

The Influence of Compensation and Non-Physical Work Environment on Employee Job Satisfaction

Frengky Dupe^{1*}, Bintang Widianlara², Anthon B Mesakh³, Petrus Ana Andung⁴, Yoseba Pulinggomang⁵

¹Master's programme in Communication Studies, Universitas Nusa Cendana, Indonesia

Jl. Adisucipto, Penfui, Kota Kupang, East Nusa Tenggara Timur Province, Indonesia

²Department of Business Administration, Universitas Nusa Cendana, Indonesia

Jl. Adisucipto, Penfui, Kota Kupang, East Nusa Tenggara Timur Province, Indonesia

³Department of Business Administration, Universitas Nusa Cendana, Indonesia

Jl. Adisucipto, Penfui, Kota Kupang, East Nusa Tenggara Timur Province, Indonesia

⁴Master's programme in Communication Studies, Universitas Nusa Cendana, Indonesia

Jl. Adisucipto, Penfui, Kota Kupang, East Nusa Tenggara Timur Province, Indonesia

⁵Department of Business Administration, Universitas Nusa Cendana, Indonesia

Jl. Adisucipto, Penfui, Kota Kupang, East Nusa Tenggara Timur Province, Indonesia

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ABSTRACT

This study aims to identify and explain the participants' responses regarding compensation, non-physical work environment and employee job satisfaction at Surya Batara Mahkota Kupang Company, Indonesia. It also aims to analyse and explain the effect of compensation and non-physical work environment, both individually and collectively, on employee job satisfaction at the Surya Batara Mahkota Kupang, Indonesia. The sample used in this study was a saturated sample of 49 respondents. The data analysis techniques used are descriptive statistical analysis and multiple linear regression analysis. The results of the descriptive analysis indicate that employees' perceptions of compensation, non-physical work environment and job satisfaction are classified as high. Furthermore, the results of the t-test show that the two independent variables have a positive and significant partial effect on the dependent variable. The results of the F-test show that compensation and non-physical work environment simultaneously have a positive and significant effect on employee job satisfaction. The adjusted R-squared value is 0.70 or 70%, which means that 70% of the variability in employee job satisfaction can be explained by the variables of compensation and non-physical work environment. The remaining 30% is due to other variables not included in this study, such as work stress, workload and person-job fit.

Keywords: compensation, non physical work environment, job satisfaction

1. INTRODUCTION

1.1 Introduce the Problem

In the current era of globalisation, the business world is becoming increasingly competitive. Different types of businesses are being established at almost the same time. To keep up with the increasingly competitive business landscape, each company must have unique methods and capabilities to survive and thrive. Success in business competition is inseparable from the role of a critical component within the company: human resources. In order to develop superior and skilled human resources within a company, the involvement of human resource management is essential. Human Resource Management is a strategy for implementing management functions - planning, organising, directing and controlling - in all human resource activities. Through the effective and appropriate execution of human resource management functions, it is expected that the company will produce human resources or employees who can work optimally to help the company achieve its goals and objectives. However, one of the challenges in the practice of human resource management is how to improve employee job satisfaction.

Job satisfaction is an individual's feeling towards his or her job, resulting from both internal and external conditions, work outcomes, and tasks performed (Wulandari & Irfani, 2020). Job satisfaction can influence the level of productivity and morale of employees in performing their work, which ultimately benefits the organisation (Apriyani & Iriyanto, 2020). High levels of job satisfaction

tend to foster positive attitudes towards one's job, while low levels of job satisfaction tend to create negative attitudes (Saputra, 2017). One factor that influences employee job satisfaction is compensation.

Compensation is the reward or remuneration, both direct and indirect, fair and reasonable, provided to employees in return for their contribution or service towards the achievement of the organisation's objectives (Marwansyah, 2019). Providing compensation is used as a management strategy to increase productivity, job satisfaction and employee loyalty to the organisation. Improved compensation can motivate employees to work to their full potential (Wasistha & Agoes, 2018).

In addition to compensation, another factor that influences employee job satisfaction is the non-physical work environment. The non-physical work environment includes all conditions related to working relationships, whether with supervisors, colleagues or subordinates (Sedarmayanti, 2009). Organisations that can provide a conducive work environment can encourage employees to improve the quality of their performance, as a supportive work environment ideally leads to increased job satisfaction (Mulyah et al., 2020).

