

The Effect of Career Compensation and Development to Employee Satisfaction of Public Works Office in Aceh with Organizational Commitment as a Mediation Variable

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Abstract. This study aims to analyze the effect of compensation and career development on organizational commitment and employee job satisfaction, to know the effect of organizational commitment on employee job satisfaction, and to examine the mediation effect of organizational commitment between compensation and career development on employee job satisfaction at the Aceh Government Public Works Service. The samples of this study are 133 respondents taken using the Census sampling technique. The analytical tool used is path analysis with SEM (structural equation modeling) using Amos. The results show that compensation and career development have a positive and significant effect on job satisfaction, while organizational commitment influences job satisfaction. Based on the mediation analysis, organizational commitment partially mediates the effect of compensation on job satisfaction, and organizational commitment mediates in full mediation the effect of career development on job satisfaction.

Keywords: Compensation · Career Development · Organizational Commitment · Job Satisfaction

1 Introduction

Job satisfaction is felt by employees because of the underlying things. A person will feel comfortable, and the level of loyalty at his job will be high if the person gets job satisfaction at work (Nasution et al. 2018). Job satisfaction is a reflection of workers' feelings towards their work. Luthans (2011) states that job satisfaction is the fulfillment of all the needs of workers in carrying out their duties at a certain time. Job satisfaction has a dynamic nature, which means that satisfaction is not a permanent condition because it can be influenced and changed by forces both inside and outside the work environment. Job satisfaction can decrease as fast as job satisfaction arises, so this requires leaders to pay more attention. Unanue et al., (2017) Employees will be able and want to work well and have high job satisfaction if they are placed in a position under their interests and abilities and can meet various needs by doing work. Employees must be placed in positions by their interests and abilities by considering efforts to meet

the needs of human resources.

Organizational commitment is a strong desire to remain as a member of a particular organization, a desire to strive based on the wishes of the organization, and confidence in accepting the values and goals of the organization, Karim & Sciences, (2012). Commitment is a person's ability to carry out obligations and responsibilities. An organization member must commit himself. (Armstrong, 2009) The response system provided by the organization sometimes receives less attention from employees to foster a more loyal attitude towards the organization. This causes the employees to worry about sanctions if they submit their complaints. The concept of commitment in the workplace or organization becomes an interesting research topic Setyowati, (2017). Ghosh & Swamy, (2014) and challenges that can be investigated in the area of management and organizational behavior Robert L. Mathis, (2008) Steyrer, Schiffinger, & Lang, (2008). Dixit & Bhati, (2012). If an employee already has a high level of commitment to the organization where he works, good work motivation will appear in him. People who are already happy and suitable for the workplace will surely dismiss any negative assumptions about the organization, and he will always defend the organization. Employees will work better and continue to try to improve all their abilities for excellent job satisfaction.

Hong, et al (2012) claims that compensation is remuneration given by the company to the employees financially and non-financially. Nowadays, the most important problem with compensation is the compensation received by employees of the Public Work Office of Aceh Government is not optimal compared to the workload carried out by each employee. In the new organizational structures and work procedures, employees are required to work more professionally, disciplined, and able to complete existing work programs appropriately and with good work results, but the compensation received by employees is not optimal.

Providing compensation is very important for organizational and employees commitment so that organizational commitment gets employees who are willing to work by carrying out their duties properly, and employees feel that compensation is given as an appreciation for the work done. Bao, & Wu, (2017). Ivancevich et al, (2012) Compensation is a function of human resource management related to all forms of awards promised to be received by employees in return for carrying out tasks to achieve organizational goals. This relationship will determine the survival and success of the organization. Ulrich (2012) Career development has the role of Administrative, Strategic Champion, Change Agent, and Champion employee. Employee Champion explains the responsibilities of HR, Line Managers and employees themselves in terms of increasing competence and employee involvement, while career development is a personal improvement by someone to achieve a career plan and improvement by the personnel department to achieve a work plan based on the path or level of the organization, (Andana et al. 2012).

