

ABSTRACT

Employee performance is a key factor that determines the success of a company in achieving its strategic objectives. This research is motivated by the phenomenon of declining employee performance at PT. Perkebunan Nusantara I Regional 7 and the inconsistent findings in previous studies regarding the effect of compensation satisfaction on employee performance. The purpose of this study is to examine the effect of compensation satisfaction on employee performance with affective commitment as a mediating variable.

This study employs a quantitative approach with primary data collected through a Likert-scale questionnaire. The research sample consists of 92 permanent employees of PT. Perkebunan Nusantara I Regional 7, selected using a census method. Data analysis was carried out using Structural Equation Modeling-Partial Least Square (SEM-PLS) with SmartPLS 3 software.

The results show that compensation satisfaction has a positive effect on employee performance, compensation satisfaction has positive effect on affective commitment, and affective commitment has a positive effect on employee performance. In addition, affective commitment is proven to mediate the relationship between compensation satisfaction and employee performance. These findings indicate that fair and appropriate compensation can strengthen employees' emotional attachment to the organization, which in turn enhances sustainable performance.

Keywords: *compensation satisfaction, affective commitment, employee performance*