The Surya Batara Mahkota Kupang is a private company engaged in the marketing of automotive products, maintenance, repair and supply of Suzuki spare parts in Kupang City, East Nusa Tenggara. PT Surya Batara Mahkota Kupang employs 49 people. The company recognises that in order to compete effectively, it needs human resources capable of performing at their best. Therefore, in its operations, the company strives to maintain, serve and meet the needs of its employees by prioritising their satisfaction to ensure that they can work optimally. For example, tasks are assigned according to employees' abilities. However, there are other issues that have hindered the optimal realisation of job satisfaction among employees, mainly due to limited opportunities for career advancement. Employees express dissatisfaction with the promotion opportunities offered by the company. In addition, there is a perceived lack of cooperation among colleagues, leading to feelings of dissatisfaction.

Interviews with the human resources department of the Surya Batara Mahkota Kupang revealed information about compensation and the non-physical work environment at the company. In terms of employee salaries, the average basic salary at the Surya Batara Mahkota Kupang is IDR 2,200,000 with an allowance of IDR 250,000. However, the compensation provided is considered insufficient by the workers. The problem arises because the workers feel that their monthly salary is not enough to meet their family's needs and that the allowances they receive are not commensurate with their positions. Furthermore, in terms of the non-physical working environment at Surya Batara Mahkota Kupang, cooperation among employees is still suboptimal. Employees feel that there is not enough support and assistance from colleagues in completing tasks. This lack of support and harmonious relationships can significantly affect employees' job satisfaction.

1.2. Literature Review

Job satisfaction is a general attitude towards one's work, reflecting the discrepancy between the rewards employees receive and the rewards they believe they should receive (Robbins, 2003). Job satisfaction is defined as the positive or negative attitudes that individuals have towards their jobs (Greenberg & Baron, 2003). In this study, the researcher examines the indicators used to measure job satisfaction: salary, the job itself, promotion opportunities, supervision and colleagues (Luthans, 2006).

Compensation refers to what employees receive in exchange for their contribution to the organisation (Werther & Davis, 1996). Compensation encompasses all earnings in the form of money or goods, either direct or indirect, received by employees as remuneration for services rendered to the company (Hasibuan, 2011). Compensation is a critical aspect of the company as it represents the financial responsibility to be provided to employees who have completed their tasks. In this study, the researcher examines the indicators used to measure compensation are: wages/salaries, incentives, allowances, and facilities (Simamora, 2004).

The work environment is the condition in which the workplace, including both physical and non-physical aspects, can provide a pleasant, safe, tranquil, and comfortable atmosphere. The non-physical work environment encompasses all conditions related to working relationships, whether with superiors, peers, or subordinates (Sedarmayanti, 2009). A work environment is considered good or appropriate when individuals can perform their activities optimally, healthily, safely, and comfortably. Poor environmental conditions can demand more effort and time and do not support the achievement of an efficient work system. In this study, the researcher examines the indicators used to measure the non-physical work environment are: peer relationships, supervisor-employee relationships, and cooperation among employees (Siagian, 2014).

The compensation includes all earnings in the form of money or goods, either direct or indirect, received by employees as remuneration for services rendered to the company. Compensation is crucial to ensuring that employees can work to their maximum potential (Hasibuan, 2011). Timely and appropriate compensation will provide job satisfaction to employees, as they will feel that

their rights have been fulfilled. Compensation has a positive and significant effect on employee job satisfaction (Priyatin & Helmy, 2022; Aisha & Juhaeti, 2023).

The work environment encompasses everything surrounding employees during work hours, influencing themselves and their work, thereby needing to be arranged in a way that can positively affect employees. The non-physical work environment includes all aspects of the psychological work environment and work regulations that can affect job satisfaction and productivity achievement (Pangarso & Ramadhyanti, 2015). A good work environment, harmonious working relationships among employees, communication between supervisors and subordinates, and good cooperation among employees also influence employee job satisfaction. The non-physical work environment has a positive and significant effect on employee job satisfaction (Priyatin & Helmy, 2022); Nurhaisya et al., 2023).

Based on the above explanations, the conceptual framework that can be proposed is as follows: compensation and the non-physical work environment are used as independent variables (X) and employee job satisfaction as the dependent variable (Y).