The phenomenon related to employee job satisfaction at the Public Works Service show that many employees still do not want to be involved in work that involves directly with the leaders because many employees feel that the leaders are very difficult to accept ideas, so employees are more passive, and only accept ideas of leaders. Besides, regarding promotion opportunities, it still does not look optimal because most employees who are promoted are those closest to their superiors.

Another phenomenon related to organizational commitment is reluctance and lack of willingness to help colleagues complete organizational tasks. Besides, it is difficult

to unite perceptions and unite activities and priorities owned to achieve greater organizational goals, even more so if the project being processed is a project that is controlled by people closest to the boss. Also, there is a lack of employees in understanding the needs of the organization to achieve greater organizational goals so that more priority work is short-term needs.

The phenomenon of employee career development at the Aceh Government Public Works Service reflects that the low level of employee education activities to continue education, especially regarding study permits that require approval from superiors. Besides, the lack of training provided that many jobs require the involvement of outside experts such as consultants because employees are still not skilled in handling certain projects. Another most difficult problem is regarding mutations or job placements that are inappropriate with the expertise of employees that causes job dissatisfaction.

Besides, the phenomenon of compensation is also a problem for employees at the Public Works Service of Aceh Government where the determination of individual employee payments is considered unfair or uneven. The income of passive employees is better because they are closer to superiors while employees who have no influence only get their rights which are considered insufficient. Another problem also arises when the method of payment of income is more to the percentage of position and not on the performance and professionalism that causes many employees to complain about the injustice of compensation distribution. For this reason, the researchers are interested in conducting in-depth research with the title "The Effect of Compensation and Career Development on Employee Job Satisfaction at the Public Works Service of Aceh Government with Organizational Commitment as the Mediation Variable".

2 Literature Review

2.1 Job Satisfaction

Job satisfaction is the fulfillment of all the needs of workers in carrying out their duties at a certain time, (Usman, 2011). Job satisfaction theory is part of motivation theory and tries to answer the question of what needs are satisfying and encourages the spirit of work for the needs and satisfaction of non-material and material obtained from the work. If needs and satisfaction are increasingly met, the spirit of work will get better. Herzberg (1959), Job satisfaction is a reflection of the feeling of work towards the work of an employee. The impact on the positive attitude of employees towards his work is related to the output produced. So, the job satisfaction of employees depends on expectations, which are obtained through work. If there is no difference between what is desired has been fulfilled, it will be satisfying. The job satisfaction has a general dimension to the job itself, through salary, promotion opportunities, supervision, coworkers Luthans, (2012). Job satisfaction refers to several indicators of Ward and Sloane (1999) in Koesmono (2005), namely the existence of colleague relationships, relations with leaders, promotion opportunities, salary, and work comfort.

2.2 Organizational Commitment

Commitment is a psychological condition that characterizes the relationship between employees and the organization and has implications for the individual's decision to stay or leave the organization. Tobing, Armstrong (2009), commitment represents the level or strength of the individual and is collected in an organization. Luthans (2011), organizational commitment is a reflection of employee loyalty and the conservation process in which members of the organization agree to pay attention to the organization and trust to accept the values and goals of the organization. Robert Kreitner (2011), organizational commitment is a reflection of where the employees in the organization and help to achieve goals. This is an important work decision because people have commitments that are expected to be able to predict better work outcomes to achieve organizational goals and have a greater desire to work in an organization. Organizational commitment refers to several indicators of Spencer and Spencer (1993) in Kaswan (2015) namely that there is a willingness to help colleagues complete organizational tasks, uniting their activities and priorities to achieve the goals of a larger organization, understanding the organization's needs to achieve greater organizational goals and choose appropriate organizational needs rather than following some professional interests.

