

The Impact of Compensation and Work Motivation on Job Satisfaction of PT Toraya Cipta Gemilang Production Employees in Mojokerto Regency

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ABSTRACT

The research aims to determine the influence of compensation and work motivation on job satisfaction of production employees of PT. Toraya Cipta Gemilang, Mojokerto Regency. The method used in this research is a quantitative method. Sampling used non-probability sampling techniques using saturated sampling. A saturated sample was used in this study because the entire population was used. The population in this study was 86 people, so the sample used in this study was 86 people. The data analysis technique used in this research uses Partial least squares (PLS). The results of the research show that the independent variable (X1) compensation contributes to the dependent variable job satisfaction (Y) and the independent variable work motivation (X2) contributes to the dependent variable job satisfaction (Y) of production employees of PT. Toraya Cipta Gemilang in Mojokerto Regency. Providing competitive compensation has a direct impact on individual happiness in the organization, greater compensation means happier employees and the provision of motivation carried out by various parties has an impact on employee job satisfaction in the company, thus having a positive impact on the company as well.

INTRODUCTION

In achieving its goals, the success of a company cannot be separated from the satisfaction of its workers, Job satisfaction shows sentiment, both happy and unhappy, towards the work completed. According to Mardiono and Supriatin (2014) in (Putri & Kustini, 2021) One of the key aspects of human resources in a company is the creation of job satisfaction among employees. Satisfaction is essentially something personal, each person has a different level of satisfaction depending on their needs, the higher the satisfaction, the clearer the value system that applies to them. The higher the assessment of a person's desire for an activity. They are increasingly satisfied with these activities. So, satisfaction is the evaluation of a person's feelings of happiness, sadness, satisfaction or dissatisfaction.

Compensation is one of the causes of decreased satisfaction, different assessment systems are applied by each individual to measure the level of satisfaction they want. Employee satisfaction and employee performance will be fulfilled and increased if the desired desire is felt to be in accordance with expectations, if the desired desire is felt to be appropriate, employees will also give their best (Hasby, 2022). Employees tend not to work optimally and look for new jobs when the compensation they receive is not as desired. Employees feel satisfied if they receive compensation according to their expectations. (Khalbina Fitrah et al., 2022)

Job satisfaction is employee behavior related to the conditions of the work environment. A harmonious and joyful work environment can arise when the work is felt to be in accordance with the principles. Therefore, employees who are satisfied will be comfortable with the conditions of their work environment and vice versa (S. Lestari et al., 2021).

Work motivation is no less important in influencing satisfaction. According to Afandi (2018:74) in (Pasaribu et al., 2023), it is stated that "Feelings and behaviors are positive attitudes of job satisfaction towards their work as a sense of appreciation in achieving one of the important values of work through the assessment of one of the jobs".

PT Toraya Cipta Gemilang was established in 2000. PT Toraya Cipta Gemilang is a company engaged in the field of industrial wooden furniture. PT Toraya Furniture processes wood raw materials processed into finished furniture items that have added value and greater benefits. The decline in job satisfaction is seen from the level of employee absenteeism every year. The level of job satisfaction of production employees at PT Toraya Cipta Gemilang can still be said to be lacking.

Based on the results of the initial survey, it can be seen that in the company PT. Toraya Cipta Gemilang, the annual attendance rate has increased, which has been carried out, it can be seen that the increase in employee absenteeism every year shows that the organization is experiencing problems with its human resources, namely a decrease in job satisfaction. In the company PT. Toraya Cipta Gemilang total absenteeism in 2022 and in 2023 is more than 3% It can be seen that the number of employee tardiness at work is quite high and has increased every year in 2022 and in 2023 the number of tardiness

reaches higher than 1%. Mudiarta in Mahrizal (2019) on a study (Mahayanti et al., 2022) shows that the maximum absenteeism rate is 3%, if the company's absenteeism rate exceeds 3%, then it is classified as high.

