



The effect of compensation and work environment on employee's job satisfaction

Didi Tarmidi¹, R Susanto Hendiarto², Sunjana³

^{1,2} Economic & Business Faculty, Widyatama University, Bandung, Indonesia

³ Technique Faculty, Widyatama University, Bandung, Indonesia

ARTICLE INFO

ABSTRACT

Article history:

Received Mar 9, 2024
Revised Mar 20, 2024
Accepted Apr 11, 2024

Keywords:

Compensation;
Job Satisfaction;
Work Environment.

This study aims to determine how the description of compensation, work environment, and employee job satisfaction, as well as to determine how compensation and work environment affect the job satisfaction of employees of XYZ Private Hospital. The factors tested in this study were compensation and the work environment as independent variables, while job satisfaction was a dependent variable. The research methods used in this study are descriptive and verification methods. The population in this study was employees at XYZ Private Hospital. The sampling technique used in this study is Purposive Sampling and the size of the samples in this study is calculated by slovin formula, so the total number is 93 respondents. The analysis methods used in this study are some linear regression analysis using SPSS25 for Windows. The results of this study showed that compensation and work environment have an effect on employee job satisfaction at XYZ Private Hospital. The amount of compensation and work environment influenced employee job satisfaction by 49.2%.

This is an open access article under the [CC BY-NC](https://creativecommons.org/licenses/by-nc/4.0/) license.



Corresponding Author:

Didi Tarmidi,
Economic & Business Faculty,
Widyatama University,
Jln. Cikutra No. 204 A, Bandung, West Java, 40125, Indonesia.
Email: didi.tarmidi@widyatama.ac.id

1. INTRODUCTION

One of the resources contained in an organization or company is human resources. Human resources are the most important asset in a business organization or a company, because of its war as the subject of implementing the company's policies and operational activities (Abadi et al., 2023; Ouahlee, 2023; Sulistyaningsih, 2023). Resources owned by companies such as capital, methods, and machines can't provide optimal results if not supported by human resources that have optimal performance. Human resources are an important asset that must be owned by the organization in achieving the goals of the organization, To be able to achieve achievements following the ideals and expectations of the company, a leader is required to have a policy or program aimed at his employees so that each employee gets a high level of job satisfaction to contribute optimally to the company (Darmawan et al., 2020; Sinambela et al., 2022).

The steps taken by the company's leadership include compensation for any improvement in performance that has been given by employees to the company (Nguyen et al., 2020; Sudiardhita et al., 2018). Hopefully, this can increase job satisfaction and foster

the spirit of work in the employee. In addition to compensation factors, other factors that can increase job satisfaction and foster the spirit of work in employees are factors of the work environment, the work environment is everything around the workers who can obey themselves in carrying out the tasks carried out (Apriyanti et al., 2021; Dewi et al., 2021; PUTRA et al., 2017; Wahyuni et al., 2023).

The problem that is often faced by an organization or company leader is how to best compensate according to the needs and desires of employees and organizations or companies so that no party feels harmed and how to create a good work environment so that job satisfaction between employees and organizations or companies to have a positive impact on the achievement of employee and organizational goals or companies, and can increase the productivity of an organization or company (Arifin et al., 2019; Badrianto & Ekhsan, 2020; Sunarsi, 2019).

Compensation is all income in the form of money, direct or indirect goods received by employees in return for services provided to the company (Badrianto & Ekhsan, 2020; Ekhsan et al., 2019; Sabatini et al., 2021). The establishment of an effective compensation system is an important part of human resource management as it helps attract and retain talented jobs. According to Sudiardhita, Ketut IR (2018) Compensation is everything that employees receive in return for their work. According to Sudiardhita, Ketut IR (2018) explains 7 basic components can be used to measure the value of compensation, namely: Satisfied with wages/ salaries, Satisfied with incentives/bonuses, Satisfied with the benefits of office, Holiday allowance, Retirement allowance, Health allowance, Transportation allowance

According to Basalamah, Muhammad Syafii A., and Ajmal As'ad (2021) a work environment is a place for several groups where there are several supporting facilities to achieve the company's goals following the company's vision and mission. Meanwhile, Feel, Nico Harumanu, Toni Herlambang, and Yusron Rozzaid (2018) mentions the work environment has two main points, namely physical and non-physical to give a pleasant or unpleasant impression. According to Ashraf, Mohammad Ali (2019) indicators regarding the work environment are (1) Supervision, (2) Atmosphere, and (3) Treatment.

