JOB SATISFACTION AND EMPLOYEE PERFORMANCE FACTORS IN PALM OIL PLANTATIONS

Prasis Damai N. H.
Department of Mathematics and Information Technology, Kalimantan Institute of Technology, Indonesia
Rofiaty
Sudjatno
Faculty of Economics and Business, Brawijaya University, Indonesia

Abstract: The research objective was to determine the effect of organizational culture, compensation, and motivation on job satisfaction and employee performance of oil palm plantations at Katari Agro Estate, PT. Bumitama Guna Jaya Agro, Central Kalimantan Province. The research sample of 200 plantation direct employees was selected by accidental sampling method from 428 populations. Data were collected using a questionnaire and then analyzed by variant-based Structural Equation Model (SEM) or Partial Least Square (PLS). The results of the analysis prove that organizational culture, compensation, and motivation directly have a significant effect on job satisfaction. Organizational culture, compensation, and motivation have a significant direct effect on employee performance. Job satisfaction directly has a significant effect on employee performance. The indirect effect between organizational culture and motivation on performance through job satisfaction is not significant. The indirect effect between compensation on performance through job satisfaction has significant. The study results have implications for organizational culture, compensation, and employee motivation that need to be improved to increase job satisfaction and employee performance. Suggestions for further research include exploring research by adopting qualitative studies to explain the symptom further and focusing on the influence of organizational culture, compensation, and motivation on indirect employee or managerial employee groups.

Keywords: Organizational Culture, Compensation, Motivation, Job Satisfaction, Performance, Direct Employee
INTRODUCTION

The palm oil agro-industry is important in today's national economy, especially as a provider of employment, the main source of vegetable oil, income, and foreign exchange. The intense competition in the world of oil palm agribusiness requires an effort to increase the job satisfaction and performance of plantation employees. Organizations must play an active role in creating a strong organizational culture, high compensation, and employee motivation to increase job satisfaction and performance. Strong or weak organizational culture also affects employee performance. Organizational culture in oil palm plantations which in this study is called plantation culture values, and company habits developed over a long period that is applied to influence the mindset, attitudes, and behavior of plantation employees in achieving organizational goals (Wirawan, 2007). The plantation companies compensate employees as a form of appreciation for the services, obligations, and responsibilities provided. Employees receive compensation in the form of salaries, wages, ready-to-buy premiums, extra premiums, leave allowances, holiday allowances, maternity leave, BPJS health, BPJS employment, employee housing facilities, and several other public facilities. When managed properly, compensation helps the company achieve its goals and maintain and retain productive employees (Simamora, 1999). Creating high employee performance can also be fostered through motivation. Employees with high motivation can do the job better than those without motivation (Mas'ud, 2004). Work motivation is needed by a plantation employee to achieve high job satisfaction, even though the level of job satisfaction is very relative or different for each individual. Individual job satisfaction depends on the difference (discrepancy) between the needs or the expectations with what has been achieved in the job (Locke, 1969). The positive influence between the job satisfaction factors on employee performance is also seen in the results of the research of Brahmansari and Suprayetno (2008), Mamik (2008), Noermijati (2008), and Valaei (2016). The Bumitama Gunajaya Agro oil palm plantation is the research sample because it is a company in Kalimantan whose mission is to put the role of human resources as a very important factor. There is still a lack of research on organizational culture, compensation, and employee motivation in the oil palm agribusiness sector which is associated with job satisfaction and performance of oil palm plantation employees.

Based on the above background, the purpose of this paper is to determine the mediating effect of job satisfaction on organizational culture, compensation, and motivation separately on the performance of plantation direct employees. Several previous studies have partially examined the relationship between organizational culture, compensation and motivation on job satisfaction, and job satisfaction on employee performance, as follows: first, the influence of organizational culture on job satisfaction, with the results of research stating a significant and positive effect (Ehlers, 2003; Brahmansari and Suprayetno, 2008; Izverciana, 2016) and other studies that suggest no influence an indirect effect of organizational culture on human resource performance through work motivation (Al-Musadiq et al., 2018); second, the effect of compensation on job satisfaction, with research results stating a significant and positive effect (Elliscon, 2002; Nanda, 2008; Rofnanda, 2008); third, the effect of motivation on job satisfaction, found significant and positive results (Tyilana, 2005; Brahmansari and Suprayetno, 2008; Noermijati, 2008; Rofnanda, 2008; Pepe, 2010; Izverciana, 2016); fourth, the effect of job satisfaction on employee performance, found significant and positive results (Judge et al., 2001; Brahmansari and Suprayetno, 2008; Valaei, 2016; Kamaruddin et al., 2018). Some of the above research studies have not been tested on oil palm plantations. The originality of the research lies in the comprehensive examination of organizational culture, compensation, and motivation on job satisfaction and employee performance, on employee performance, and modeling of human resources on oil palm plantations, especially in Indonesia.

