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Determining the Effect of Wage on Employee Satisfaction through Work Environment: A Case Study of Cooperative Office of PRIMKOPPOL, Tebing Tinggi, Indonesia

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Abstract: Various factors, such as wage and work environment, can influence employee job satisfaction. Rewards in the form of wages or salaries are extrinsic rewards that someone, through work activities, can achieve. It can help organizations achieve these workers to work hard to achieve high performance. In contrast, the work environment is the company's physical, social, and psychological life, affecting employee performance and productivity. This research aims to determine the influence of wages on employee satisfaction with the work environment as an intervening variable. In this study, the population was 32 employees of the PRIMKOPPOL cooperative in Tebing Tinggi. Because the target population is less than 100, the sampling technique used is the census method, where the entire population of 32 Tebing Tinggi PRIMKOPPOL Cooperative employees will be used as the research sample. This study also uses path analysis with the help of SPSS for Windows software. The results are that wage has a positive and significant effect on the work environment, wage has a positive and insignificant effect on employee satisfaction, the work environment has a positive and significant effect on employee satisfaction, and the path analysis showed that the work environment could be an intervening variable between wage and employee satisfaction.

Keywords: wage; employee satisfaction; work environment.



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1. Introduction

Talking about Human Resource Management nowadays is getting more and more attention because human resources are actors from all levels of planning to evaluate who can utilize other resources owned by the organization or company. The company's goals are said to be achievable not only depending on modern equipment, adequate facilities, and infrastructure but more depending on human resources who carry out the work. The individual performance of its employees strongly influences the achievement of an

organization. Every company organization must always spur the performance of its employees in the hope of achieving harmony in every part of the company so that the expected goals are achieved.

Richard et al. (2012) assert that job satisfaction is related to one's feelings or attitudes about the work, wage, promotion or educational opportunities, supervision, co-workers, workload, etc. They state that job satisfaction is related to one's attitude towards work, and several practical reasons make job satisfaction an important concept for leaders. Research shows that satisfied workers are more likely to stay with the organization. Satisfied workers also tend to engage in organizational behavior that goes beyond their job descriptions and roles and helps reduce the workload and stress levels of members in the organization. Dissatisfied workers tend to be defiant in their relationship with leadership and engage in various counterproductive behaviors.

The work environment is where employees carry out their daily work (Siagian, 2014). A good and comfortable work environment will encourage the emergence of high morale for employees who work in one area. In the end, this will lead to the achievement of maximum employee performance and will have a positive impact on the agency. In addition, good cooperation is very consistent in carrying out work duties and responsibilities when providing services and performing; this will certainly be a trigger factor in work harmonization and increase the morale of employees in the office. In the process, the work environment is divided into several things, such as the non-physical work environment is a pleasant work environment in the sense of creating a harmonious working relationship between employees and superiors because the humans at work are not only looking for money but work is a form of activity that aims to get satisfaction. From some of the opinions above, it can be concluded that the physical work environment is a physical condition that includes everything from organizational facilities that can affect employees in carrying out work or effectiveness. In comparison, the non-physical work environment is a situation around the workplace that is non-physical. The five human senses cannot capture the non-physical work environment but can be felt by feelings, for example, the relationship between employees and leaders.

Kadarisman (2012) said that the wage is a kind of remuneration the company/organization provides to daily workers (non-permanent workers) whose amount has been previously agreed upon by both parties. However, there are differences based on positions and length of work. The independence of cooperatives within the Police, especially PRIMKOPPOL, has been accepted in the community. However, its credibility is still questionable in conducting business operations, considering that it has not been thoroughly socialized in the community about cooperative management within the Police in realizing the welfare of its members. The dynamics of people's lives with their various challenges will have implications for the increasing demands for needs and the stability of life so that their activities to fulfill these needs are increasing. Support from competent and professional Human Resources with quality experience working in State Institutions, especially the Indonesian National Police, and supported by strategic business partners during the need for services in all areas of life, is expected to create strategic, effective synergies and professionalism. Until now, PRIMKOPPOL has won the trust of various agencies to be able to participate in supporting the needs of public services. The solutions provided cover various fields that are tailored to business partners' and customers' needs and desires and follow actual developments so that they are effective.