According to Tentama, Fatwa, Pusparina Arum Rahmawati, and Pipih Muhopilah (2019), job satisfaction is the effect of quality work and the capacity achieved by an employee in carrying out his work following the burden that has been given. According to Amiri, M., Khosravi, A., & Mokhtari, A. A. (2023), job satisfaction is one of the most important elements in organizations. This is because job satisfaction can affect behaviors such as lazy, diligent, productive, etc., or have relationships with certain types of behaviors that are very important in the organization. According to Judge, Timothy A., Shuxia Carrie Zhang, and David R. Glerum (2020), some factors that affect job satisfaction are (1) Intrinsic Value, (2) Supervision, (3) Organization / Corporate Management, (4) Opportunity to Move Forward, (5) Salary and Benefits, (6) Co-Workers, and (7) Work Environment.

The frame of mind is a conceptual model of how theory is combined with various factors that have been identified as an important issue. A good frame of mind will theoretically explain the interrelationship between the variables studied. So it is theoretically necessary to explain the relationship between independent and dependent variables. Effect of Compensation and Work Environment on Employee Job Satisfaction.

Compensation is the arrangement of the overall repayment for "employers" and "employees" either directly in the form of money (financial) or indirect (non-financial). With this definition, it is more likely to realize that compensation will improve or decrease employee performance, job satisfaction, and motivation. Rosenda, Rossa, and Didi Tarmidi (2021) that the purpose of compensation (retribution) is as a bond of cooperation, job satisfaction, effective procurement, motivation, employee stability, discipline, and influence of trade unions and government.

Excellent material conditions are not necessarily or have a very little direct relationship with good morals. Also, very poor physical condition practically has no direct

relation or influence to the low morale of workers and employees, or to the attitude of refusing his work. All work requirements should be tailored to the group concerned. It turns out that groups working in very poor conditions consider all their duties to be quite noble and valuable and can ultimately maintain high morale. Not necessarily a good physical condition is certain or can automatically foster a very high moral.

The main criterion is not the physical condition of the incerto, but how this concrete condition is felt or lived by the employees. The evidence states that every human being, both individually and collectively, reacts with greater sensitivity to psychological climate change (e.g. to certain self-compensation, intentions, and suggestions) than to physical conditions, misrepresentations, misspoke, misrepresentations, jokes, and over-urged suggestions, all of which can drastically undermine morale or reduce labor efficiency. Especially when compared to their less ferocious reaction to the physical condition of the working environment, for example, their reaction to rising temperatures, poor ventilation, moist air in the office, lack of light, and other physical deficiencies that exist in factories or companies.

2. METHODS

This study will use a descriptive quantitative approach to explain the effect of independent variables compensation and work environment on employee job satisfaction dependent variables with multiple linear regression processes and processed using SPSS 25 for Windows applications. The sampling technique in this study purposive sampling is a type of sampling with attention to the considerations made by researchers (Goertzen, 2017; Gunawan, 2018; Sugiyono, 2019). The sample size in this study was calculated using the Slovin formula so that the total sample calculation taken as many as 93 respondents were asked to fill out the research questionnaire. Each individual taken as a sample will be asked to fill out a questionnaire according to the Linkert scale with a scale of 1-5 (strongly disagree – strongly agree). Multiple linear regression techniques are used to determine the magnitude of the impact of the Compensation (X1) and Work Environment (X2) variables on the Job Satisfaction (Y) variable.

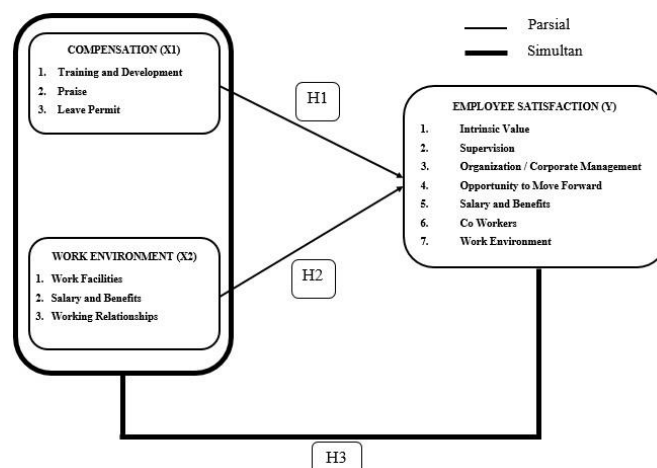


Figure 1. Frame of mind

From the above frame of mind, it can be known, that the independent/free variables are Compensation (X1) and Work Environment (X2), while the dependent/bound variable is Job Satisfaction (Y). The hypotheses proposed in this study are as follows, H1: It is suspected that there is an effect between partial compensation (X1) on employee job satisfaction (Y). H2: It is suspected that there is an influence between the work environment

