



## The Influence of Compensation and Working Environment on Organizational Commitment and its Implications on Employees' Performance at PT. Sumber Wahana Musi

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### Abstract

*This study aims to determine the effects of compensation and working environment on organizational commitment and its implications on the performance of employees at PT. Sumber Wahana Musi. The research method is quantitative, i.e., descriptive and verification. The data gained from distributing questionnaires are considered primary data. The research variables are exogenous variables of compensation and working environment and endogenous variables of organizational commitment and employee performance. Data analysis techniques are descriptive statistical analysis and structural equation modeling analysis, based on AMOS. The findings of this study are that there is a positive and significant effect of compensation on organizational commitment; there is a negative and insignificant effect of the working environment on organizational commitment; there is a positive and significant effect of compensation and the working environment simultaneously on organizational commitment; and there is a positive and significant effect of compensation on performance; there is a negative and insignificant effect of the working environment on performance; there is a positive and insignificant effect of organizational commitment on performance; and there is a positive and significant effect of compensation, working environment, and organizational commitment simultaneously on performance.*

**Keywords:** compensation, working environment, organizational commitment, performance

1161

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## 1. INTRODUCTION

A company aided with supporting elements for the attainment of successful goals, one of the supporting factors is the presence of human resources who will play a pivotal role because they are the core booster in managing all company resources. Human resources should ideally be managed by an experienced management in to enhance equivalence since this can meet employees' wishes based on the atmosphere of the company to be more developed, more effective and can productively and naturally be developed. The development of business activities and a company organization depends on the performance of all employees in the company. Working performance (called performance) is the willingness of individuals or groups to perform activities that can increase the effort charged and promote responsibility by producing something as expected by the company (Bintoro, & Daryanto, 2017).

Employees are expected to have organizational commitment to ensure the continuity of task execution to gain the stability of employees' performance and tend to elevate. Organizational commitment is all about how many steps an individual takes to recognize, understand and desire to survive in the organization (Wibowo, 2016). To gain organizational commitment and performance, a company provides preliminary things to meet employees' needs, i.e., compensation and comfortable working conditions (good working environment).

Compensation must be assertive, fair, and equal. If compensation is noted as unfair, it will disappoint employees. As a result, skilled employees will resign from the company. Compensation is the total feedback given to employees as the reward for all services and dedication given to an organization, both financial and non-financial forms Suparyadi. (2025). There is a positive and significant correlation, there is a positive and significant relationship between pay and organizational commitment (Yamali, 2018).

Commitment can also be influenced by the employee's working environment. The working environment is all elements that can both directly or indirectly affect the organization or company that will have a good or bad impact on employees' performance and job satisfaction (Soetjipto, 2018). Although the working environment is an important factor and can affect employee performance, there are still many companies that do not pay attention to the conditions of the working environment close to the company (Pima, 2014). The working environment has a positive and significant effect on organizational commitment (Abidin, 2016).





PT. Sumber Wahana Musi is one of the companies which focus on contracting and consulting industries that was established in 2010 and located in Pagaram City, South Sumatra. PT. Sumber Wahana Musi provides services related to housing and office design and development. However, there is a rapid growth of competition. Therefore, the company's goals can be achieved when the company has qualified (high competency) and high commitment to human resources.

Based on field observation and interviews conducted by researchers, there are several crucial problems found at PT. Sumber Wahana Musi. There is a symptom that portrays a low organizational commitment of employees in which they do not have the desire to boost their career, they have not possessed a sense of being, and prefer to resign from the company. The idea of resigning and working from one company to another is considered ethical by employees; one of the crucial factors is related to the delay of salary payment. If the employees do not support the work being done, they decide to work in another place or company. An unfavorable working environment eliminates employees' loyalty to the company and causes disharmony between employees and managers. Another problem with organizational commitment is a poor performance that occurs in the company environment, e.g., postponing tasks, spending free time ineffectively, and sometimes ignoring precious rules. The reason for the employees to delay doing the tasks given is the incompatibility of the workload given to them which directs to the inability of the workload as his responsibility.

This research is expected to provide a study of evidence on the effect of compensation and working environment on organizational commitment and its implications on the performance of employees at PT. Sumber Wahana Musi. The results of this research are expected to contribute valuable remarks for the organization or company in decision-making processes related to organizational commitment and performance.

## 2. THEORETICAL FRAMEWORK AND HYPOTHESIS

Organizational commitment occurs through processes and interactions with various influencing factors, including compensation and working environment. The way of managing compensation in a company is integrated for several reasons, one of which can be used to ensure organizational commitment. The compensation program is also pivotal for the company because it can describe the way the organization maintains human resources.