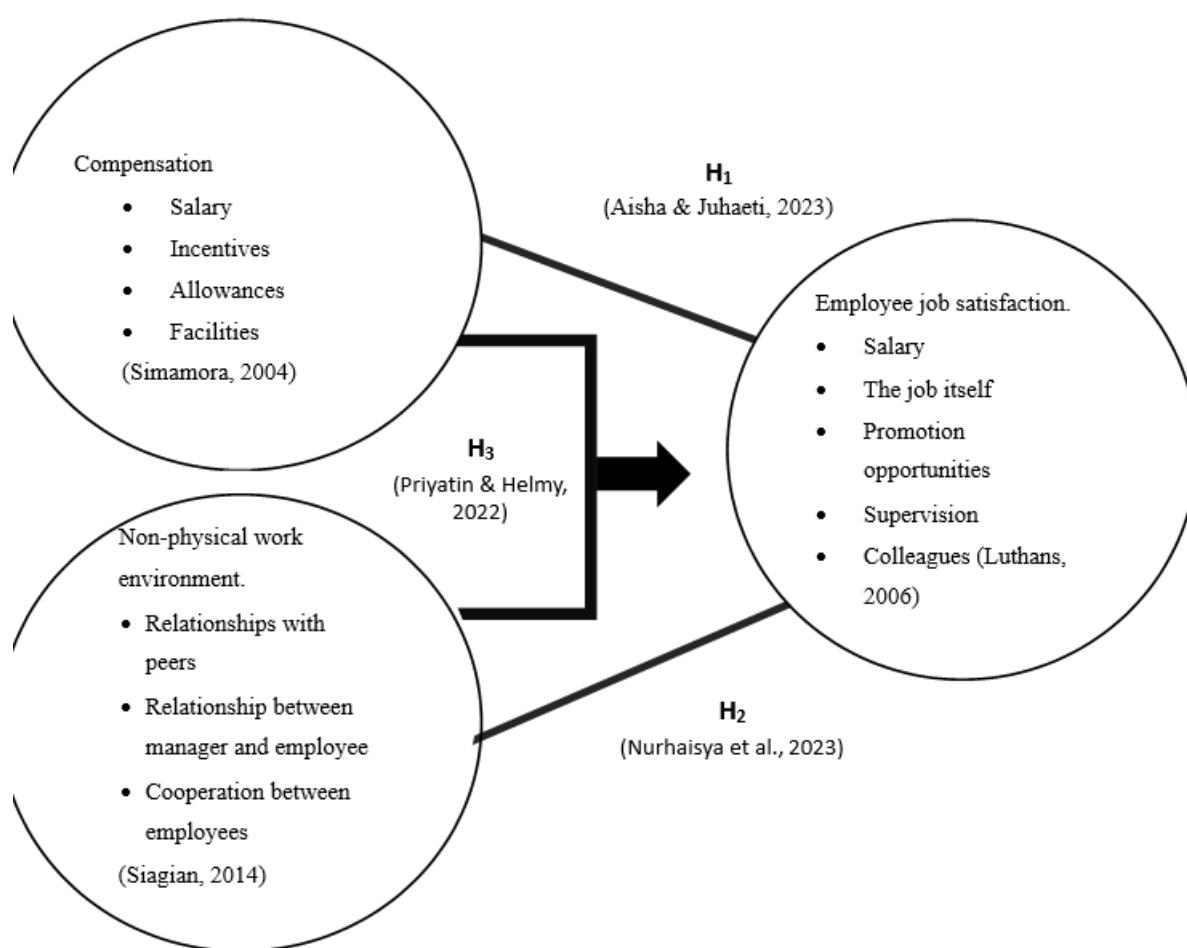


Figure 1. Theoretical framework

The hypotheses that were subsequently tested included:

H1: There is a positive and significant influence between compensation and employee job satisfaction.

H2: There is a positive and significant influence between non-physical work environment and employee job satisfaction.

H3: There is a positive and significant influence between compensation and non-physical work environment on employee job satisfaction.

2. Materials and Methods

2.1. Population and sample

The population in this study consisted of the permanent employees of PT Surya Batara Mahkota Kupang, a total of 49 individuals. The sample was selected using a saturated sampling technique, which means that every member of the population was included in the sample. Therefore, the sample in this study consisted of all 49 employees of PT Surya Batara Mahkota Kupang.

2.2. Data Collection Technique

Primary data collection was done by distributing questionnaires directly to the respondents at PT Surya Batara Mahkota Kupang. Secondary data collection was done by reviewing literature, browsing the internet and other theoretical resources relevant to the topics of the study.

2.3. Descriptive Statistical Analysis

The criteria used for the descriptive statistical analysis are shown in Table 1.

Table 1. Descriptive Analysis Criteria

No.	Criteria	Category
1	1.00-1.80	<i>Positioned in the very negative range (very low)</i>
2	1.81-2.60	<i>Positioned in the negative or low range (low)</i>
3	2.61-3.40	<i>Positioned in the medium range (medium)</i>
4	3.41-4.20	<i>Positioned in the positive range (high)</i>
5	4.21-5.00	<i>Positioned in the very positive range (very high)</i>

Source: (Sugiyon, 2004)

2.4. Multiple Linear Regression Analysis

Multiple linear regression analysis is employed to examine the strength of the relationship between the independent variables and the dependent variable.

t-Test

The t-test is used to determine whether each independent variable has a significant effect on the dependent variable (Sugiyono, 2011).