For this reason, the business operations must be able to encourage cooperative members within the Police to become more intelligent, cultured, balanced with high morals and morals, and followed by creativity and innovation in realizing challenges into opportunities that they can work on where there is employee dissatisfaction in a work environment that is less comfortable at work and disputes occur between employees due to job competition. Lydon and Chevalier (2002) revealed that future wage expectations and career aspirations significantly affect job satisfaction and provide a better fit than some ad-hoc measures of relative wage. Thus, this study seeks to determine the effect of wages on employee satisfaction and the mediating role of work environment in the relationship between wage and employee satisfaction at cooperative PRIMKOPPOL in Tebing Tinggi, Indonesia.

2. Literature Review

2.1. Wage

Labor is the second most important factor of production because it is through labor services that natural resources can be turned into valuable products. For this reason, for their sacrifices and work, workers are entitled to receive remuneration from their employer or company through income in the form of wages. According to Government Regulation of Indonesia Number 36 in 2021 concerning Wages, Wage is the rights of workers/laborers that are received and expressed in the form of money as compensation from the entrepreneur or employer to workers/laborers that are determined and paid according to an Employment Agreement, agreement, or statutory regulations. -invitations, including allowances for workers/laborers and their families for a job and/or service that has been or will be performed. According to Uha (2014), the wage of workers given is influenced by the following factors:

1. Cost of living expenses for workers and their families;
2. Laws and regulations that are binding on workers' minimum wage;
3. Marginal productivity of labor;
4. The pressure that trade unions and employers' unions can exert;
5. Different types of work.

According to Hasibuan (2014), the factors that affect the amount of wage are as follows:

1. Typical Wage Level
Wages and salaries can be highly dependent on labor's availability (supply) in the labor market and the demand for labor. For scarce workers, wages and salaries can far exceed the wage level when viewed from the perspective of job evaluation.
2. Labor Union
Trade unions can be a big force in a company, forcing companies to provide higher wages or salaries than the results of job evaluations.
3. Government
The government, as we know, is an institution with an interest in the welfare of workers as citizens, as well as the survival of the company.
4. Payroll Policy and Strategy
Payroll policies used by companies, such as seeking salaries above market prices to face competition, can increase salaries above the average market price.
5. International Factor
When companies develop in all corners of the world, the challenge in payroll is adjusting to the situation in the country concerned so that the same position can occur in different countries, and there will be differences in wage levels.
6. Equal Value and Equal Payout
There are times when a job that is different but has the same points or degrees has a different wage level. For example, the point values for the jobs of a nurse, which are usually female-dominated, and an electrician, who are predominantly male, differ in pay levels with electricians earning a higher wage.
7. Cost and Productivity
Labor is one component of the cost that influences the cost of goods. The high cost of goods can reduce sales and company profits.

According to Rivai (2014), the classification of wages is divided into 3 (three), namely:

1. Wage Time System
The time system determines the wage amount based on time standards such as hours, days, weeks, or months. The amount of time system wage is only based on the length of work and is not associated with work performance.
2. Wage System Results (Output)
In the yield system, the wage amount is applied to the units workers produce, such as per piece, meter, liter, and kilogram. The wage paid is always based on the amount of work done, not the length of time working on it.
3. Wholesale Wage
The contract system is a method of remuneration in which the determination of the amount of service is based on the volume of work and the length of time working on it. Determining the remuneration based on the wholesale system is quite complicated; it takes a long time to do it, and many tools are needed to complete it.

According to Rivai (2014), the wage determination process consists of:

1. Job/Task Analysis
Job analysis is an activity to find information about the tasks performed and the requirements needed in carrying out a task so that it can explain job descriptions, task specifications, and performance standards.
2. Position/Task Evaluation
Job evaluation is a systematic process of determining the relative worth of one job compared to other jobs. This process seeks to achieve internal equity in the work as a very important element in determining wage.
3. Wage Survey
Wage survey is an activity to find out the general wage level in similar companies with the same business/position. It is done to seek external equity as one of the important factors in wage planning and determination.

4. Determination of Wage

After the job evaluation is carried out to create internal justice that results in job rankings and conduct a survey on the prevailing wage in the labor market, the next step is the determination of wages. Wage determination is based on the job evaluation results combined with the wage survey. The most important thing in determining wage is to strive to meet the minimum wage set by the government.

