

CHAPTER I

INTRODUCTION

1.1 Background

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

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

Organizational commitment is the level of trust and acceptance of the workers towards the goals of the organization and has a desire to remain in the organization (Busro, 2018:71). Someone who joins a company organization is

required to have a commitment within himself, therefore employee organizational commitment is very important in the company and with high commitment it is expected that employees can work optimally and can lead to increased performance for employees.

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

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

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

This research was conducted at PT Duwa Atmimuda Kudus. PT Duwa Atmimuda Kudus is a company engaged in machining or manufacturing services and is located at Jl. Jambean No.21, Kudus Regency. Initially PT Duwa Atmimuda Kudus was a supplier to PT. Hartono Istana Teknologi for the supply of electronic components, but with its current developments the company is widening its market share to become a supplier to companies located in Central Java, the Special Region of Yogyakarta and the East Java region. Due to the increasing market demand, the company began to become a supplier of electrical components while maintaining electronic component products.

From interviews with the HRD Assistant of PT Duwa Atmimuda Kudus, there is data related to employee turnover. Can be seen in table 1.1 as follows:

Table 1.1
Employee Exit Data of PT Duwa Atmimuda Kudus
2020-2022

Year	Employee Exit
2020	1
2021	4
2022	9
Total	14

Source: HRD PT. Duwa Atmimuda Kudus, 2023

Based on the data in table 1.1, it can be seen that the employee exit data of PT Duwa Atmimuda Kudus for 3 years has increased. This illustrates a decrease in organizational commitment. Several factors can cause low organizational commitment including compensation, organizational culture and job satisfaction. The following is data on compensation issues in table 1.2 as follows:

Table 1.2
Employee Overtime Wages Data at PT. Duwa Atmimuda Kudus
2020-2022

Year	Overtime Wages/Hours	
	Office Staff	Production Employees
2020	Rp. 11,500 – Rp. 17,341	Rp. 8,760.00
2021	Rp. 12,000 – Rp. 17,500	Rp. 9,000.00
2022	Rp. 12,000 – Rp. 20,000	Rp. 9,000.00

Source: PT. Duwa Atmimuda Kudus, 2023

Based on table 1.2, it can be seen that there is a difference in overtime pay between office staff and production employees. In 2021 and 2022 the overtime pay for production employees will not increase, causing social jealousy between production employees and office staff, resulting in reduced employee organizational commitment.

In addition, the organizational culture at PT Duwa Atmimuda Kudus has not been optimal, causing a decrease in organizational commitment. The following data on the implementation of Organizational Culture in table 1.3 as follows:

Table 1.3
Data on the Implementation of Organizational Culture of PT. Duwa
Atmimuda Kudus
Year 2023

Organizational Culture Indicator	Percentage of employee appraisal (%)	Description
Pay Attention to Details	73	Enough
Results Orientation	87	Good
Team Orientation	77	Enough
Aggressiveness	80	Good
Stability	67	Not enough

Source: Results of data processing, 2023

Score	Qualification
90-100	Very good
80-89	Good
70-79	Enough
60-69	Not enough
50-Under	Bad

Source: PT. Duwa Atmimuda Kudus, 2023

Based on table 1.3, it can be seen that of the five indicators of organizational culture, there is still one indicator with a not enough score, namely the stability indicator, and there are two indicators with enough score, namely the attention to detail indicator and the team orientation indicator. This illustrates that the organizational culture at PT. Duwa Atmimuda Kudus is not optimal yet. Problems of job satisfaction can be seen in the data on employee work facilities in table 1.4 as follows:

Table 1.4
Data Work Facilities on PT Duwa Atmimuda Kudus
Year 2023

No	Facility	Amount	Respondent's Answer		
			Adequate	Less Adequate	Inadequate
1.	Worship place	3 prayer rooms	10	-	-
2.	Toilet	5 Toilets	9	1	-
3.	Canteen	1 canteen	2	5	3
4.	Parking lot	2 Parking Spaces	5	4	1
5.	Room Temperature	-	2	4	4

Source: PT. Duwa Atmimuda Kudus, 2023

In table 1.4 it can be seen that based on the results of interviews with ten production employees, information was obtained that at PT. Duwa Atmimuda Kudus only has one canteen and the results of interviews with ten employees, five said it was less adequate, three said it was inadequate and two said it was adequate. The condition of the room temperature there were four people who said it was less adequate, four people said it was inadequate and 2 people said it was adequate. This illustrates that the canteen and room temperature tend to be less adequate so that it can reduce employee job satisfaction.