(X2) partially on employee job satisfaction (Y). H3: It is suspected that there is an effect between compensation (X1) and work environment (X2) simultaneously on employee job satisfaction (Y).

3. RESULTS AND DISCUSSION

Multiple Regression Analysis

Regression analysis is used to determine the existing relationship between variables so that from the obtained relationship can be estimated one variable if the price of another variable is known. The regression model equation used by the author is a double regression analysis equation. Below will be presented a model of regression equations using several linear regression analysis as follows:

Table 1. Multiple Linear Regression

Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	7,457	2,616		2,851	,005
	X1	,235	,130	,189	1,810	,074
	X2	,647	,122	,556	5,314	,000

Source: SPSS Output

As a result of the calculation, the Constant value (a) is 7,457 and the value (X1) is 0.235 and the Work Environment value (X2) is 0.647. The regression equation formula is obtained as follows

$$Y = 7,457 + 0,235X_1 + 0,647X_2 + e \quad (1)$$

1. If a constant value of 7.457 means that if an independent variable which is a compensation variable and the work environment is considered constant (worth 0), then the dependent variable i.e. the employee's job satisfaction variable will be worth 7,457. That is, when there is no change in the value of compensation, then the value of employee satisfaction does not change.
2. If the coefficient value of the compensation variable regression indicates 0.235, meaning that if the compensation variable increases by (one) unit, while the other independent variable is a constant (worth 0), then the dependent variable i.e. the job satisfaction variable will increase by 0.235. Positive signs of coefficient regression values indicate that compensation has a positive influence on employee job satisfaction. This means that the higher the compensation, the higher the employee's job satisfaction, and vice versa.
3. If the coefficient value of the work environment variable regression indicates 0.647, meaning that if the work compensation variable increases by (one) unit, while the other independent variable that is the compensation variable is considered constant (worth 0), then the dependent variable that is the job satisfaction variable will increase by 0.647. Positive signs of coefficient regression values indicate that compensation has a positive influence on employee job satisfaction. This means that the better the work environment, the higher employee job satisfaction, and vice versa.

Partial Hypothesis Test (T-Test)

This test aims to show how far one individual independent variable affects in describing dependent variables. Below will be presented the results of partial hypothesis testing using several linear regression analysis as follows:

Table 2. Partial Hypothesis Testing

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	7,457	2,616		2,851	,005
X1	,235	,130	,189	1,810	,074
X2	,647	,122	,556	5,314	,000

Source: SPSS Output

Simultaneous Hypothesis Test (Test F)

The F test is a goodness of fit model that must be performed in linear regression analysis. Below will be presented the results of simultaneous hypothesis testing, which are as follows:

Table 3. Simultaneous Hypothesis Testing

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	520,872	2	260,436	43,533	,000 ^b
Residual	538,419	90	5,982		
Total	1059,290	92			

Source: SPSS Output

Discussion of

Discussion of Compensation at XYZ Private Hospital

The results showed that in the compensation variable (X1) obtained the actual total score of 2477, the ideal total score of 2790 percentage value of 89%, falls into the category very well. This shows that the compensation shown by employees of XYZ Private Hospital is excellent. Compensation variables consisting of Training and Development, Praise, and Leave Permit indicators.

Discussion of Work Environment in XYZ Private Hospital

The results showed that in the working environment variable (X2) obtained a total actual score of 2433, the ideal total score of 2790 percentage value of 87%, falls into the category of excellent. This shows that the work environment obtained by employees of XYZ Private Hospital is very good. Work environment variables consisting of Work Facilities, Salary and Benefits, and Working Relationships indicators.