2.2. Employee Job Satisfaction

Efforts to achieve job satisfaction are very important for both individuals and organizations. Job satisfaction not only encourages positive behaviors such as being productive, disciplined, obedient, innovative, and helpful (Yahyagil, 2015) controlling negative counterproductive behaviors such as corruption, theft, vandalism, and leaving work (Greenidge, Devonish, & Alleyne, 2014; Zhang & Deng, 2014) but also related to psychological health (Slaski & Cartwright, 2003) and the quality of life of workers (Dhamija, Gupta, & Bag, 2019). Job satisfaction is not only a reward but also how fun, good, and meaningful work is (Arnoux-nicolas et al., 2016; Keles & Findikli, 2016). An organization that is hit by feelings of dissatisfaction shown by its employees at work can have a negative impact and harm the organization. The real and immediate loss is the decline in work morale and disruption of organizational services to internal and external parties. Organizational service processes that are disrupted due to the low morale shown by their employees can hamper the running of systems and sub-systems, and even supra-systems on a wider scale (Johari & Yahya, 2016). Robbins and Judge (2017) explain that job satisfaction is a positive feeling about work resulting from evaluating its characteristics. Someone with a high level of job satisfaction has positive feelings about his job, while someone with a low level has negative feelings. According to Ivancevich in Prawito (2014), wage indicators consist of several parts, including:

1. Adequate/qualified - Meet the government's minimum requirements and the needs of trade unions.
2. Equitable - Everyone should be paid fairly according to their effort and performance.
3. Balance pay - All rewards must reflect the appropriate reward package. There is a balance between expectations and the reality of employee compensation.
4. Cost-effective - The company's ability to make payments on time. So that compensation payments can be effective for employees.

2.3. Work Environment

Sedarmayanti (2017) states that the work environment can affect an employee's performance because a human being can carry out his activities well so that an optimal result is achieved if appropriate environmental conditions support it. The work environment has a meaning: the entire tooling of materials encountered, the surrounding environment in which a person works, his work methods, and work arrangements, both as individuals and as groups. An environmental condition is good or appropriate if humans can carry out their activities optimally, healthy, safe, and comfortable. Unfavorable environmental conditions can demand more energy and time and do not support obtaining an efficient work system design. Afandi (2018) suggests that the work environment is everything around employees and can affect the performance of the tasks assigned to them, for example, with the presence of an air conditioner, adequate lighting, and so on. The indicators of the work environment, according to Afandi (2018), are as follows:

1. Lighting - sufficient light emitted correctly will increase employees' work efficiency because they can work faster, make fewer mistakes and their eyes don't get tired quickly.
2. Color - color is one of the important factors in increasing employees' work efficiency, especially color will affect their mental state; using the right color on the walls of the room and other tools will maintain the joy and peace of working employees.
3. Air - regarding this air factor, what often is the air temperature and the amount of water vapor in the air.
4. Sound - to overcome the noise, it is necessary to put tools with loud sounds, such as telephone typewriters, motorbike parking, etc. In a special room to avoid interfering with other workers' duties.

3. Materials and Methods

This quantitative approach uses cross-sectional data. 5 Likert Scale is used in questionnaires as a tool for data collection. In answering this Likert scale, respondents only gave a sign, for example, a checklist or a cross on the answer chosen according to the statement. Questionnaires that respondents have filled out need to be scored. This study also uses path analysis with the help of SPSS for Windows software. In order

to prove whether a variable can mediate the relationship between the independent variable and the dependent variable, a direct and indirect effect calculation between the independent variable and the dependent variable will be carried out, called a path analysis. Suppose the indirect effect of the independent variable on the dependent variable through the intervening variable is greater than the direct effect of the independent variable on the dependent variable. In that case, that variable can be a variable that mediates between the independent variable and the dependent variable (Ghozali, 2018). The research hypothesis can be formulated as follows:

- H1: Wage has a significant positive effect on employee satisfaction.
- H2: Wage has a significant positive effect on the work environment.
- H3: Work environment has a significant positive effect on employee satisfaction.
- H4: Work environment mediates the relationship between wage and employee satisfaction.

