

ABSTRACT

This study aims to analyze the effect of compensation satisfaction on employee performance, with affective commitment as an intervening variable. This research is motivated by a research gap regarding inconsistent results regarding the direct effect of compensation on performance, as well as a gap phenomenon at PT Transportasi XYZ. This phenomenon is a significant decline in the achievement of Outstanding KPIs for employees (from 64.85% in 2023 to 9.40% in 2024) following a decrease in the percentage of salary increases. This study uses a quantitative approach. The research sample consisted of 96 permanent employees of PT Transportasi XYZ who had worked for at least two years. Data were collected through questionnaires distributed by the company, and analyzed using the Partial Least Squares-Structural Equation Modeling (PLS-SEM) method with the assistance of SmartPLS software.

The results show that: (1) Compensation satisfaction does not have a significant direct effect on employee performance; (2) Compensation satisfaction has a positive and significant effect on affective commitment; and (3) Affective commitment has a positive and significant effect on employee performance. The key finding of this study is that affective commitment is proven to fully mediate the effect of compensation satisfaction on employee performance.

Keywords: Affective Commitment, Compensation Satisfaction, Employee Performance

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