Discussion of Employee Job Satisfaction at XYZ Private Hospital

The results showed that in the variable job satisfaction (Y) obtained the total value of the actual score of 2850, the ideal total score of 3255 percentage value of 88%, falls into the category very well. This shows that the job satisfaction obtained by employees of XYZ Private Hospital is very good. Job satisfaction variables consist of Intrinsic Value, Supervision, Organization/Corporate Management, Opportunity to Move Forward, Salary and Benefits, Co-Workers, and Work Environment indicator

4. CONCLUSION

Based on the results of research and discussion in the previous chapter, the following conclusions are obtained: (a). Referring to test results F shows that the variable Job Satisfaction (Y) Employees of XYZ Private Hospital will be 43,533 points and this amount has not been affected by the variables Compensation (X1) and Work Environment (X2). However, that number is influenced by other variables beyond this study. (b). From the test result correlation coefficient (R) obtained a value of 0.701. So it can be concluded that the relationship between Compensation (X1) and Work Environment (X2) has a strong

relationship with the variable Job Satisfaction (Y) which is 70.1%. (c). From the results of the study coefficient of determination (R²) obtained a value of 0.492. This suggests that the contribution of the Compensation (X1) and Work Environment (X2) variables could affect Job Satisfaction (Y) by the remaining 49.2% by 50.8% influenced by other variables not included in the study. Variable Compensation (X1) has a coefficient of regression value of 0.235 and the Working Environment variable (X2) has a coefficient of regression value of 0.647 so it can be concluded that if the company provides good Compensation (X1) and Compensation (X2) then employee Job Satisfaction (Y) will increase. The limitations of this study are only two variables, namely compensation and work environment, which may ignore the influence of other important factors on job satisfaction, such as organizational culture, leadership style, or job autonomy. Future research could consider a more comprehensive approach by including a wider range of variables to provide a more thorough understanding of the determinants of job satisfaction. Reliance on self-reported data for variables such as job satisfaction and perceptions of compensation and work environment introduces potential biases, such as social desirability bias or common method variance. Using objective measures or multi-source assessments may increase the validity of findings in future research. The cross-sectional design of this study limits the ability to establish causal relationships between variables. Using a longitudinal or experimental design may help clarify the temporal sequence and causal pathways between compensation, work environment and job satisfaction. Overall, addressing these limitations and adopting a more comprehensive and rigorous research approach will contribute to a deeper understanding of the factors that influence job satisfaction and inform more effective organizational strategies and policies.

REFERENCES

- Abadi, F., Fadli, J. A., & Prastyani, D. (2023). Human Resource Strategy, Innovation, Competitive Advantages in The Manufacturing Industry. *Calitatea*, 24(192), 130–135.
- Amiri, M., Khosravi, A., & Mokhtari, A. A. (2023). Job satisfaction and its influential factors. *Journal of Research in Health Sciences*, 10(1), 42–46.
- Apriyanti, R., Sudiarditha, I. K. R., & Saptono, A. (2021). Effect of reward and work environment on employee performance through work satisfaction as a mediation (study on employees of pt. international chemical industry). *Dinasti International Journal of Economics, Finance & Accounting*, 1(6), 979–1002.
- Arifin, Z., Nirwanto, N., & Manan, A. (2019). Improving the effect of work satisfaction on job performance through employee engagement. *International Journal of Multi-Discipline Science (IJ-MDS)*, 2(1), 1–9.
- Ashraf, M. A. (2019). The mediating role of work atmosphere in the relationship between supervisor cooperation, career growth and job satisfaction. *Journal of Workplace Learning*, 31(2), 78–94.
- Badrianto, Y., & Ekhsan, M. (2020). Effect of work environment and job satisfaction on employee performance in pt. Nesinak industries. *Journal of Business, Management, & Accounting*, 2(1).
- Basalamah, M. S. A., & As'ad, A. (2021). The role of work motivation and work environment in improving job satisfaction. *Golden Ratio of Human Resource Management*, 1(2), 94–103.
- Darmawan, D., Mardikaningsih, R., Sinambela, E. A., Arifin, S., Putra, A. R., Hariani, M., Irfan, M., Al Hakim, Y. R., & Issalillah, F. (2020). The quality of human resources, job performance and employee loyalty. *International Journal of Psychosocial Rehabilitation*, 24(3), 2580–2592.
- Dewi, N. N., Rodli, A. F., & Nurhidayati, F. (2021). Effect of work engagement, work environment and work spirit on teacher satisfaction. *International Journal of Business, Technology and Organizational Behavior (IJTOB)*, 1(3), 226–240.
- Ekhsan, M., Aeni, N., Parashakti, R., & Fahlevi, M. (2019). The Impact Of Motivation, Work Satisfaction And Compensation On Employee's Productivity In Coal Companies. *2019 1st International Conference on Engineering and Management in Industrial System (ICOEMIS 2019)*,