LITERATURE REVIEW
Organizational Culture

Organizational culture is a framework that contains attitudes, values, norms and expectations shared by the organizational members. Denison and Spreitzer (1991) suggested 4 (four) principles of the reciprocal relationship between organizational culture and work effectiveness in organizations including involvement, consistency, adaptability, and mission. Schein (2002) agreed that understan-
ding and managing organizational culture could be used to develop organizations more effectively. Organizational culture can be used as a management tool to achieve progress and as a mainstay of competitiveness.

Compensation
Dessler (1998) provided a limitation that employee compensation refers to all forms of wages or rewards that apply to employees. According to Hasibuan (2017), the purpose of compensation is a form of cooperation that increases job satisfaction, makes employee procurement more effective, motivates employees, maintains employee stability, and can form discipline whose dimensions include direct compensation and indirect compensation, and incentives.

Work Motivation
All individuals have various needs, as in Maslow's hierarchy of needs, which can influence each individual's motivation. Given that in organizations, there are individuals with different backgrounds, the motivation needed by each individual is also different. McClelland (1961) stated that Motivation Theory describes three relevant needs in the workplace: the need for achievement, affiliation, and authority. Meanwhile, Herzberg (1966) explained extrinsic and intrinsic factors as factors that motivate individuals whose dimensions include received wages, promotions, benefits, security, and working conditions.

Job Satisfaction
Job satisfaction is an evaluation that describes the individual's feeling of being happy or not happy, satisfied or not satisfied in carrying out work. Gibson et al. (1997) stated that job satisfaction comes from employee perceptions of work based on satisfaction with colleagues, satisfaction with superiors, satisfaction with opportunities for the advancement, satisfaction with jobs, satisfaction with salaries, and satisfaction with the organization. Meanwhile, according to Cellucci and De Vries (1978), satisfaction includes job characteristics, payment, promotion, supervision, and co-workers. Job satisfaction can affect individual behavior in carrying out a job.

Performance
The employees will get information about how well they are working compared to organizational standards through the performance appraisals. The employees receive feedback on their performance as a guide for the future behavior. Dessler (1998) defined the performance as a comparison between real work results and the work standards set. According to Dharma (2003), the performance dimensions include quality, quantity, and accuracy.

Hypothesis Development

![Figure 1. Research Concept Framework](image-url)
Variables have been organizational conditions employees in South Africa. It has an effect on job satisfaction (H6). It is in line with Alri and Suprayetno (2008). Research by Brahmasari and Suprayetno (2008), and Al-Musadieq et al. (2018) at PT. Yodya Karya proves that organizational culture positively and significantly affects employee performance (H1). In contrast to Oemar (2007) that organizational culture has no significant effect on employee performance at PT. Riau Bank. Research by Khan et al. (2012) at the Pakistani Medical Institute stated that compensation significantly affects employee performance (H2). It is different from Riansari’s research (2012), which stated that compensation has no significant direct effect on employee performance at Bank BTPN Malang Branch. Research by Sudarto (2004), Brahmasari and Suprayetno (2008), and Al-Musadieq et al. (2018) stated that work motivation affects employee performance (H3). In line with the research of Salleh et al. (2011) on government employees in Malaysia.

**H1:** There is a direct influence of organizational culture on performance.

**H2:** There is a direct influence of compensation on performance.

**H3:** There is a direct influence of motivation on performance.


**H4:** There is a direct influence of organizational culture on job satisfaction.

**H5:** There is a direct influence of compensation on job satisfaction.

**H6:** There is a direct influence of motivation on job satisfaction.

Research by Kamaruddin et al. (2018), Judge et al. (2001), and Brahmasari and Suprayetno (2008) stated that job satisfaction has significant effect on employee performance (H7). It is in line with Valaei’s (2016) research that there is positive correlation between job satisfaction (salary, promotion, supervision, environmental conditions, co-workers, and nature of work) on employee performance.