2.2.1 Career Development

Career development is a personal improvement done by someone to achieve a career plan and improvement by the personnel department to achieve a work plan based on the path or level of the organization (Andana et al. 2012). Judging from HR Champion Ulrich (2012), there are roles of Administrative, Strategic Champion, Change Agent, and employee Champion. Employee Champion explains the responsibilities of HR, Line Managers and employees themselves in terms of increasing competence and employee involvement. The role of building a career path by building employee champions, and is the responsibility of human resources, superiors, and employees themselves must be responsible for the aspirations and interests in career. Hartigh et al, (2018), career development refers to several indicators according to Donnelly, et al (2012) consist of education, training, mutation, and promotion of position and tenure.

2.2.2 Compensation

Compensation is a remuneration provided by the company to employees, both financial and non-financial, Robbins, (2013), employee compensation is all forms of payment as gifts given to employees from their work. Compensation is all income consisting of money or goods, directly or indirectly received by employees as the rewards for services given to the organization. Raithatha et al, (2016), compensation of employees in the form of balance given to employees in return for their work. Ivancevich et al, (2012), Compensation is a function of the rewards promised to be received by employees as a reward for carrying out tasks to achieve organizational goals. Compensation refers to several indicators. According to Huffman, et al, (2015), Mangkunegara (2010), the indicators of compensation consist of the High level of

payment given, Payment Structure, Determination of Individual Payments, Payment Methods, and Payment Control.

2.2.3 Conceptual Framework

The conceptual framework in this study was built on the theoretical view of experts, and empirical research results on the relationship between compensation and organizational commitment, the relationship between career development and organizational commitment, and the relationship between organizational commitment and job satisfaction.

For the progress of an organization, it does not only lie on high organizational commitment and optimal employee performance but also job satisfaction as a driving force to achieve organizational goals in doing work to be productive. According to Markoulli et al., (2017). Unanue et al, (2017), job satisfaction is one of the psychological aspects that reflects a person's feelings towards their work.

Previous research on compensation and its effects on organizational commitment as conducted by Arta and Huczynski & Buchanan (2008), compensation has a positive effect on organizational commitment. Then, the relationship between career development and organizational commitment as stated by Robert L. Mathis, (2008), there is an influence of career development on organizational commitment positively and significantly.

Another research by Robbins, (2013) about the effect of compensation on job satisfaction indicate that there is a positive and significant effect between compensation and employee job satisfaction. Then, research on the relationship between career development and job satisfaction stated by Vogel, (2016) shows that career development has a significant effect on employee job satisfaction. Furthermore, previous research examining organizational commitment and its effect on job satisfaction conducted by David P. MacKinnon, (2012) show that organizational commitment has a positive and significant effect on employee job satisfaction.

Based on the description above, the conceptual framework in this study is illustrated in Figure 3.1 below:

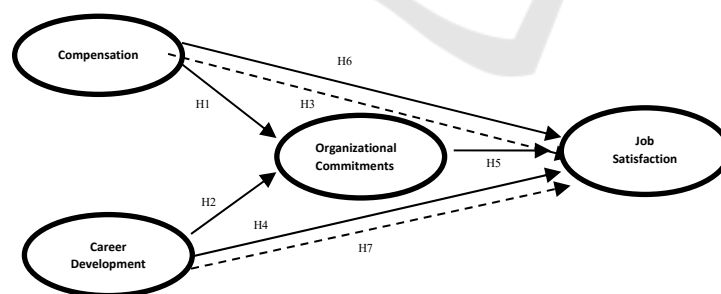


Fig. 1. Conceptual Framework.

2.3 Hypotheses

There are 7 (seven) hypothetical statements based on the research framework as appeared below:

- H1: Compensation has a significant effect on Organization Commitment of Employee at the Public Works Office of Aceh Government.
- H2: Career development has a significant effect on work commitment at the Public Works Office of Aceh Government.
- H3: Compensation has a positive and significant effect on job satisfaction of employees at the Public Works Office of Aceh Government.
- H4: Career development has a positive and significant impact on job satisfaction of employees at the Public Works Office of Aceh Government.
- H5: Organizational commitment has a positive and significant effect on Job Satisfaction of employees at the Public Works Office of Aceh Government..
- H6: Organizational commitment provides a mediating effect on the relationship between compensation and job satisfaction of employees at the Public Works Office of Aceh Government.
- H7: Organizational Commitment mediates the Job Satisfaction of employees at the Public Works Office of Aceh Government.