There is a significant relationship between compensation and organizational commitment (Kee, et.al 2016).

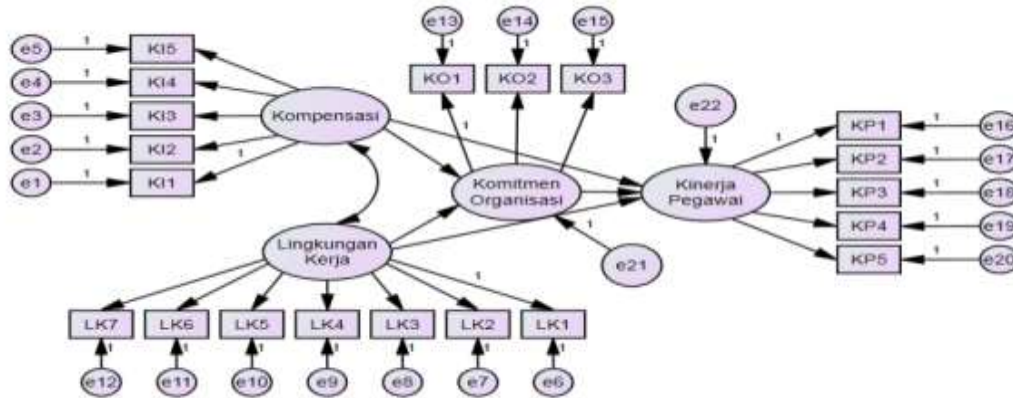
Working environment also increase organizational commitment. Employees who enjoy their working environment will feel comfortable in their workplace. The execution of tasks supported with a precious working environment will promote employees to work effectively. A good working environment will make employees feel as if at home. The work environment brings a positive and meaningful consequences to organizational commitment (Ahakwa, et.al, 2021)

There is a positive effect of compensation on organizational commitment and the positive influence of the working environment on organizational commitment (Faisal and Dewi 2019). Satisfactory compensation and a good working environment will increase organizational commitment and have implications for performance. Compensation provides positive rewards for performance and the working environment provides positive rewards for performance (Siddiqi & Tangem, 2018)

Positive and meaningful consequences of the working environment to performance through organizational commitment and through organizational commitment, there is a positive and significant effect of compensation on performance (Lukman & Adolfina. 2015).). Employees feel involved in the process Achieving corporate goals and want to be with the company in maintaining the sustainability of the company. Organizational commitment causes positive and meaningful consequences to employee performance (Edward & Purba, 2020).

The research model is presented in the following figure. The research model explains the influence of compensation and working environment on organizational commitment and performance and its implications for performance.





**Figure 1.** Research Model

The research model explains the influence of compensation and working environment on organizational commitment and its implications for performance. Based on the research model, hypotheses were developed in this study, namely: 1) compensation has an effect on organizational commitment of employees at PT. Sumber Wahana Musi; 2) the working environment affects the organizational commitment of employees at PT. Sumber Wahana Musi; 3) compensation and working environment simultaneously affect the organizational commitment of employees of PT. Sumber Wahana Musi; 4) compensation has an effect on the performance of employees of PT. Sumber Wahana Musi; 5) the working environment affects the performance of employees at PT. Sumber Wahana Musi; 6) organizational commitment affects the performance of employees at PT. Sumber Wahana Musi; and 7) compensation, working environment, and organizational commitment simultaneously affect the performance of employees at PT. Sumber Wahana Musi.

### 3. RESEARCH METHOD

The research method is quantitative and focuses on description and verification. The time period integrated is cross-sectors, i.e., all information from the population is collected directly at the location empirically, aimed at finding out characteristics of the population. The data source for this study is the primary data obtained based on the respondents' answers of the distributed questionnaires. The data collection technique is a questionnaire conducted by giving questions or written statements to the respondents to be answered.



The variables in this study are exogenous or independent, namely compensation and working environment and endogenous or dependent variables, namely organizational commitment and employee performance. Compensation includes 1) salary; 2) wages; 3) incentives; 4) allowance; and 5) facilities (Hasibuan, 2020)). Working environment indicators 1) lighting; 2) air temperature; 3) noise; 4) room color; 5) space for movement; 6) workability; and 7) relationship among employees (Budianto, & Katini2015)). Organizational commitment has three dimensions, namely 1) affective commitment, emotional feelings for the organization and belief on its values; 2) commitment to continuity, perceived economic value of keep working in an organization comparing to resign the organization; and 3) normative, the necessities of staying in the organization for moral or ethical reasons(Robbins& Judge, 2014). Employee performance indicators, namely 1) working quality; 2)quantity; 3) punctuality; 4) effectiveness; and 5) independence (Sinambela, 2012), (Mulyadi,2015).