In this study, the population was 32 employees of the PRIMKOPPOL cooperative, Tebing Tinggi. Because the target population is less than 100, the sampling technique used is the census method, where the entire population of 32 Tebing Tinggi PRIMKOPPOL Cooperative employees will be used as the research sample. The researcher limits the research, which is only to employees of the Tebing Tinggi PRIMKOPPOL cooperative.

4. Results

4.1. Regression Analysis – Model 1

By using SPSS software, the results of regression analysis of sub-structure I are as follows:

Table 1. Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.781	1.992		2.902	0.007
	Wage	0.625	0.128	0.666	4.895	0.000

a. Dependent Variable: Work Environment

Table 1 shows a simple linear regression equation with the following formulation: $Z = a + b_1X + \epsilon$, so the equation is obtained: $Z = 5,781 + 0,625X + \epsilon$. Also, the constant value (a) of 5.781 indicates the magnitude of the work environment (Z) if the wage (X) is equal to zero. The value of the wage regression coefficient (X) (b1) of 0.625 indicates the magnitude of the role of wage (X) on the work environment (Z). It means that if the wage factor (X) increases by 1 unit of value, it is predicted that the work environment (Z) will increase by 0.625 units. The hypothesis test of Model 1 is to test the effect of the wage variable (X) on the work environment variable (Z). From Table 1, the t-stat is 4.895. With $\alpha = 5\%$, t-stat (5%; df= 30), the t-table is 2.039. From the description t-stat (4.895) > t-table (2.039), as well as the significance value of 0.00 < 0.05, it can be concluded that the first hypothesis is accepted, meaning that wage variable (X) has a positive and significant effect on the work environment (Z).

4.2. Coefficient of Determination

The value used to see the coefficient of determination in this study is in the adjusted R square column. It is because the adjusted R square value is not susceptible to adding independent variables. The value of the coefficient of determination can be seen in Table 2 below:

Table 2. Coefficient of Determination (R-Square)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.666 ^a	0.444	0.426	1.277	1.871

a. Predictors: (Constant), Wage

b. Dependent Variable: Work Environment

Table 2 shows that the adjusted R square value is 0.426 or 42.6%. It shows that wage (X) can explain the work environment (Z) by 42.6%. The remaining 57.4% (100% - 42.6%) is explained by other variables outside this research model, such as incentives for leadership style and employee performance.

4.3. Regression Analysis (Model 2)

Table 3. Regression Analysis using Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.122	2.003		2.557	0.016
	Wage	0.039	0.152	0.052	0.255	0.800
	Work Environment	0.418	0.162	0.529	2.576	0.015

a. Dependent Variable: Employee Satisfaction

Table 3 shows the multiple linear regression equation has the following formulation: $Y = a + b_1X + b_2Z + \epsilon$, so the equation is obtained: $Y = 5,122 + 0,039X + 0,418Z + \epsilon$. The multiple linear regression describes that the constant value (a) of 5.122 indicates the magnitude of employee satisfaction (Y) if wage (X) and the work environment (Z) are equal to zero. The value of the wage regression coefficient (X) (b1) of 0.039 indicates the magnitude of the role of wage (X) on employee satisfaction (Y) with the assumption that the work environment variable (Z) is constant. It means that if the wage factor (X) increases by 1 unit value, it is predicted that employee satisfaction (Y) will increase by 0.039 unit value with the assumption that the work environment (Z) is constant. The regression coefficient value of the work environment (Z) (b2) of 0.418 indicates the magnitude of the role of the work environment (Z) on employee satisfaction (Y) with the assumption that the wage variable (X) is constant. It means that if the work environment factor (Z) increases by 1 unit value, it is predicted that employee satisfaction (Y) will increase by 0.418 unit value with the assumption that the wage (X) is constant.

4.3.1. Hypothesis Test

The hypothesis test of sub-structure II is to test the effect of wage (X) on employee satisfaction (Y) and the effect of the work environment (Z) on employee satisfaction (Y). From Table 3, the t-stat is 0.255. With $\alpha = 5\%$, t-table (5%; df = 30), the t-table is 2.039. From the description, t-stat (0.255) < t-table (2.039), and the significance value is 0,80 > 0.05. It can be concluded that the second hypothesis is rejected, meaning that wage (X) has a positive and insignificant effect on employee satisfaction (Y). In addition, based on Table 3, the t-stat is 2,576. With $\alpha = 5\%$, t-table (5%; nk = 30), the t-table is 2.039. From the description, it can be seen that t-stat (2.576) > t-table (2.039), and the significance value of 0.01 < 0.05, it can be concluded that the third hypothesis is accepted, it means that the work environment (Z) has a positive and significant effect on employee satisfaction (Y).