**H7:** There is a direct influence of job satisfaction on performance

**H8:** There is an indirect effect of organizational culture on performance through job satisfaction

**H9:** There is an indirect effect of compensation on performance through job satisfaction

**H10:** There is an indirect effect of motivation on performance through job satisfaction

**METHOD**

This research is descriptive with a quantitative approach. The research object was 428 direct employees of the Katari Agro Estate oil palm plantation owned by PT. Bumitama Gunajaya Agro in Central Kalimantan. The sampling technique was cluster sampling with an accidental sampling approach to the 4 (four) employee categories totaling 200 respondents. Sources of data research are quantitative and qualitative data. Methods of data collection with direct observation and questionnaire data collection.

**RESULTS**

The results of the validity and reliability test of the variables of organizational culture, compensation, work motivation, job satisfaction, and employee performance show that the p-value is smaller than α = 0.05 (5%) and the Cronbach Alpha coefficient value > 0.6, so it can be said that all Question items on research variables have been valid and reliable. The multivariate normal assumption test results obtained the value | CR | > 2.58, meaning that the multivariate normal assumptions have not been fulfilled. Thus, structural model testing uses variance-based SEM, called Partial Least Square (PLS). Testing using the help of software WarpPLS Version 6.0. Evaluation of outer model (construct model) has two stages. First, the evaluation of convergent validity shows the loading factor > 0.700, meaning that all indicators in the vari-
able can be used for further analysis. Second, the evaluation of construct reliability in Table 2 shows composite reliability $>0.700$, meaning that entire construct model in this study has good reliability.

### Table 1. Summary of Characteristic of Respondents

<table>
<thead>
<tr>
<th>Characteristic of Respondents</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>132</td>
<td>66%</td>
</tr>
<tr>
<td>Female</td>
<td>68</td>
<td>34%</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Respondent Working Period</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$\leq$ 5 years</td>
<td>46</td>
<td>23%</td>
</tr>
<tr>
<td>5-10 years</td>
<td>124</td>
<td>62%</td>
</tr>
<tr>
<td>10-15 years</td>
<td>30</td>
<td>15%</td>
</tr>
<tr>
<td>15-20 years</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>$\geq$ 20 years</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Junior high School</td>
<td>62</td>
<td>31%</td>
</tr>
<tr>
<td>Senior High School</td>
<td>137</td>
<td>69%</td>
</tr>
<tr>
<td>Diploma</td>
<td>1</td>
<td>1%</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Marital Statues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>182</td>
<td>91%</td>
</tr>
<tr>
<td>Unmarried</td>
<td>18</td>
<td>9%</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Table 2. Result of Construct Reliability

<table>
<thead>
<tr>
<th>Variabel</th>
<th>Composite Reliability</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Culture (X1)</td>
<td>0.950</td>
<td>Reliable</td>
</tr>
<tr>
<td>Compensation (X2)</td>
<td>0.954</td>
<td>Reliable</td>
</tr>
<tr>
<td>Motivation (X3)</td>
<td>0.963</td>
<td>Reliable</td>
</tr>
<tr>
<td>Job Satisfaction (Y1)</td>
<td>0.958</td>
<td>Reliable</td>
</tr>
<tr>
<td>Performance (Y2)</td>
<td>0.937</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

### Table 3. Value $Q$-squared on Model Research

<table>
<thead>
<tr>
<th>Influence</th>
<th>$Q$-Squared</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1, X2, X3 $\rightarrow$ Y</td>
<td>0.946</td>
</tr>
<tr>
<td>X1, X2, X3 and Y $\rightarrow$ Z</td>
<td>0.869</td>
</tr>
</tbody>
</table>

Furthermore, it is continued with the evaluation of the inner model (structural model) in three stages. First, the $Q$-squared coefficient in Table 3 of the variable influence model shows that the exogenous latent variable can explain the job satisfaction variable of 94.6% and the employee performance variable of 86.9%. The other variables outsi-
de the study explain the rest. Second, testing the direct effect by looking at the significance of the path coefficient at $\alpha = 0.05$, as in Picture 2. The path coefficient value is used to test the effect on the research hypothesis described in the Table 4. Separately the influence of organizational culture, compensation, and motivation on plantation employee performance is significant and positively correlated. The better the organizational culture, compensation, and motivation owned by the plantation will increase the performance of the plantation’s direct employees (Hypothesis 1, Hypothesis 2, and Hypothesis 3 are fulfilled). Separately, the influence of organizational culture, compensation, and motivation on the job satisfaction of plantation direct employees is significant and positively correlated (Hypothesis 4, Hypothesis 5, and Hypothesis 6 are fulfilled). The better the organizational culture, compensation, and motivation owned by the plantation will increase the job satisfaction of the plantation’s direct employees. The effect of job satisfaction on plantation employee performance is significant and positively correlated so that Hypothesis 7 is fulfilled. The increase in job satisfaction of plantation employees will improve the performance of the plantation employees.