The population for this study is all PT employees of PT. Sumber Wahana Musi, i.e., 150 worker. The sample is targeted by means of saturated sampling technique, thus, the number of research samples were150 respondents.

Data analysis techniques for this study were descriptive statistics and Structural Equation Modeling (SEM). Descriptive statistical analysis was used to determine the distribution of respondents' responses from the results of the collected questionnaires. The calculations of the data were through the SPSS version 26.00 program for windows.

The SEM model consists of 1) the measurement part, which relates the observed variables to the latent variables through a factor confirmatory model and 2) the structural part, which connects the latent variables through a simultaneous equation system (Ghozali & Fuad 2008). The research hypothesis was tested using an AMOS-based Structural Equation Model (SEM) approach. The analysis technique with AMOS was carried out in 2 stages. The first stage includes the measurement model test, namely testing the normality, validity and construct reliability of each indicator. The second stage is to conduct a structural test of the model to determine whether there is an influence between variables/correlation between the constructs.

Normality testing of the questionnaire is known by the procedure for the normality value of the multivariate data; it must be between +2.585, so that can be conclude the normal distribution of the data. The validity test is convergent validity, which is to correlate the item value and construct value so that there is loading factor. Loading factor between 0.5 to 0.6.





The level of reliability is measured by using coefficient alpha ( $\alpha$ ) or Cronbach's Alpha and composite reliability. The item is proven reliable because alpha coefficient exceeds (>) than 0.60 (Ghozali & Fuad 2008).

Structural models can be measured by looking at the R-squared value model which displays the magnitude of the influence between variables in the model. Then, estimate the path coefficient, which is the estimated value of the relationship between the trajectory of the structural model and the value considered significant when the t-statistic is greater than 1.96 (significant level 5% or 0.05).

#### 4. DATA ANALYSIS AND DISCUSSION

##### 4.1. Descriptive Statistical Analysis

Descriptive statistics in this research are related to all responses provided by research respondents for every single research variable.. Table 1 displays descriptive statistical research variables for every variable and indicator, i.e., mean, standard deviation, standard error of skewness and standard error of kurtosis.

**Table 1. Descriptive Statistics of Respondents' Responses**

Variable	Indicator	Mean	Standard Deviation	Standard Error of Skewness	Standard Error of Kurtosis
Compensation	KI1	3,88	1,414	0,198	0,394
	KI2	3,81	1,413	0,198	0,394
	KI3	3,81	1,328	0,198	0,394
	KI4	3,86	1,386	0,198	0,394
	KI5	3,84	1,342	0,198	0,394
Working Environment	LK1	3,82	1,433	0,198	0,394
	LK2	3,89		0,198	0,394
	LK3	3,89	1,417	0,198	0,394
	LK4	3,80	1,414	0,198	0,394
	LK5	3,81	1,364	0,198	0,394
	LK6	3,80	1,390	0,198	0,394
	LK7	3,74	1,477	0,198	0,394





Organizational Commitment	KO1	3,11	1,695	0,198	0,394
	KO2	3,21	1,819	0,198	0,394
	KO3	3,19	1,756	0,198	0,394
Performance	KP1	3,23	1,063	0,198	0,394
	KP2	3,31	1,018	0,198	0,394
	KP3	3,21	1,051	0,198	0,394
	KP4	3,18	1,056	0,198	0,394
	KP5	3,28	1,024	0,198	0,394

Based on table 1, it is known that the compensation variable has a moderate value, with the mean value varying from the lowest 3.81 (KI2, KI3) and the highest 3.88 (KI1). The standard deviation value varies from the lowest 1.342 (KI5) and the highest 1.414 (KI1) which means that the values on the questionnaire items are accurate to the mean value. All items of the compensation instrument have standard error of Skewness value of 0.198 and standard error of kurtosis 0.394 so it can be stated normal data because  $< 2.58$ . The results of respondents' responses indicate that the compensation for employees at PT. Sumber Wahana Musi are clustered as moderate, so they still need to be improved.