The decline in the level of employee job satisfaction at PT. Toraya Cipta Gemilang also has an impact on other problems, namely the increase in employee turnover, it is known that the number of employees leaving in 2022 and in 2023 will reach more than 10%. According to Yuda and Ardana (2017) in the study (Tampubolon & Sagala, 2020) stated that turnover if the figure is between 5% and per year 10% is considered normal, if it exceeds 10% it is considered high.

According to (Tanjung & Turangan, 2022) One of the factors that can affect job satisfaction with work is compensation. Compensation to production employees of PT. Toraya Cipta Gemilang provides wages to production employees every 2 weeks where the wages given are with the performance that has been carried out where employees are less satisfied with the wages given. According to (Tirtowaluyo & Turangan, 2022) Another factor that is no less important affects reduced job satisfaction. Motivation is an important component for everyone to achieve their goals or ambitions at work. Individuals are inspired and motivated to work better through this motivation. It can be seen from the results of observations, interviews and assessments of superiors at PT. Toraya Cipta Gemilang, it can be concluded that there are indications of a decrease in low work motivation due to the lack of implementation of employee duties and responsibilities. Therefore, companies need to make efforts to increase employee job satisfaction to reduce dissatisfaction in production employees.

LITERATURE REVIEW

Compensation

Compensation refers to the award obtained by workers for labor that has been performed at the company that is paid in cash or in kind. Compensation in cash means that workers are paid a certain amount of paper money for their efforts. Meanwhile, compensation in the form of products means that employees receive objects in return (Bustan et al., 2022). (Septerina 2018) in (Fajrina & Kustini, 2022) said that the sharing of employee happiness can be improved by giving them compensation that encourages them to work better. According to (Gee et al., 2021) as stated, compensation indicators include: Wages, Incentives, Allowances and Facilities.

Work Motivation

One of the factors that determine whether an employee's functionality is good or bad is the level of motivation to work. In humans, motivation is a form of relationship between attitudes, needs, and the fulfillment of needs. Motivation is also related to the psychological aspect. Encouragement and inspiration are very important because they are very important because they both provide high expectations for every employee who has to work hard and be passionate to achieve productivity targets. In summary, motivation is a

desire that makes a person able to do tasks that they like voluntarily without feeling pressured (Rulianti & Nurpribadi, 2023).

Work motivation is the psychological pressure that drives employee actions. Work motivation also refers to a person's determination based on the direction of their behavior, level of effort, and persistence when facing challenges related to work motivation (Yulanda & Kustini, 2022). Work motivation indicators according to Puspitasari, (2014) in (Saharuddin & Jasman, 2021) state that motivation indicators: Motivation to Achieve Goals, Work Spirit, Initiative and Creativity, and Sense of Responsibility.

Job Satisfaction

According to (Dhani & Surya, 2023) Employees who are satisfied with their work believe that their expectations and desires have been fulfilled. Job satisfaction can also be defined as a psychological condition in which people can feel the connection between expectations and reality. This indicates that the realization is in line with their expectations.

According to (Hidayanti et al., 2020) Employees' emotional sentiments can affect job satisfaction. If an employee does not do his or her job with a positive attitude, happiness, or comfort, it can affect the employee's performance, which can ultimately affect work results. Employee job satisfaction refers to the emotions that employees feel towards the working conditions and environment, as evidenced by the achievement of work results that meet expectations, as well as the sentiment of excitement or displeasure when doing tasks. Indicators to determine employee job satisfaction based on Sudaryo, et al (2018) in the study (Hidayanti et al., 2020) are Absenteeism or absence, Desire to move, Employee Performance, Colleagues and Employee Work Comfort.