2.4 Research Methodology

This study uses a statement using a questionnaire as a tool to retrieve data using a modified Linkert scale 1-5. The population in this study are 133 employees of the Public Works Office of Aceh Government selected using a Census sampling. Baron & Kenny, (1986) The analysis technique used is the Structural Equation Model (SEM) using SPSS 16.0 and Amos. The validity test of the instrument is conducted using the Confirmatory Factor Analysis (CFA) of each construct by looking at the Loading Factor value of each indicator and the results of each statement that has a value of > 0.6. The reliability test uses the following formula:

$$\text{Construct Reliability} = \frac{(\sum \text{std.loading})^2}{(\sum \text{std.loading})^2 + \sum \epsilon_i^2}$$

While the variant extract can be calculated with the following formula:

$$\text{Variance Extracted} = \frac{\sum \text{std.loading}^2}{\sum \text{std.loading}^2 + \sum \epsilon_i^2}$$

2.5 Results and Discussions

The results of the full model 1 analysis (initial model) using SEM analysis are shown in figure 2.

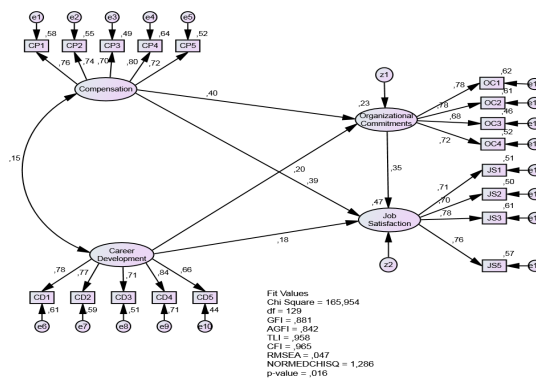


Fig. 2. CFA Full Model Constructs before Modification.

Furthermore, the suitability test of the model is in the following Table 1:

Table 1. Structural Equation Model Full Model Conformity Index Test before Modification.

Goodness of Fit Index	Cut-off Value	Analysis Results	Evaluation Models
χ^2 Chi-Square Statistics	Expected to be low	165,954	Good
Probability	$\geq 0,05$	0,016	Marginal
CMIN/DF	$\leq 2,00$	129	Good
GFI	$\geq 0,90$	0,881	Marginal
AGFI	$\geq 0,90$	0,842	Marginal
TLI	$\geq 0,95$	0,958	Good
CFI	$\geq 0,95$	0,965	Baik
RMSEA	$\leq 0,08$	0,047	Baik

Based on table 1 above, in general, all the constructs used in forming this research model, both in the confirmatory analysis (CFA), the value of the regression between constructs and the goodness of fit test consisting of CDMIN/DF already meet the required criteria except Probability, GFI, and AGFI have values that are not good and needs modification.

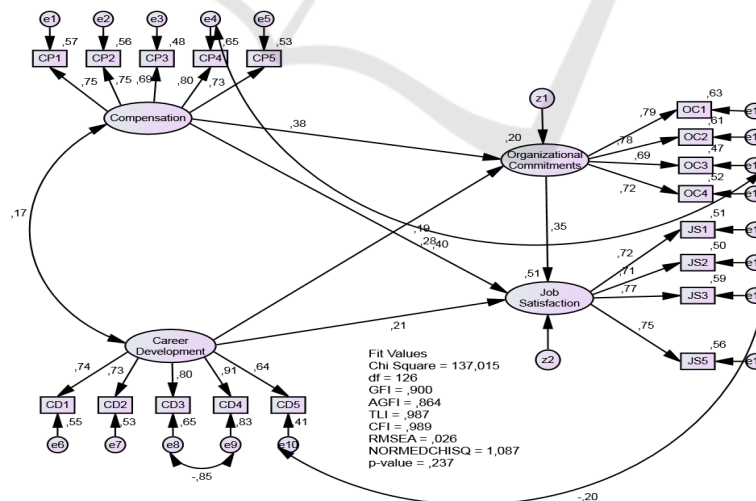


Fig. 3. CFA Full Model Constructs before Modification.