The working environment variable has a moderate value, with the mean value varying from the lowest 3.74 (LK7) and the highest 3.89 (LK2, LK3). The standard deviation value varies from the lowest 1.364 (LK5) and the highest 1.477 (LK7) which means that the values on the questionnaire items are accurate to the mean value. All items of the working environment instrument have a standard error of skewness value of 0.198 and a standard error of kurtosis of 0.394 so it can be stated normal data because  $< 2.58$ . The results of respondents' responses indicate that the working environment at PT. Sumber Wahana Musi are classified as moderate, so they still need to be improved.

The organizational commitment variable has a moderate value, with the mean value varying from the lowest 3.11 (KO1) and the highest 3.21 (KO2). The standard deviation values varied from the lowest 1.695 (KO1) and the highest 1.819 (KO2), which means that the values on the questionnaire items are accurate to the mean value. All items of the organizational commitment instrument have a standard error of skewness value of 0.198 and a standard error of kurtosis of 0.394 so it can be stated normal data  $< 2.58$ . The results of respondents' responses indicate the organizational commitment at PT. Sumber Wahana Musi are classified as moderate, so they still need to be improved.







The employee performance variable has a moderate value, with the mean value varying from the lowest 3.18 (KP4) and the highest 3.31 (KP2). The value of the standard deviation varies from the lowest 1.018 (KP2) and the highest 1.063 (KP1), which means that the values on the questionnaire items are accurate to the mean value. All items of the employee performance instrument have a standard error of skewness value of 0.198 and a standard error of kurtosis of 0.394, from this we can conclude that the data are normally distributed  $< 2.58$ . The results of respondents' responses indicate that the performance of employees at PT. Sumber Wahana Musi are classified as moderate, so they still need to be improved.

#### 4.2. Analysis of Structural Equation Modeling (SEM)

The following Table 2 presents the results of normality test (multivariate analysis).

**Table 2. Normality Test (Multivariate analysis)**

Variable	Indicator	Skewness	c.r.	Kurtosis	c.r.
Compensation	KI1	0,285	1,426	0,728	1,820
	KI2	0,357	1,785	0,313	0,782
	KI3	0,589	2,947	0,104	0,259
	KI4	0,303	1,514	-0,093	-0,232
	KI5	0,246	1,229	-0,204	-0,509
Working Environment	LK1	0,353	1,763	-1,218	-3,046
	LK2	0,305	1,526	-1,372	-3,429
	LK3	0,396	1,981	-1,104	-2,760
	LK4	0,065	0,324	-0,978	-2,444
	LK5	0,165	0,827	-0,957	-2,394
	LK6	0,114	0,570	-0,844	-2,111
	LK7	0,043	0,214	-1,002	-2,506
Organizational Commitment	KO1	0,116	0,579	-1,088	-2,720
	KO2	0,069	0,347	-1,058	-2,646
	KO3	0,099	0,494	-1,012	-2,529
Performance	KP1	0,043	0,214	-0,821	-2,053





	KP2	0,039	0,197	-0,888	-2,221
	KP3	0,093	0,464	-0,926	-2,314
	KP4	0,188	0,938	-1,052	-2,629
	KP5	-0,001	-0,006	-0,974	-2,436
Multivariate				-0,799	-0,165

Table 2 shows the results of the multivariate analysis with normal data, it can be seen from the print out results of AMOS 24 at the value of cr Multivariate  $-0.165 < +2.585$ , data is normally distributed. Data analysis was continued by conducting Confirmatory Factor Analysis (CFA). CFA aims to get a fit or significant construct/variable. The following table presents the results of construct validity testing.

**Tabel 3. Construct Validity Test**

Variable	Indicator	Estimatio n	S.E.	C.R	P
Compensation	KI1	1,000			
	KI2	0,997	0,045	22,214	***
	KI3	0,987	0,042	23,295	***
	KI4	0,998	0,041	24,171	***
	KI5	0,973	0,039	24,964	***
Working Environment	LK1	1,000			
	LK2	0,962	0,037	26,070	***
	LK3	0,989	0,037	26,397	***
	LK4	0,986	0,037	26,327	***
	LK5	0,932	0,039	23,753	***
	LK6	0,901	0,046	19,442	***
	LK7	0,986	0,045	21,692	***
Organizational Commitment	KO1	1,000			
	KO2	1,099	0,038	29,094	***
	KO3	1,065	0,036	29,651	***
Performance	KP1	1,000			
	KP2	0,968	0,055	17,692	***





	KP3	1,016	0,055	18,475	***
	KP4	0,970	0,060	16,226	***
	KP5	0,925	0,059	15,630	***

Table 3 shows indicators are valid. Then, the convergent validity test was carried out to see the value of the load factor of each indicator. All indicators will be declared valid if the loading factor value is > 0.5. The following table presents the results of the convergent validity test.