METHODOLOGY

The population used in this study is the production employees of PT. Toraya Cipta Gemilang with 86 employees. The collection technique used a non-probability sampling strategy was used in this study, with a saturated sampling type. conducted in this study because the total population was used. (Sugiyono, 2019) Saturated sampling is a sample selection strategy that involves sampling the entire population. The population in this study is 86 people, so this study has a sample size of up to 86 people. The technique for data collection uses primary data obtained through interviews and questionnaires. The questionnaire was distributed directly to employees.

RESEARCH RESULT AND DISCUSSION

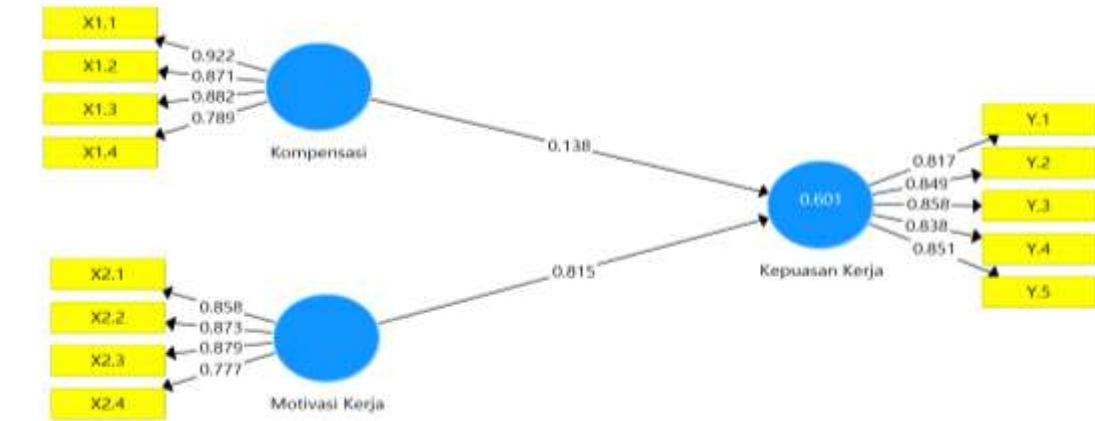


Figure 1. Outer Model with Factor Loading, Path Coefficient, and R-Square

Source: Processed data from the research results

Outer Model (Measurement Model and Indicator Validity)

Exogenous variables with reflective indicators, such as the Compensation (X1) and Job Motivation (X2) variables, and the endogenous variable Job Satisfaction (Y), were used in the measurement methodology of this study.

Validity and Reality Test

Validity testing determines whether an instrument is valid or invalid in measuring research variables, such as questionnaires. A questionnaire instrument is said to be valid if it accurately measures what is supposed to be measured. So it can be said that validity is related to "accuracy" with measuring instruments. With a valid instrument, valid data will be obtained.

Convergent Validity

The purpose of convergent validity is to determine the validity of each indicator-construct relationship or latent variable. Convergence validity testing can be done using *outer loadings* or *loading factors*.

Loading Factor

Outer loading is a table with loading factors that shows the magnitude of the relationship between indicators and latent variables. An indicator can be said to have convergent validity and high validity if the outer loading value exceeds 0.70.

Tabel 1. Loading Factor

	Job Satisfaction	Compensation	Work Motivation
X1.1		0.922	
X1.2		0.871	
X1.3		0.882	
X1.4		0.789	
X2.1			0.858
X2.2			0.873
X2.3			0.879
X2.4			0.777
Y.1	0.817		
Y.2	0.849		
Y.3	0.858		
Y.4	0.838		
Y.5	0.851		

Source: Processed data from the research results

Based on the test results, all indicators in the research variables, namely compensation, work motivation and job satisfaction, have a loading factor of > 0.70, which means that these indicators meet the convergent validity.

Validity of Discrimination

Discriminatory validity refers to how different a construct is from another construct in terms of empirical standards. The validity of discrimination describes how distinctive a construct is compared to another. A high discriminatory validity rating indicates that a construct is unique and can explain the phenomenon being measured. Discriminatory validity is necessary to ensure that different constructs capture different ideas.