F-Test

The f-test is utilized to assess whether all independent variables collectively have a significant influence on the dependent variable (Sugiyono, 2011).

3. Results and discussion

The demographic profile of the respondents shows that, in terms of gender, male participants were in the majority with 27 respondents (55%), while female participants comprised 22 respondents (45%). In terms of age, the majority was in the 21-30 age group, with 20 respondents (41%). In terms of educational attainment, the highest proportion of respondents had completed high school or vocational training, with 26 respondents (53%). In addition, the largest group of respondents in terms of tenure had been employed for 1-5 years, with 16 respondents (33%).

3.1. Descriptive statistical analysis of compensation variables (X1)

The compensation variable was assessed using four indicators: salary, incentives, benefits and facilities. The average score for this variable was 4.33, which is considered very high.

3.2. Non-physical working environment variable (X2)

This variable was assessed using three indicators: relationships with peers, relationships between supervisors and employees, and cooperation among employees. The average score for the non-physical work environment variable was 4.08, indicating a high category.

3.3. Employee job satisfaction variable (Y)

The employee job satisfaction variable was assessed using five indicators: salary, type of work, relationships with colleagues, opportunities for promotion and supervision. The average score for this variable was 4.25, which is in the very high category.

3.4. Multiple regression analysis

The results of the multiple linear regression analysis can be interpreted using the following equation:

$$Y = 22.025 + 0.433 X_1 + 0.192 X_2$$

Table 2. Results of t-test analysis

Model	Calculated t-test value	Table t-test value	Significance level
Compensation	9.706	2.012	0.000
Non-physical working environment	3.203	2.012	0.002

3.5. Analysis of t-test results

Based on the t test results in table 2, the compensation variable obtained a t count of 9.706 with a significance level of 0.00 while the t table is 2.012 (Df = n-k-1 = 49-2-1 = 46). The t test results show t count > t table (9.706 > 2.012) and the significant value is 0.00 < 0.05.

Based on the t test results in table 2, the non-physical work environment variable obtained a t count of 3.203 with a significance level of 0.00, while the t table is 2.012 (Df = n-k-1 = 49-2-1 = 46). The t test results show t count > t table (3.203 > 2.012) and the significant value is 0.00 < 0.05.

The F-test is performed as in Table3.

Table 3. F Test Analysis Results

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	82.534	2	41.267	57.069	.000 ^b
	Residual	33.263	46	.723		
	Total	115.797	48			
a. Dependent Variable: job satisfaction						
b. Predictors: (Constant), Non-physical working environment, compensation						

Based on the F-test results in Table 3, the compensation variable (X1) and non-physical work environment (X2) obtained F-count of 57.069 with a significance level of 0.00, while the F-table is 3.199 (Df1 = 2, Df2 = 46, $\alpha = 0.05$). The F-test results show that F-count > F-table (57.069 > 3.199) and the significant value is $0.00 < 0.05$.

3.6. Coefficient of determination (R^2)

Table 4. Model contribution test results

Model Summary				
Model	R	R Square	Adjusted RSquare	Std. Error of theEstimate
1	.844 ^a	.713	.700	.850
a. Predictors: (Constant), Non-physical working environment, compensation				

From the data processing results presented in Table 4, the adjusted R-squared coefficient of determination is 0.70, or 70%. This indicates that 70% of the variance in employee job satisfaction can be accounted for by the two predictor variables: compensation and the non-physical work environment. The remaining 30% of the variance is attributed to other factors not considered in this study. Additionally, the standard error of the estimate (S_e) is 0.850.

3.7. Effect of compensation (X1) on employee job satisfaction (Y)

Based on the results of the t-test using SPSS 26, it can be seen that compensation (X1) has an effect on employee job satisfaction (Y). The compensation variable obtained a t-count of 9.706 with a significance level of 0.00, while the t-table is 2.012 (Df = $n - k - 1 = 49 - 2 - 1 = 46$). The t-test results show $t_{count} > t_{table}$ ($9.706 > 2.012$) and the significance level is $0.00 < 0.05$. Therefore, decision H1 is accepted and it can be concluded that compensation has a positive and significant effect on the job satisfaction of employees in PT Surya Batara Mahkota Kupang. This means that when compensation is better managed, employee job satisfaction at PT Surya Batara Mahkota Kupang will increase. This can be reinforced by the results of the descriptive statistical analysis of the respondents' responses to the remuneration variable, which show that the achievement of an average score for the remuneration variable of 4.33, which is in the very high category, so that it can be said that the average respondent gives a positive assessment. The results of this study support several previous studies which also claim that compensation aspects have a positive and significant effect on employee job satisfaction (Aisha & Juhaeti, 2023; Katili & Prasetyo, 2021).