**Tabel 4. Convergent Validity Test**

Variable	Indicator	Estimation
Compensation	KI1	0,935
	KI2	0,933
	KI3	0,944
	KI4	0,952
	KI5	0,959
Working Environment	LK1	0,952
	LK2	0,950
	LK3	0,952
	LK4	0,951
	LK5	0,931
	LK6	0,884
	LK7	0,911
Organizational Commitment	KO1	0,949
	KO2	0,972
	KO3	0,976
Performance	KP1	0,900
	KP2	0,910
	KP3	0,925
	KP4	0,879
	KP5	0,865

Table 4 shows indicators are valid. The following table presents the results of construct reliability testing.





**Tabel 5.** Pengujian Construct Reliability Test

Variable	Construct	Loading Factor	Results
	.976	> .70	Reliable
Working Environment	.979	> .70	Reliable
Organizational Commitment	.976	> .70	Reliable
Performance of Employee	.953	> .70	Reliable

The result of construct reliability show indicators are reliable.

### 4.3. Structural Modelling

The construct criteria are said to be fit after being included in the Goodness of Fit. The criteria for testing the Goodness of Fit Statistics with AMOS 24 are shown in the following table.

**Tabel 6.** Criteria of Goodness Of Fit

Criteria	Cut off Value
$\chi^2$ (Chi Square)	$\leq \alpha.df$ (less than $\chi^2$ table)
Significance probability (p)	$\geq .05$
GFI	$\geq .90$
AGFI	$\geq .90$
CFI	$\geq .90$
NNFI/TLI	$\geq .90$
RMSEA	$\leq .08$
RMR	$\leq .05$

Goodness of Fit test results can be seen in the following table.

**Tabel 7.** Goodness of Fit Tests



Method	Result	Cut off Value	Conclusion
CMIN/DF	.972	≤ 2.00	Fit
GFI	.939	≥ .90	Fit
Significance Probability	.544	≥ .05	Fit
CFI	1.000	≥ .94	Fit
TLI	1.001	≥ .95	Fit
RMSEA	.000	≤ .08	Fit
AGFI	.909	≥ .90	Fit

Table 7 shows the results of the goodness of fit test which gives the conclusion of the fit model in this study according to the following figure. The following figure explains that 1 indicator drop on the compensation variable (KI3), 2 indicators drop on the working environment (LK5, LK7), 3 indicators drop on the employee performance (KP2, KP4 and KP5). Following picture shows fit model after testing according to the criteria for Goodness of fit.

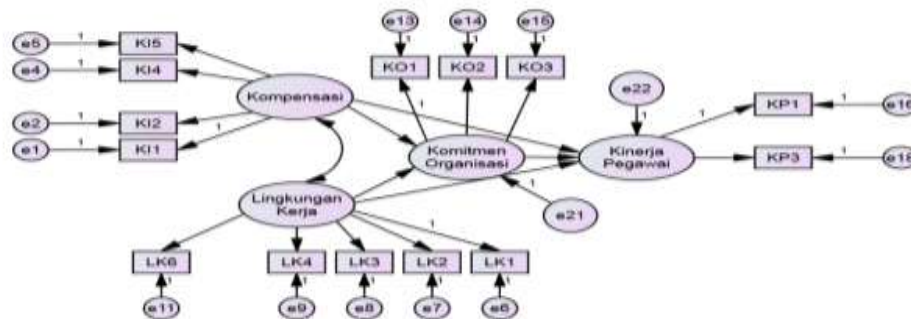


Figure 2. Fit Model Research

After grasping the fit model, then the next step is to analyze the sub-structural and structural models. **Table 8.** Sub-structural and Structural

Regression Weights	Estimasi	S.E.	C.R	P
Organizational Commitment - Compensation	0,849	0,154	5,511	***