- 406–415.
- Feel, N. H., Herlambang, T., & Rozzaid, Y. (2018). Pengaruh disiplin kerja, budaya organisasi dan lingkungan kerja terhadap kinerja pegawai. *Jurnal Penelitian Ipteks*, 3(2), 176–185.
- Goertzen, M. J. (2017). Introduction to quantitative research and data. *Library Technology Reports*, 53(4), 12–18.
- Gunawan, C. (2018). *Mahir Menguasai SPSS (Mudah Mengolah Data Dengan IBM SPSS Statistic 25)*. Deepublish.
- Judge, T. A., Zhang, S. C., & Glerum, D. R. (2020). Job satisfaction. *Essentials of Job Attitudes and Other Workplace Psychological Constructs*, 207–241.
- Nguyen, P. T., Yandi, A., & Mahaputra, M. R. (2020). Factors that influence employee performance: motivation, leadership, environment, culture organization, work achievement, competence and compensation (A study of human resource management literature studies). *Dinasti International Journal of Digital Business Management*, 1(4), 645–662.
- Ouanhlee, T. (2023). Learning Human Resources and Applying it to Real-Life Situations. *International Business Research*, 16(2), 13–26.
- PUTRA, P. C. A., Wahyuni, M. A., & Yasa, I. N. P. (2017). Pengaruh Motivasi, Self Efficacy dan Peraturan Menteri Keuangan Nomor 111/PMK. 03/2014 Terhadap Minat Berkarir Mahasiswa Akuntansi Program S1 Universitas Pendidikan Ganesha Sebagai Konsultan Pajak. *JIMAT (Jurnal Ilmiah Mahasiswa Akuntansi) Undiksha*, 8(2).
- Rosenda, R., & Tarmidi, D. (2021). The effect of motivation and compensation on employee's work satisfaction. Case study of PT Infomedia Nusantara Telkomsel E-Care Division. *Technium Soc. Sci. J.*, 20, 680.
- Sabatini, E. M., Putra, B. A., Tridayanti, H., & Damayanti, E. (2021). The Effect of Financial Compensation & Non-financial Compensation on Employee Performance at PT Pelabuhan Indonesia III (Persero) East Java Region. *IJIEEB (International Journal of Integrated Education, Engineering Business)*, 4(02), 87–96.
- Sinambela, E. A., Darmawan, D., & Mendrika, V. (2022). Effectiveness of Efforts to Establish Quality Human Resources in the Organization. *Journal of Marketing and Business Research (MARK)*, 2(1), 47–58.
- Sudiardhita, K. I. R., Mukhtar, S., Hartono, B., Sariwulan, T., & Nikensari, S. I. (2018). The effect of compensation, motivation of employee and work satisfaction to employee performance Pt. Bank Xyz (Persero) Tbk. *Academy of Strategic Management Journal*, 17(4), 1–14.
- Sugiyono. (2019). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Bandung: Alfabeta.
- Sulistyaningsih, E. (2023). Improving Human Resources Technology Innovation as a Business Growth Driver in the Society 5.0 Era. *ADI Journal on Recent Innovation*, 4(2), 149–159.
- Sunarsi, D. (2019). The analysis of the work environmental and organizational cultural impact on the performance and implication of the work satisfaction. *Jurnal Ilmiah Ilmu Administrasi Publik: Jurnal Pemikiran Dan Penelitian Administrasi Publik*, 9(2), 237–246.
- Tentama, F., Rahmawati, P. A., & Muhopilah, P. (2019). The effect and implications of work stress and workload on job satisfaction. *International Journal of Scientific and Technology Research*, 8(11), 2498–2502.
- Wahyuni, W., Ramli, R., & Mawardi, W. (2023). Optimizing Employee Performance in Tapalang Health Center, Tapalang District, Mamuju Regency: The Interplay of Work Environment, Discipline, and Motivation. *Management Studies and Entrepreneurship Journal (MSEJ)*, 4(5), 6786–6795.