Convergence occurs when a set of indicators represents and underlies a single latent variable. This representation is characterized by unidimensionality, which can be expressed as the average value of the extracted variance (Average Variance Extracted/AVE). An AVE score of at least 0.5. With this score, the average ability of the latent variable to explain more than half of the variation in its indicator is indicated, which indicates excellent convergent validity.

Tabel 2. Average Variance Extracted

	Average Variance Extracted (AVE)
Job Satisfaction	0.710
Compensation	0.753
Work Motivation	0.718

According to the results of the experiment, it can be known that the results of the compensation test are 0.753, work motivation is 0.718 and job satisfaction is 0.710. All variables result in gains greater than 0.5. Thus, all variables based on the results of the study have good validity results.

Reality Test

Reliability testing is carried out to verify whether a measuring instrument is reliable and consistent when repeated measurements are taken. A measuring instrument is said to be reliable if it consistently gives the same results even after repeated measurements.

Table 3. Reality Test

	Cronbach's Alpha	rho_A	Composite Reliability
Job Satisfaction	0.898	0.900	0.924
Compensation	0.890	0.905	0.924
Work Motivation	0.868	0.868	0.911

Source: Processed data from the research results

The reality test stated that the compensation variable was 0.924, the work motivation was 0.911, and the job satisfaction was 0.924, the four variables showed a composite reliability value greater than 0.70. Therefore, all variables in the study are said to be reliable.

Inner Model

R2 (R-Square)

The degree of influence of the free variable (exogenous) on the bound variable (endogenous) is indicated by the value of R square. By examining the R square, a determination test is carried out to ensure the level of influence of each independent variable on the bound variable. The suggested research prediction model will perform better if the R Square value is larger.

Tabel 4. R-Square

	R Square	R Square Adjusted
Job Satisfaction	0.601	0.591

Source: Processed data from the research results

Based on the data above, it can be seen that the value of R2 = 0.601. Thus, the model can be understood to describe the phenomenon of job satisfaction which is influenced by independent variables such as compensation and work motivation of the variant of 60.1%. While the remaining 39.9% were explained by other variables outside this study.

Hypothesis Testing

Hypothesis testing can be seen from the results of the coefficient and T Statistics value of the inner model in the following table

Tabel 5. *Path Coeffisien (Mean, STDEV, T-Statistics)*

	<i>Path Coeffisien (O)</i>	<i>Sample Mean (M)</i>	<i>Standard Deviation (STDEV)</i>	<i>T Statistics (O/STDEV)</i>	<i>P Values</i>
Compensation -> Job Satisfaction Work Motivation -> Job Satisfaction	0.259	0.264	0.078	3.305	0.001
	0.629	0.635	0.072	8.759	0.000

Source: Processed data from the research results

Based on the test, conclusions related to the hypothesis were obtained, namely:

1. It can be concluded that compensation has an acceptable positive influence on job satisfaction, with a P-Values value of 0.001 (less than = 0.05 (5%)), T Statistics of 3,305 > 1.96. The Path Coefficient is 0.259. Significant (positive) hypothesis.
2. It can be concluded that Work Motivation has a positive influence on acceptable job satisfaction, has a P-Values value of 0.000 (smaller than = 0.05 (5%)), T Statistics of 8,759 > 1.96. Path Coefficient is 0.629. Significant (positive) hypothesis.

Effect of Compensation on Job Satisfaction

Based on the research that has been conducted, compensation contributes to job satisfaction in PT. Toraya Cipta Gemilang. The results of the hypothesis test of the compensation indicator that have the greatest influence are the wages provided by the company. Individuals who are satisfied with the wages given certainly feel happy and have an impact on their job satisfaction because they have received the rewards that the company has given for the work that has been done. However, based on field conditions, there are still employees who feel dissatisfied with the wages provided by the company. This indicates that there is a gap between the employee's expectations or needs and the compensation received. In a company where challenges and difficulties are almost non-existent, it can be said that employees are satisfied. When viewed from the perspective of the educational background of most high school graduates and below, even though their wages are still below MSEs because employees have no other jobs, employees still feel satisfied no matter how much their wages are, the most important thing is that the wages given are enough to feed the family. Therefore, companies need to consider assessing and possibly adjusting their wage structure to better suit the expectations and needs

of employees. Providing good wages can certainly increase employee job satisfaction so that the company can achieve the desired goals.