3.8. Effect of non-physical work environment (X2) on employee job satisfaction (Y)

Based on the results of the t-test using SPSS 26, it can be seen that the non-physical work environment (X2) has an effect on employee job satisfaction (Y). The non-physical work environment variable obtained a t-count of 3.203 with a significance level of 0.00, while the t-table is 2.012 (Df = $n - k - 1 = 49 - 2 - 1 = 46$). The t-test results show $t_{count} > t_{table}$ ($3.203 > 2.012$) and the significance level is $0.00 < 0.05$. Therefore, decision H2 is accepted and it can be concluded that non-physical work environment has a positive and significant effect on the job satisfaction of employees in PT Surya Batara Mahkota Kupang. This means that if the non-physical work environment is better managed, employees' job satisfaction at PT Surya Batara Mahkota Kupang will increase. This can be reinforced by the results of the descriptive statistical analysis of the respondents' responses to the non-physical work environment variables, which show that the achievement of an average score for the non-physical work environment variables of 4.08, which is in the high category, so it can be said that the average respondent gives a positive assessment. The findings of this study are in line with previous research which concluded that the non-physical work environment has a positive and significant effect on employee job satisfaction (Nurhaisya et al., 2023; Asmony & Suryatni, 2023).

3.9. The effect of compensation (X1) and non-physical work environment (X2) on employees' job satisfaction (Y)

Based on the results of the F-test using SPSS 26, the compensation variable (X1) and the non-physical work environment (X2) obtained F-count of 57.069 with a significance level of 0.00, while the F-table is 3.199 (Df1 = 2, Df2 = 46, $\alpha = 0.05$). The F-test results show that $F_{count} > F_{table}$ ($57.069 > 3.199$) and the significant value is $0.00 < 0.05$. Furthermore, based on the results of the determination test, the adjusted R-squared coefficient of determination is 0.70 or 70%.

This implies that the employee job satisfaction variable can be largely explained by two factors: compensation and the non-physical

work environment, with these factors accounting for 70% of the variation. The remaining 30% is attributable to other variables not considered in this study. The standard error of the estimate (S_e) is 0.850. Consequently, it can be concluded that compensation and the non-physical work environment jointly have a positive and significant impact on employee job satisfaction at PT Surya Batara Mahkota Kupang. Specifically, effective and optimal management of compensation (including salaries, incentives, allowances, and facilities) and the non-physical work environment (such as relationships among co-workers, the relationship between supervisors and employees, and employee cooperation) will enhance employee job satisfaction at the company. The results of this study confirm what previous researchers have concluded that compensation and non-physical work environment have a positive and significant effect on employee job satisfaction (Priyatin & Helmy, 2022; Riadin & Jaenab, 2022).

4. Conclusions

Based on the researched and discussed, the conclusions include, first, PT Surya Batara Mahkota Kupang employees' responses to compensation, non-physical work environment and employee job satisfaction are in the high category, this means that the average respondent gives a positive assessment of the variables of compensation, non-physical work environment and employee job satisfaction. Secondly, the results of the t-test show that compensation (X1) has a positive and significant effect on employee job satisfaction (Y). Third, based on the results of the t-test, it shows that the non-physical work environment (X2) has a positive and significant effect on employee job satisfaction (Y). Finally, based on the results of the study, it is known that compensation and non-physical work environment simultaneously affect the job satisfaction of employees of PT Surya Batara Mahkota Kupang.

The recommendations of this study are first, improve the remuneration system. PT Surya Batara Mahkota Kupang should prioritise maintaining and improving its compensation system, with a particular focus on optimising salary provisions. The descriptive analysis shows that the performance for salary indicators is the lowest. Therefore, the company should closely manage its payroll system to ensure that employees receive fair compensation that is in line with their contributions and meets their financial needs. Secondly, improve the non-physical working environment. The company should strive to maintain and improve the non-physical work environment, as a supportive work environment has a positive impact on job satisfaction. This can be achieved by fostering harmonious relationships between co-workers and supervisors, and by encouraging greater co-operation among employees. Thirdly, increase employee job satisfaction. To optimise employee performance, PT Surya Batara Mahkota Kupang should focus on improving overall job satisfaction. This involves paying more attention to factors that influence job satisfaction, such as providing clear opportunities for advancement within the company and fostering strong relationships and cooperation among colleagues.

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