Organizational Commitment	- Working Environment	-0,224	0,146	- 1,530	0,1 26
Performance	- Working Environment	-0,100	0,096	- 1,047	0,2 95
Performance	- Compensation	0,263	0,118	2,230	0,0 26
Performance	- Organizational Commitment	0,011	0,055	0,193	0,8 47
Standardized Regression Weights		Estimation			
Organizational Commitment	- Compensation	0,698			
Organizational Commitment	- Working Environment	-0,189			
Performance	- Working Environment	-0,151			
Performance	- Compensation	0,387			
Performance	- Organizational Commitment	0,019			
KI1	- Compensation	0,936			
KI2	- Compensation	0,929			
KI4	- Compensation	0,950			
KI5	- Compensation	0,962			
LK1	- Working Environment	0,950			
LK2	- Working Environment	0,955			
LK3	- Working Environment	0,960			
LK4	- Working Environment	0,947			
LK6	- Working Environment	0,874			
KO1	- Organizational Commitment	0,949			
KO2	- Organizational Commitment	0,972			
KO3	- Performance	0,976			
KP1	- Performance	0,847			



KP3	- Performance	0,993
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The results of partial and simultaneous hypothesis testing can be seen in table 8. Partial hypothesis testing criteria, Ho is rejected if the P value or 0.05 and to test the hypothesis simultaneously, the Goodness of Fit eligibility test criteria are used.

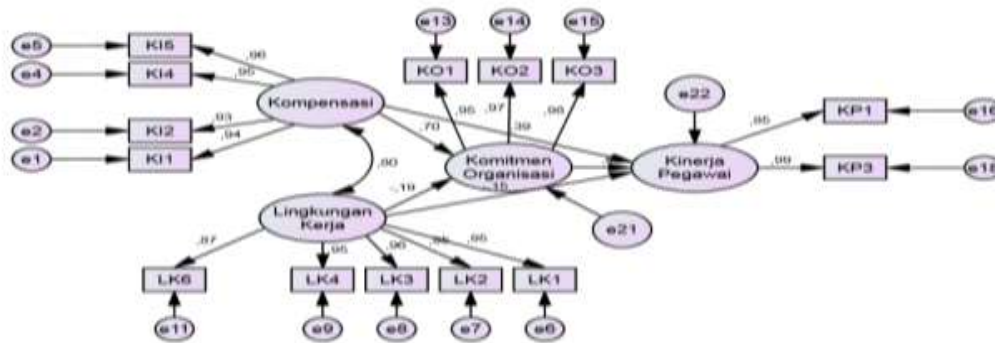


Figure 3. Full Model Goodness of Fit

Sub-structural and Structural regression, namely:

Organizational commitment = 0.70\*compensation-0.19\*working environment

Performance = 0.39\*compensation - 0.15\*working environment + 0.02\*organizational commitment

Figure 3 also shows the magnitude of the effect of compensation on organizational commitment of 0.70, meaning that every effort to increase one unit of compensation will increase employee organizational commitment by 0.70 units, the magnitude of the influence of the working environment on organizational commitment is -0.19, meaning that each effort increases one unit. the working environment will actually reduce employee organizational commitment by 0.19 units, the number as an indication of the effect of compensation on performance of employee is 0.39, meaning that every effort to increase one unit of compensation has an impact increasing performance of employee by 0.39 units, the number as an indication of the effect of the working environment on performance of employee is -0.15 means that every effort to increase one unit of the working environment will actually reduce employee organizational commitment by 0.15 units and the number as an indication of the effect of organizational commitment on performance of employee is 0.02 meaning that



every effort to increase one unit of organizational commitment will increase employee performance, i.e., 0.02 units.

Based on table 8 and Figure 3, the conclusions are obtained from the partially and simultaneously tested hypotheses. Compensation has positive and significant impact on commitment of organizational. There is an insignificant negative effect of the working environment on organizational commitment. There is a positive and significant effect of compensation and working environment together on organizational commitment which is indicated by the sub-structural equation:  $\text{organizational commitment} = 0.70 \text{ compensation} - 0.19 \text{ working environment}$ . This equation already has a good Goodness of fit, it can be seen from the results of all the criteria and the assumptions of the Goodness of Fit test have been met. There is a positive and significant effect of compensation on performance as seen. The working environment has negative but not significant impact on performance of employee. Organizational commitment has positive but not significant impact on performance of employee. Compensation, working environment and organizational commitment together have positive and significant impact on performance of employee as indicated by the structural equation:  $\text{Performance} = 0.39 * \text{compensation} - 0.15 * \text{working environment} + 0.02 * \text{organizational commitment}$ . This equation already has a good Goodness of fit, it can be seen from the results of all the criteria and the assumptions of the Goodness of Fit test have been met.

#### **4.4. Discussion**

##### **4.4.1. The Influence of Compensation on Commitment of Organizational**

Testing on the first hypothesis determines that compensation has a positive and significant impact on commitment of organizational, is appropriate and can strengthen previous research findings that the impact of compensation on organizational commitment is positive and significant (Faisal & Dewi 2019); (Prasada, et al (2020).