![Figure 2. Analysis Result Path Coefficient Partial Least Square (PLS)](image)

**Table 4. Results of Direct Effect Testing**

<table>
<thead>
<tr>
<th>Influence Tested</th>
<th>H</th>
<th>Path Coefficient</th>
<th>P-Values</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Culture $\rightarrow$ Performance</td>
<td>H1</td>
<td>0.208</td>
<td>0.001</td>
<td>Significant</td>
</tr>
<tr>
<td>Compensation $\rightarrow$ Performance</td>
<td>H2</td>
<td>0.356</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>Motivation $\rightarrow$ Performance</td>
<td>H3</td>
<td>0.688</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>Organizational Culture $\rightarrow$ Job Satisfaction</td>
<td>H4</td>
<td>0.377</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>Compensation $\rightarrow$ Job Satisfaction</td>
<td>H5</td>
<td>0.871</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>Motivation $\rightarrow$ Job Satisfaction</td>
<td>H6</td>
<td>0.491</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>Job Satisfaction $\rightarrow$ Performance</td>
<td>H7</td>
<td>0.120</td>
<td>0.042</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Third, testing the indirect effect by looking at the significance of the $p$-value of the single test results at $\alpha = 0.05$, as in Table 5. There is no significant indirect effect between the organizational cultures on performance through job satisfaction. There is a significant indirect effect between the compensation on performance through job satisfaction. There is no significant indirect effect between motivations on performance through job satisfaction.
DISCUSSION
Organizational Culture and Employee Performance
The result of the study showed that organizational culture had a significant direct influence on the performance of employees of oil palm plantations at Katari Agro Estate. Organizational culture could improve employee performance, even without other components’ assistance. This result is in line with the previous study conducted by Al-Musadieq et al. (2018), which concluded that increasing organizational culture through involvement in work environment needs to be fostered to improve employee performance. Employee involvement in providing innovative ideas to improve quality and quantity of palm oil production and support from superiors who always encourage employees to innovate can improve employee performance.

Compensation and Employee Performance
The result of the study showed that compensation had a significant direct influence on the performance of employees of oil palm plantations at Katari Agro Estate. It means that compensation could improve employee performance, even without being assisted by any other components. This result is in line with the previous study conducted by Khan et al. (2012), which concluded that increased compensation through fulfilling adequate housing facilities in oil palm plantations can increase employee job satisfaction. Fulfillment of indirect compensation through fulfilling adequate housing facilities in oil palm plantations can increase employee job satisfaction. A culture to increase employee job satisfaction. Improving organizational culture through adaptability by encouraging innovation from superiors can increase employee job satisfaction. A culture to continue to innovate needs to be cultivated in every employee. It also requires important role from a boss to encourage employees to innovate. When the employee has innovated and demonstrated his achievements, the boss also needs to give appreciation. It can increase employee job satisfaction.

Motivation and Employee Performance
The result of the study showed that motivation had a significant direct influence on the performance of employees of oil palm plantations at Katari Agro Estate. It means that motivation, without being assisted by any other components, could improve the chance of employee performance. This result is in line with previous study conducted by Al-Musadieq et al. (2018), which concluded that increased motivation through salary and overtime wages could improve the performance of oil palm plantation employees.

Organizational Culture and Employee Job Satisfaction
The result of the study showed that organizational culture had a significant direct influence on the job satisfaction of employees of oil palm plantations at Katari Agro Estate. It means that organizational culture could improve job satisfaction without being assisted by any other components. This result is in line with the previous study Izverciana conducted (2016) and Al-Sada et al. (2017), which concluded that a strong organizational culture could increase employee job satisfaction. Improving organizational culture through adaptability by encouraging innovation from superiors can increase employee job satisfaction. A culture to continue to innovate needs to be cultivated in every employee. It also requires important role from a boss to encourage employees to innovate. When the employee has innovated and demonstrated his achievements, the boss also needs to give appreciation. It can increase employee job satisfaction.