Furthermore, the suitability test of the model is in the Table 2 below:

Table 2. Structural Equation Model Full Model Conformity Index Test After Modification.

Goodness of Fit Index	Cut-off Value	Analysis Results	Evaluation Models
χ^2 Chi-Square Statistics	Expected to be low	165,954	Good
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TLI	≥ 0.95	0.958	Good
CFI	≥ 0.95	0.965	Good
RMSEA	≤ 0.08	0,047	Good

Figure 3 and table 2 above show the final results of the full model confirmatory factor analysis. In general, all the constructs used in forming this research model, both in the confirmatory analysis (CFA), the value of the regression between constructs and the goodness of fit test consisting of CDMIN / DF, probability, TLI, CFI GFI and RMSEA, have met the required criteria except AGFI which is at almost good value, and the model can be concluded to be fit and support the data, but there is a marginal value of AGFI but it is acceptable because the probability value is above 0.05. So, the model is acceptable and feasible to be used in this study. To see how much direct, indirect, and total influence is shown in Table 3:

Table 3. Tests of direct, indirect, and total influence.

	Carreer Development	Compensation of Employees	Organizational Commitment	Job Satisfaction
Direct Effects				
Organizational Commitment	0,186	0,382	0	0
Job Satisfaction	0,213	0,400	0,350	0
Indirect Effects				
Organizational Commitment	0	0	0	0
Job Satisfaction	0,065	0,134	0	0
Total Effects				
Organizational Commitment	0,186	0,382	0	0
Job Satisfaction	0,278	0,534	0,350	0

The results of testing the effect of mediating (intervening) on the relationship between the compensation and job satisfaction mediated by the organizational commitment are in Figure 4:

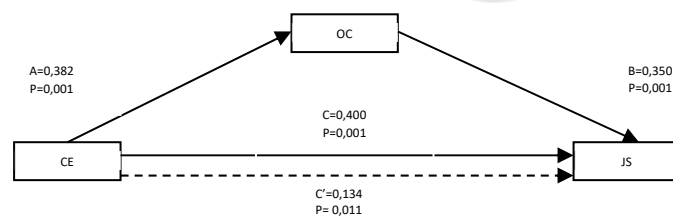


Fig. 4.

Figure 4 explains that the coefficients of path A, path B, and path C are significant, and the significance value of path C is not significant. Because the probability of path C 'is significant, a partial mediation relationship can be concluded. In other words,

organizational commitment mediates in full mediation between compensation and job satisfaction at the Public Works Office of Government of Aceh.

The results of testing the mediation effect of organizational commitment between career development and job satisfaction shown in the form of Figure 5:

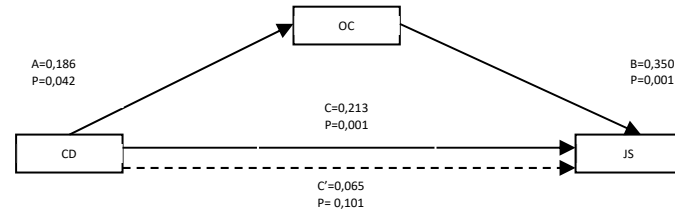


Fig. 5.

Figure 5 explains that the path coefficients of path A, path B, and path C are significant, and the significance value of path C 'is not significant. Since the probability of path C 'is insignificant, it concludes that there is a full mediation relationship or organizational commitment fully mediates between career development and employee job satisfaction at the Public Works Office of Aceh Government.

Table 4. Hypothesis Test Results.