In the compensation variable, the most dominant indicator is KI5, namely the supporting facilities provided by the organization of 0.962 (table 8). Thus, the efforts that have been made by PT. Sumber Wahana Musi, to increase organizational commitment, namely through increasing compensation in the form of increasing supporting facilities provided by the organization to its employees. The lowest indicator is K12, namely employee wages given by the organization of 0.929 (table 8). Thus, efforts have been made by PT. Sumber Wahana Musi is to increase wages based on working hours.

##### **4.4.2. The Effect of working environment on Organizational Commitment**







Second hypothesis testing that is said to be negative and insignificant effect of the working environment on organizational commitment, does not meet the idea proposed in the conclusions of previous studies that the working environment has a positive and significant effect on organizational commitment (Faisal & Dewi 2019) (Prasetyo, et. al. 2020)

In the variable of the working environment, the most dominant indicator is LK3, i.e., *noise*, in the form of the level of sensitivity of employees toward the noise that affects their activities at work of 0.96 (table 8). Thus, the efforts that have been made by PT. Sumber Wahana Musi, to create a better working environment by enhancing the noise level in order to promote employees who are not disturbed in their working activities. The lowest indicator is LK6, namely the employee's work ability of 0.847 (table 8). In short, the efforts made by PT. Sumber Wahana Musi are to increase a sense of security and tranquility at work.

#### 4.4.3. Compensation and Working Environment Simultaneously Affect Commitment of Organizational

The third hypothesis test determines that simultaneously compensation and working environment have a positive impact on organizational commitment are in fact appropriate and can strengthen the conclusions of previous studies that compensation and working environment simultaneously have a positive effect on organizational commitment. (Faisal & Dewi 2019); (Prasada, et al (2020); (Prasetyo, et. al. 2020)

. This is indicated by the sub-structural equation: organizational commitment = 0.70 compensation-0.19 working environment. Thus, the efforts that can be made by PT. Sumber Wahana Musi, to increase organizational commitment can be through increasing compensation, as well as improving the working environment together for employees at PT. Sumber Wahana Musi.

#### 4.4.4. The Impact of Compensation on Performance of Employee

The fourth hypothesis test determines that compensation has positive and significant impact on performance of employee, it turns out to be appropriate and can strengthen the conclusions of previous studies that compensation has a positive and significant effect on employee performance (Darmawati, 2014); (Dhermawan, et. Al, 2012); (Fauziah, et.at, 2016) . In the compensation variable, the most dominant indicator is KI5, namely the supporting facilities provided by the organization of 0.962 (table 8). Thus the efforts that have been made by PT. Sumber Wahana Musi, to increase organizational commitment through increased compensation, namely in the form of increasing supporting facilities provided by the organization to its employees. The lowest indicator is K12, namely employee wages given





by the organization of 0.929 (table 8). Thus, efforts have been made by PT. Sumber Wahana Musi is to increase wages based on working hours.

#### 4.4.5. The Influence of Working Environment on Performance of Employee

Result of the fifth hypothesis testing which states that there is a negative and insignificant effect of the working environment on performance, does not meet the idea of previous studies that the working environment has a positive and significant effect on performance (Arianto, 2013).; (Elizar& Tanjung2018); (Julita, & Arianty, 2015); (Nuryasin, et.al, 2016); (Prihartono, 2015).

In the working environment variable, the most dominant indicator is LK3, namely *noise* in the form of the level of sensitivity of employees to *noise* that affects their activities at work of 0.96 (table 8). Thus, the efforts made by PT. Sumber Wahana Musi, to improve the working environment by revising the noise level so that employees are not disturbed in their work activities. The lowest indicator is LK6, namely the employee's work ability of 0.847 (table 8). Thus, the efforts made by PT. Sumber Wahana Musi are to increase a sense of security and tranquility at work.

#### 4.4.6. The Impact of Organizational Commitment on Performance of Employee

The result of the sixth hypothesis testing which states that there is a positive and insignificant effect of organizational commitment on employee performance, is not relevant to the conclusions of previous studies that organizational commitment has a positive and significant effect on employee performance (Anwar, 2018); (Hayati, et.al.2020)

In the organizational commitment variable, the most dominant indicator is K03, which is normative, in the form of an the obligation to remain in the organization for moral or ethical reasons of 0.976 (table 8). Thus the efforts that have been made by PT. Sumber Wahana Musi, in order to improve organizational commitment in the form of normative factors, namely the company's management has made efforts so that employees feel obliged to stay in the organization for moral and ethical reasons. The lowest indicator is K01, which is an effective commitment of 0.949 (table 8). Thus, the efforts made by PT. Sumber Wahana Musi are to increase emotional feelings towards the organization and belief in its values.