Compensation and Employee Job Satisfaction
The result of the study showed that compensation had a significant direct influence on the job satisfaction of employees of oil palm plantations at Katari Agro Estate. It means that compensation could improve job satisfaction without being assisted by any other components. This result is in line with the previous study conducted by Kamaruddin et al. (2018), which concluded that increasing indirect compensation through fulfilling adequate housing facilities in oil palm plantations can increase employee job satisfaction. Fulfillment of...
these facilities can be in the form of a proper house, clean water facilities, the availability of child care facilities, and places of worship.

**Motivation and Employee Job Satisfaction**

The result of the study showed that motivation had a significant direct influence on the job satisfaction of employees of oil palm plantations at Katari Agro Estate. It means that motivation, without being assisted by any other components, could improve the chance of job satisfaction. This result is in line with the previous study which was conducted by Tyilana (2005), Izverciana (2016), and Al-Sada et al. (2017), which conclude that increased motivation through the aspect of promotion in the form of providing equal opportunities for outstanding employees to get a promotion is one of the factors to increase job satisfaction.

**Job Satisfaction and Employee Performance**

Job satisfaction significantly affects the performance of oil palm plantation employees. In line with Valaei’s (2016) research and Kamaruddin et al. (2018), job satisfaction affects employee performance. The job satisfaction factor needs to be improved from the aspect of conformity with the responsibilities to improve employee performance. Skills specialization is required in each part of the job. Often what happens in the field is if the harvest employees are lacking, then maintenance employees are taken to a sufficient labor ratio. It has an impact on decreasing employee performance because employees are required to work not in accordance with their responsibilities.

**The Influence of Compensation on Employee Performance through Job Satisfaction**

Compensation has a significant indirect effect on employee performance through job satisfaction which can be proven in this study. It is in line with the research of Riansari (2012) and Wellem and Djawoto (2022), which stated that compensation influences employee performance. Providing indirect compensation in the form of adequate housing facilities while they are working can improve the performance and job satisfaction of oil palm plantation employees. Fulfillment of these facilities can be in the form of a proper house, clean water facilities, the availability of child care facilities, and places of worship.

**IMPLICATIONS**

This paper will assist managers and policy-makers in the oil palm sector in developing a better understanding of organizational culture, compensation, and motivation and their impact on job satisfaction and employee performance. Perception studies to see the functional relationship between job satisfaction and performance of plantation employees with organizational factors (organizational culture and compensation) and individual behavioral factors (work motivation) in structural interactions have not been carried out. The results of statistical analysis tests on the research hypothesis are that organizational culture and compensation and motivation factors significantly affect job satisfaction and indirectly affect employee performance. This research is to convince organizations that employee job satisfaction is an important factor in improving their performance. With the strategies recommended by this research, employees will get a higher level of job satisfaction, improve their performance and enjoy working in oil palm plantation sector.

**RECOMMENDATIONS**

The added value of this research, the performance of direct employees of the plantation sector, is expected to be a driver of theoretical and practical information on organizational management functions. The existence of contradictions in empirical findings with several previous studies needs to be an important aspect, say in the plantation industry sector, which needs attention, improvement, and development of management systems. Some of the limitations of the study are: this study is based on cross-sectional data, namely data collection is carried out directly from respondents who are registered as permanent and non-permanent employees during the study; second, respondents were asked to fill out a Likert scale questionnaire, the relevance of the questions for each construct research variable was designed in such a way that respondents could easily remember what and how they felt about their work and organization in performing the task. The basic limitation method is data collection, including there is a bias in the level of understanding of the perception question, the subjectivity of the respondents in terms of the relative, filling in seriousness, the tendency of respondents to give a positive assessment of all rese-
arch, observing these limitations, suggestions for improving data collection, made simple and briefly, the items are first validated with reference to the statistical approach.

Suggestions for further research include exploring research by adopting qualitative studies to explain the symptom, as well as focusing on the influence of organizational culture, compensation, and motivation on indirect employee or managerial employee groups so that further research can explain more comprehensively the factors that affect job satisfaction and employee performance in oil palm plantations.

CONCLUSIONS
This study shows that organizational culture, compensation, and motivation each directly and significantly affect job satisfaction and employee performance. Job satisfaction has a significant direct effect on employee performance. Separately, the compensation factor significantly and indirectly affects employee performance through job satisfaction. It shows that organizational culture, compensation, and motivation have an important role in increasing job satisfaction and employee performance in oil palm plantations.

REFERENCES