The results of this study are also in accordance with research conducted by (Firdayanti & Ginanjar, 2023) revealing that compensation has a positive and significant effect on employee job satisfaction in CV. Bestro Project Sumedang. In theory, one of the variables that can help increase employee job satisfaction is to provide appropriate and fair compensation according to the tasks that employees give to the organization. Job satisfaction can be realized if the organization is able to meet the limits that have been set.

The Effect of Work Motivation on Job Satisfaction

Based on the research that has been conducted, work motivation contributes significantly to job satisfaction in PT. Toraya Cipta Gemilang. This can be explained when employees have high work motivation, of course, it can cause a sense of desire felt by employees to immediately complete their work optimally, When employees can complete work quickly, it can cause a sense of job satisfaction because the employee can complete the given target on time. But on the other hand, if employees do not have high work motivation, employees often delay work and are lazy to complete their work, resulting in the longer the work to be completed and causing dissatisfaction felt by various parties.

The results of the hypothesis test show that the work motivation indicator that has the greatest influence is that employees are able to work independently and develop their skills to improve their quality. Employees who can work without encouragement from colleagues will feel proud and satisfied because they are able to complete tasks quickly and accurately, as well as gain new insights about their work. In addition, these employees can also help other colleagues to complete work more efficiently. Thus, they not only improve personal skills, but also contribute to the positive image of the company so that the job satisfaction achieved can be felt together. Judging from the working period, most employees have worked for more than 5 years. The work they do tends to be stable, and even without external encouragement, they will do it because they are used to it. The fact that the production employees of PT. Toraya Cipta Gemilang still lacks motivation to work, many of them tend to be indifferent, and after completing tasks, they prefer to relax rather than help unfinished colleagues. In addition, production employees at PT. Toraya Cipta Gemilang has shown little initiative in correcting work errors. It can be seen from the interviews that the level of implementation of duties and responsibilities by employees is still lacking. Employees will be satisfied if they are given the freedom to work independently and develop skills.

The results of this study are also in accordance with research conducted by (Agus et al., 2024) It is stated that job satisfaction is positively influenced by work motivation and work environment. The conclusion of the analysis showed that job satisfaction increased along with the level of motivation. Workers who show a high level of motivation also often show a high level of job satisfaction.

CONCLUSIONS AND RECOMMENDATIONS

According to the results of the study, it can be concluded that compensation along with work motivation have an impact on the job satisfaction of employees of PT. Toraya Cipta Gemilang, Mojokerto Regency. Providing competitive compensation has a direct impact on individual happiness in the organization, greater compensation means happier employees and motivation carried out by various parties affects employee job satisfaction in the company so that it has a good impact on the company.

Based on this conclusion, there are several suggestions given to the company to be considered, namely so that it is hoped that the company will be more able to pay attention to the provision of compensation, especially in the provision of wages, it is hoped that the company will increase and readjust the amount of wages with the MSEs of Mojokerto Regency on the wages given so that the company can achieve the desired target and in the future can further increase employee job satisfaction aforementioned. And it is hoped that the company can maintain the initiative and creativity of employees and improve it by providing training or direction so that the work motivation of these employees can increase.

ADVANCED RESEARCH

In writing this article the researcher realizes that there are still many shortcomings in terms of language, writing, and form of presentation considering the limited knowledge and abilities of the researchers themselves. Therefore, for the perfection of the article, the researcher expects constructive criticism and suggestions from various parties.

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