#### 4.4.7. The Impact of Compensation, Working environment and Organizational Commitment Simultaneously on Performance

The results of the seventh hypothesis testing which states that there is a positive effect of compensation, working environment and organizational commitment simultaneously on employee performance are appropriate and can strengthen the





conclusions of previous studies that compensation, working environment and organizational commitment simultaneously have a positive effect on employee performance (Darmawati, 2014); (Dhermawan, et, al, 2012,; Elizar, & Tanjung, (2018).; (Hayati, et, al, 2020). This is shown by the structural equation:  $\text{employee performance} = 0.39 * \text{compensation} - 0.15 * \text{working environment} + 0.02 * \text{organizational commitment}$ . Thus, the efforts that can be made by PT. Sumber Wahana Musi, to improve employee performance can be through increasing compensation, and organizational commitment as well as improving the working environment together with the employees at PT. Sumber Wahana Musi.

## 5. CONCLUSION

Hypothesis testing proves that the compensation has a positive and significant impact on the organization commitment of employees at PT. Sumber Wahana Musi which implies an increase in compensation provided by the company causes an increase in organizational commitment. Hypothesis testing also proves that the compensation has a positive and significant impact and working environment together on the commitment of organizational of employees at PT. Sumber Wahana Musi which implies an increase in compensation and the working environment together leads to an increase in organizational commitment. Hypothesis testing proves that there is a positive and significant effect of compensation on the performance at PT. Sumber Wahana Musi which implies an increase in compensation causes employee performance to also increase.

Empirically, hypothesis testing proves the negative and insignificant impact of the working environment on the organizational commitment at PT. Sumber Wahana Musi which implies a better working environment can reduce the increase in organizational commitment although it is not significant. Furthermore, hypothesis testing also proves that the work environment has a negative and insignificant effect on performance at PT. Sumber Wahana Musi which implies a better working environment can reduce performance even though it is not significant. This is because the factors forming the working environment consist of physical and non-physical working environments that are not always in the same direction in their changes. The types of working environment are physical and non-physical environments (Sedarmayanti, 2014).

Hypothesis testing also proves that there is a positive and insignificant effect of organizational commitment on the performance at PT. Sumber Wahana Musi which implies an increase in organizational commitment increases employee performance, but changes in performance due to changes in organizational commitment are not significant. This is





empirically proven by testing the hypothesis that the working environment as one of the factors that influence organizational commitment has a negative, although not significant, effect, while other factors, namely compensation, have a positive and significant influence. Furthermore, there is evidence that there is a positive and significant effect of compensation, working environment, and organizational commitment together on the performance of employees at PT. Sumber Wahana Musi which implies an increase in compensation, working environment and organizational commitment together leads to an increase in employee performance.

Based on the results of the research, it is recommended to increase organizational commitment, it can be done by increasing compensation, through the indicator that has the lowest coefficient of 0.929, namely wages (KI2) which is a reward given directly to employees based on working hours. Furthermore, through the indicator that has the next low coefficient of 0.936, namely salary (KI1), which is the money that employees receive every month and is a wage or reward for what they have done for the company. Salaries are paid according to regular time periods according to the agreement in the employment agreement or company regulations, for example monthly salaries paid at the end or beginning of each month. Wages are given to workers with irregular periods of time, for example unit wages and piece rates paid after the work is completed

Employees' performance improvement is done by increasing compensation first through the indicator coefficient which has the lowest coefficient of 0.929, namely wages (KI2), then through the indicator that has the next low coefficient of 0.949, namely salary. Furthermore, an increase in organizational commitment was carried out through the lowest indicator coefficient of 0.949, namely affective commitment in the form of emotional feelings about the organization and beliefs about its values.

The inability of the working environment to cause changes that are in line with organizational commitment and performance is a limitation of the research. This is due to the scope of research only on employees at PT. Wahana Musi sources only and focus on the variables studied so that it is recommended for further research, it is hoped that it will not only end in research on organizational commitment and employee performance but can be continued on measuring other variables and on other organizational human resources as well as examining factors other factors that can impact organizational commitment and employee performance so as to add horizons and insight into this science more broadly and deeply.





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