No	Hypothesis Statements	Estimate Std.	S.E.	CR	P	Conclusion
1	Compensation has a positive and significant effect on the organizational commitment of employees at the Public Works Office of Aceh Government.	0,408	0,110	3,714	0,001	The hypothesis is accepted and the data supports the model
2	Career development has a positive and significant effect on the organizational commitment of employees at the Public Works Office of Aceh Government.	0,208	0,102	2,029	0,042	The hypothesis is accepted and the data supports the model
3	Compensation has a positive and significant effect on job satisfaction of employees at the Public Works Office of Aceh Government.	0,391	0,100	3,92	0,001	The hypothesis is accepted and the data supports the model
4	Career development has a positive and significant effect on job satisfaction at the Public Works Office of Aceh Government.	0,218	0,085	2,557	0,011	The hypothesis is accepted and the data supports the model
5	Career development has a positive and significant effect on job satisfaction of employees at the Public Works Office of Aceh Government.	0,320	0,094	3,415	0,001	The hypothesis is accepted and the data supports the model
6	Organizational commitment partially mediates between compensation and job satisfaction in the Public Works Office of Aceh Government.	0,134	0,052	2,539	0,011	The hypothesis is accepted and the data supports the model
7	Organizational commitment fully mediates between career development and job satisfaction at the Public Works Office of Aceh Government.	0,065	0,039	1,637	0,101	The hypothesis is accepted and the data supports the model

2.5.1 Research Implications

The research carried out must be able to contribute or theoretically implicate to the development of science and make practical contributions to managerial policy. This research has contributed theoretically and practically.

2.5.2 Theoretical Implications

This research has several theoretical implications, as follows:

1. Compensation and career development have a positive and significant effect on organizational commitment and job satisfaction. This is in line with most previous research findings that found a positive and significant effect on compensation and career development on organizational commitment and job satisfaction. Thus, this research has strengthened the theoretical framework related to the effect of compensation and career development on organizational commitment and job satisfaction.
2. Organizational commitment has a positive and significant effect on job satisfaction, and this is in line with most previous research findings that found a positive and significant effect on organizational commitment to job satisfaction.
3. Organizational commitment partial mediates the relationship between compensation and job satisfaction. This is not in line with the results of previous studies, which indicate that there is a significant partial mediation effect of job satisfaction that mediates the relationship between compensation and job satisfaction..
4. Organizational commitment fully mediates the relationship between career development and job satisfaction. This is not in line with the results of previous studies, which finds that there is a significant partial mediation effect of job satisfaction that mediates the relationship between compensation and job satisfaction.

2.6 Practical Implications

1. Compensation and career development have a positive and significant effect on organizational commitment. This means that the better the compensation and career development, the more the organizational commitment increases. The consequences of compensation and career development certainly increase organizational commitment.
2. Compensation and career development have a positive and significant effect on job satisfaction. It means that the better the compensation and career development, the more job satisfaction increases. The consequence of compensation and career development is certainly to increase job satisfaction.
3. Organizational commitment has a positive and significant effect on Job Satisfaction of the Public Works Office of the Aceh Government. In other words, the higher the job satisfaction, the higher the Job Satisfaction of the Public Works Office of the Aceh Government. This finding suggests that organizational commitment is something that must be considered by leaders to employees to increase employee job satisfaction.
4. Organizational commitment can partially mediate the relationship between compensation and work satisfaction. The implication for the Public Works Office of Aceh Government who wants to improve job satisfaction can be achieved through efforts to increase fair employee compensation under applicable regulations

in the Public Works Office of Aceh Government without having to be supported by strengthening organizational commitment.

5. Organizational commitment can fully mediate the relationship between career development and job satisfaction. The implication for the Office of Public Works of the Government of Aceh who wants to improve Job Satisfaction can be achieved by improving employee career development. This means that the Head of the Public Works Office of the Aceh Government must focus attention on efforts that can increase job satisfaction. Moreover, it will be stronger if strengthened by organizational commitment.

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