4.3.2. Coefficient of Determination of Sub-structure II

The value of the coefficient of determination can be seen in Table 4 below:

Table 4. Coefficient of Determination Test Results of Sub-structure II

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.565 ^a	.320	.273	1.135	1.715

a. Predictors: (Constant), Work Environment, Wage

b. Dependent Variable: Employee Satisfaction

Table 4 shows the adjusted R square value of 0.273 or 27.3%. It shows that the work environment (Z) and wage rates (X) can explain employee satisfaction (Y) by 27.3%. The remaining 72.7% (100% - 27.3%) is explained by other variables outside the model of this research, such as leadership style incentives and employee performance.

4.4. Path Analysis

The standardized coefficients' beta values will be included in the path analysis image as follows:

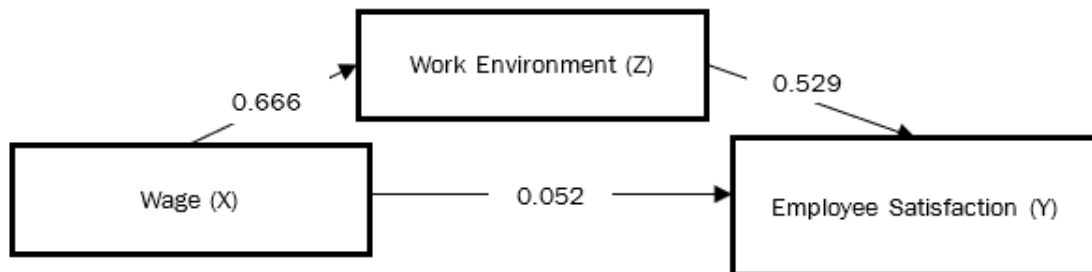


Figure 1. Path Analysis

Figure 1 shows the direct effect of variable X on variable Y of 0.052. While the indirect effect through variable Z is $0.666 \times 0.529 = 0.352$. From the calculation results obtained, it shows that the indirect effect through variable Z is greater than the direct effect on variable Y. These results can be seen in Table 7 below:

Table 5. Direct and Indirect Effects

No	Variable	Direct	Indirect	Total	Criteria	Conclusion
1	Wage (X)	0.052	0.666	-	Significant	Independent Variable
2	Work Environment (Z)	0.529	-	0.352	Significant	Intervening Variable

Table 5 captures that the work environment can be an intervening variable between wage (X) and job satisfaction (Y), meaning that wage indirectly affects job satisfaction with the work environment as an intervening variable.

5. Discussion

5.1. The Effect of wage on the work environment

One of the ways to improve employee performance is to pay attention to work environment factors. The organization as the parent company must provide a comfortable and conducive work environment that is able to provoke employees to work productively. Providing a comfortable work environment will be able to provide satisfaction to employees with the work done and give a deep impression to employees which in the end employees will have good performance. Strek in Badri (2006) explains that employees expect a comfortable work environment that can pamper employees at work. The work environment can affect employees' emotions. If the employee enjoys the work environment, the employee will feel at home in his workplace, carrying out his activities so that work time is used effectively. Productivity will be high and employee performance is also high, so it is likely that the company will provide wages or compensation in accordance with the employee's performance. The results show that wage has a positive and insignificant effect on the work environment, which means that wage has no meaning or will not change if the work environment changes. This can happen because the PRIMKOPPOL cooperative office is a police agency, so whether the work environment in the agency is good will not affect the wage of each employee.

