunus (2018), Yusuf et al (2021) which say that organizational culture has a
negative but not significant effect. This means that the lower the organizational culture, the lower the job satisfaction will be, otherwise if the company's organizational culture is low, the job satisfaction will decrease.

3.2.2. The Effect of Compensation on Job Satisfaction

Based on the results of hypothesis testing 2 (H₂) in this research, it shows that compensation has a positive and significant effect on the job satisfaction of PT Duwa Atmimuda Kudus employees. This means that high compensation can increase job satisfaction. Compensation is the most important thing for employees because compensation can increase job satisfaction and providing fair compensation by the company can increase job satisfaction.

The results of this research are in line with research conducted by Saluy and Raharjo (2021), Fauzan (2022), Sudiardhita et al (2019) which states that compensation has a positive and significant effect on employee job satisfaction. Different research results from Saputra (2021), Rosalia, et al (2020) show that compensation has a negative and insignificant effect on job satisfaction. This means that the better the compensation received by employees, it can increase employee job satisfaction.

3.2.3. The Effect of Organizational Culture on Organizational Commitment

Based on the results of testing hypothesis 3 (H₃) in this study, it shows that organizational culture has a positive and significant effect on the organizational commitment of PT Duwa Atmimuda Kudus employees. This means that a good organizational culture can increase organizational commitment. Employee's organizational commitment can be built based on the opportunities provided by PT Duwa Atmimuda Kudus to actualize themselves according to each employee's abilities, because the level of employee's performance in maintaining the company's organizational culture can determine the employee's organizational commitment.

The results of this research are in line with research conducted by Ade et al (2022), Lewaherilla, et al (2022), Daslim, et al. (2021) which states that organizational culture has a positive and significant effect on employee organizational commitment. The results of this research are not in line with research conducted by Bagis, et al (2021), Anindya et.al (2021) which states that organizational culture has a negative but not significant effect on organizational commitment. This means that if the company's organizational
culture is good it can increase employee organizational commitment. On the other hand, if the employee's organizational culture is not running well, it can reduce employee's commitment.

3.2.4. The Effect of Compensation on Organizational Commitment

Based on the results of testing hypothesis 4 ($H_4$) in this study, it shows that compensation has a positive and insignificant effect on the organizational commitment of PT Duwa Atmimuda Kudus employees. This means that good compensation does not affect organizational commitment. So, it can be concluded that the compensation provided by the company cannot increase employee organizational commitment, just as the absence of an increase in overtime wages can cause employee commitment to decrease. Therefore, the leadership of PT Duwa Atmimuda Kudus needs to provide maximum compensation to employees according to their workload, and the provision of incentives must also be considered because the organizational commitment of employees in a company is very important to continue to maintain.

The results of this research are in line with research conducted by Hayati (2020), Hamdani & Muzahid (2023), which states that compensation has a negative but not significant effect on organizational commitment. The results of this research are not in line with research conducted by Kurniawan, et al (2022), Yunisari (2022), stating that compensation has a positive effect and insignificant to organizational commitment.

3.2.5. The Effect Job Satisfaction on Organizational Commitment

Based on the results of testing hypothesis 5 ($H_5$) in this study, it shows that job satisfaction has a positive and significant effect on the organizational commitment of PT Duwa Atmimuda Kudus employees. This means that high job satisfaction can increase organizational commitment. Job satisfaction is the most important thing as a result of evaluation of various aspects of activities carried out by employees, because if employees feel dissatisfied with their work it can reduce the employee's organizational commitment and the company cannot expect feedback from employees, namely because employees’ job satisfaction decreases. Therefore, if employees have high job satisfaction, it can increase the organizational commitment of PT Duwa Atmimuda Kudus employees.
The results of this research are in line with Yusnita (2021), Ellys et al. (2020), Anindya (2022) who stated that job satisfaction has a positive and significant effect on organizational commitment. The results of this research are not in line with research by Kasmari et al. (2022), Pratama et al. (2019) said that job satisfaction has no but significant effect on employee organizational commitment.

3.2.6. The Effect of Organizational Culture on Organizational Commitment through Job Satisfaction

Based on the results of the analysis of the indirect effect between organizational culture through job satisfaction on organizational commitment in this research, it shows that the results of the statistical calculation coefficient for the direct effect are 0.258 while the indirect effect is 0.263, so it can be concluded that the direct effect is smaller than the indirect effect, which means that job satisfaction is able to mediate between organizational culture and organizational commitment.

This research is in line with research by Wibawa & Made (2018), Anton et al. (2023), Wulan et al. (2023) which states that organizational culture has a positive and significant effect on organizational commitment through the mediation of job satisfaction. and this research is not in line with research conducted by Noviyati & Sundari (2021), Anindya (2022) that job satisfaction does not mediate the influence of organizational culture on organizational commitment.

3.2.7. The Effect of Compensation on Organizational Commitment through Job Satisfaction

Based on the results of the analysis of the indirect effect between compensation through job satisfaction on organizational commitment in this research, it shows that the results of the statistical calculation coefficient of the direct effect are 0.044 while the indirect effect is 0.244, so it can be concluded that the direct effect is smaller than the indirect effect, which means that job satisfaction is able to mediate between compensation and organizational commitment.

This research is in line with research by Wibowo and Fitriyani (2022), Mauliah et al. (2021), Purwadiseni et al. (2021) which states that job satisfaction has a positive and significant effect in mediating compensation on organizational commitment. The results of this research are not in line with research by Handoko and Rambe (2018), Norhayati, (2021) which stated that compensation has a negative and insignificant effect.
on organizational commitment through job satisfaction, meaning that job satisfaction does not mediate compensation on organizational commitment.

4. Conclusion

Based on the results of this research analysis, the research can draw the following conclusion:

Organizational culture has a positive and significant effect on job satisfaction of PT Duwa Atmimuda Kudus employees, this means that high organizational culture can increase employee job satisfaction. Compensation has a positive and significant effect on job satisfaction of PT Duwa Atmimuda Kudus employees, which means that high compensation can increase employee job satisfaction. Organizational culture has a positive and significant effect on organizational commitment of PT Duwa Atmimuda Kudus employees, which means that high organizational culture can increase employee organizational commitment. Compensation has a positive and insignificant effect on the organizational commitment of PT Duwa Atmimuda Kudus employees, which means that high compensation cannot increase employee organizational commitment. Job satisfaction has a positive and significant effect on the organizational commitment of PT Duwa Atmimuda Kudus employees, which means that high job satisfaction can increase organizational commitment.

For future research, it can add other research variables such as communication and work experience.

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References