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

Research conducted by Saluy & Raharjo, (2021) compensation has a positive and significant effect on employee job satisfaction, while research conducted by Rosalia, et al, (2020) compensation has a negative and significant effect on employee job satisfaction and research conducted by Saputra (2022) say that organizational culture has a negative and insignificant effect on job satisfaction.

Research conducted by Lewaherilla et. al (2022) organizational culture has a positive and significant effect on employee organizational commitment and research conducted by Daslim, et al (2021) says that organizational culture has a positive and significant effect on employee organizational commitment. Meanwhile, research conducted by Bagis, et al: (2021) organizational culture has a negative but not significant effect on organizational commitment and research conducted by Anindya et al (2022) organizational culture has a negative and insignificant effect on employee organizational commitment.

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

Research conducted by Yusnita et. al (2022), Anindya (2022) job satisfaction has a positive effect on organizational commitment, in contrast to research

conducted by Kasmari, et.al (2022) which states that job satisfaction has a negative but significant effect on employee organizational commitment.

Based on the background and differences in previous research results described above, researchers are interested in conducting research with the title "The Effect of Organizational Culture and Compensation on Organizational Commitment through job satisfaction as an intervening variable at PT. Duwa Atmimuda Kudus".

1.2 Scope

- a. The variables in this research consist of:
 1. The exogenous variables in this study are organizational culture and compensation.
 2. The endogenous variable in this study is organizational commitment.
 3. The intervening variable in this study is job satisfaction.
- b. The object in this research is PT. Duwa Atmimuda Kudus.
- c. Respondents from this research research were all employees of the production division of PT. Duwa Atmimuda Kudus.
- d. Research period

To limit the discussion that researchers do, researchers need about 3 months for the research process. On this occasion the author takes the variables Organizational Culture and Compensation for Organizational Commitment through Job Satisfaction PT. Duwa Atmimuda Kudus.

1.3 Formulation of The Problem

Based on the description of the background of the problems above, there are several problem phenomena related to the decrease in employee organizational commitment, which is marked by an increase in the number of employees leaving. Problems related to compensation, namely there is no increase in overtime pay for employees in the production section in 2021-2022. The problem of organizational culture has not run optimally because employees are still lacking. The problem of job satisfaction is that the level of employee job satisfaction is still low which is caused by the phenomenon of problems related to canteen facilities and hot room conditions in the production section. Based on the formulation of the problem above, this research question is as follows:

1. How does organizational culture affect job satisfaction at PT. Duwa Atmimuda Kudus?
2. How does compensation affect job satisfaction at PT. Duwa Atmimuda Kudus?
3. How does organizational culture affect organizational commitment at PT. Duwa Atmimuda Kudus?
4. How does compensation affect organizational commitment at PT. Duwa Atmimuda Kudus?
5. How does job satisfaction affect organizational commitment at PT. Duwa Atmimuda Kudus?

1.4 Research Objectives

1. Analyzing the effect of organizational culture on Job Satisfaction at PT. Duwa Atmimuda Kudus.
2. Analyzing the effect of Compensation on Job Satisfaction at PT. Duwa Atmimuda Kudus.
3. Analyzing the effect of organizational culture on organizational commitment at PT. Duwa Atmimuda Kudus.
4. Analyzing the effect of compensation on organizational commitment at PT. Duwa Atmimuda Kudus.
5. Analyzing the effect of job satisfaction on organizational commitment at PT. Duwa Atmimuda Kudus.

1.5 Research Benefits

1. Theoretical Benefits

Academically, this research is expected to provide deeper scientific theoretical knowledge about the effect of organizational culture and compensation on organizational commitment through job satisfaction as an intervening variable.

2. Practical Benefits

Practical benefits, the results of this study are expected to provide input and consideration for companies in increasing organizational commitment and can also pay attention to factors from organizational culture and compensation through job satisfaction as intervening variable.