5.2. The effect of wage on employee satisfaction

One of the efforts in achieving company goals is by paying attention to employees' wishes and meeting their needs, so that employees feel valued, get satisfaction, and can carry out their work well. One of the steps that can be taken is to fulfill the needs of employees, such as by providing a decent wage/wage. The company cannot ignore employee satisfaction (Indartono & Widodo, 2015). Each employee has a different level of satisfaction. Job satisfaction is a pleasant or unpleasant emotional state in which employees view their work. Employee dissatisfaction can be shown in various ways. For example, employees complain, disobey, or evade some of their work responsibilities. According to Sunarto in Indartono and Widodo (2015) if employees feel dissatisfied with their work, they will tend to do things that are detrimental to the company, such as disobedience, stealing company goods, lack a sense of responsibility at work, turnover, and non-compliance with applicable regulations. applies to the company. The results showed that wages positively and significantly affected job satisfaction. This follows the opinion of Umar (2014), Annisa (2017), Juliarti,

et al. (2018), Al-Ayubi (2020), Hartono (2021) which states that wage has a positive and significant influence on job satisfaction.

5.3. The effect of Work environment on employee satisfaction

Job satisfaction reflects one's feelings towards work. This is the impact of the employee's positive attitude towards work and everything that is faced in the work environment. The work environment is everything around workers when carrying out their assigned tasks. Every employee always expects a work environment that is familiar, comfortable, and mutually supportive. In other words, the work environment is expected to be conducive to supporting employees' work. Therefore, employees expect a work environment with complete and good work facilities and infrastructure. The work environment consists of both physical and non-physical environments. A good physical and non-physical environment can create a sense of pride and security and create a harmonious relationship so that the affiliation needs of employees are met. The fulfillment of employee needs will lead to job satisfaction for employees.

A work environment that is quite satisfactory for the company's employees will encourage these employees to work as well as possible so that the implementation of the production process within the company will be able to run well as well. The results showed that the work environment positively and significantly affected employee satisfaction. This is following research conducted by Annisa (2017), Prawirosumarto (2017), Juliarti, et.al. (2018), which states that there is a positive and significant influence between the work environment and employee satisfaction. However, according to Tjandra and Setiawati (2014), the work environment and job satisfaction had a positive but insignificant effect. The results showed that the work environment positively and significantly affected employee satisfaction. This is in line with research conducted by Annisa (2017), Suharno (2017), Juliarti, et al. (2018), which states that there is a positive and significant influence between the work environment and employee satisfaction. However, Tjandra and Setiawati (2014) stated that there was a positive but not significant effect between the work environment and job satisfaction.

5.4. The effect of wage to employee satisfaction with work environment as an intervening variable

The resources owned by the company will not provide optimum results if they are not supported by human resources who have optimum performance. Human resources here are employees where each employee has different characteristics, thus causing performance differences. That's because there are factors that influence it. These factors have a major effect on employee performance. These factors exist from within individual employees such as attitudes towards work, motivation, talents, interests, satisfaction, and experience, as well as factors that come from outside individual employees such as supervision, wage, work environment, division of labor, education, and training. (training), job opportunities, and promotions (Hutabarat, et al., 2020). The results show that the work environment can be an intervening variable between wage and employee satisfaction. Employee job satisfaction can reflect employees' feelings towards their work. This is important because employee satisfaction can increase one's loyalty in doing one's job.

Employees who have great employee satisfaction in their work can certainly be reflected in their performance in carrying out their duties compared to employees who do not have employee satisfaction in their work. The wage factor is something that can affect employee job satisfaction. If the rights of employees can be fulfilled, employee performance will also increase which causes the company's goals to be achieved. Most people think that wages or wages are the main factors leading to job satisfaction. To a certain extent, this is acceptable, especially in developing countries, where money is a very vital need to be able to meet basic daily needs. However, if the community can meet the needs of their families fairly, then this wage or wages will not be the main factor. In addition to wages, a factor that affects employee job satisfaction is the work environment. According to (Sunyoto, 2013) the work environment is everything that is around the worker and that can affect him in carrying out the tasks given. A supportive work environment can also affect employee job satisfaction in a company. On the other hand, if the work environment is not supportive, it will certainly impact job satisfaction and employee performance.

6. Conclusions

This concludes that wages positively and significantly affect the work environment. Besides that, The wage has a positive and insignificant effect on employee satisfaction. Also, the work environment positively and significantly affects employee satisfaction. The path analysis showed that the work environment could be an intervening variable between wage and employee satisfaction.

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