



## Investigating Work Value, Job Satisfaction and Organizational Commitment on National Electric Company Employees

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### Abstract:

The purpose of this study was to examine the factors that influence organizational commitment, namely work value and job satisfaction. The research was conducted at the State Electricity Company (PT PLN) in the West Java region, using quantitative methods with a regression approach (path analysis) and using quantitative data (from questionnaires). Research respondents consisted of 210 permanent employees. In general, this study aims to determine the efforts that can be made to increase employee commitment to the organization. The results show that there is a positive influence of work value on job satisfaction, there is a positive influence of work value on organizational commitment, there is a positive influence of job satisfaction on organizational commitment, there is a positive influence of work value on organizational commitment through job satisfaction. the most influential on work value, the job itself factor is the most influential on job satisfaction and normative commitment factor is the most influential on organizational commitment. This study proposes several recommendations to employees at the State Electricity Company Ltd (PT PLN). Improve indicators that have a high contribution to commitment to the organization. With the improvement of these indicators, it can be predicted that it will increase employee commitment to the organization

**Keywords:** employee's performance; job satisfaction; organizational commitment; work value

**JEL Classification:** M12, O15,

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## Research Background

The state electricity company (PT. PLN) plays an important role as the only institution that provides electricity supply in Indonesia. PT. PLN is required to ensure that the electricity supply for people's lives is always available. What is important for the availability of electricity supply is the high performance of its employees. Job satisfaction is also defined as positive feelings or emotions for a job. These feelings are influenced by a number of work-related factors, such as wages, various benefits, recognition, the work itself, relationships with co-workers and superiors (Cowin et al., 2008). The high performance of an employee will be realized if the employee has a high commitment to the job and the organization where he works (Shahab & Nisa., 2014; Ahmad et al., 2010; Hettiarachchi & Jayaeathua, 2014; Eliyana et al., 2019). The commitment of an employee to the organization where he works has become an important topic that is widely studied by researchers and managers. Organizations certainly expect high commitment from their employees. An employee who has a high commitment to the organization where he works will give the best effort and ability they have. Commitment to the organization is described as a psychological relationship between the individual and the organization where he works. Commitment to the organization can be manifested in the desire and willingness of an individual to do something.

Many factors can lead to an employee's commitment to the organization where he works, including job satisfaction and work value (Colquitt, 2015). Employees who feel satisfied with their work show their willingness to stay in the organization, feel that organizational problems are the problem, and have a desire to do their best for the organization where they work, which is an indicator of organizational commitment (Eliyana et al 2019) Furthermore, employees who feel that their work is in accordance with the values they believe in will feel at home to stay in the organization where they work. They feel that the organization has the same perspective and goals as them, which will lead to a close psychological relationship between employees and the organization where they work (organizational commitment). Employees who feel the organization's goals are in line with the values they believe in will have less desire to leave their current organization (Ingarianti, 2018; Arsenal et al 2021; Al-Marri 2018)

Overall, we propose that work value is likely to have indirect effects on organizational commitment through job satisfaction. The main contribution of the study to theory building is grounded on the unique combination of the selected antecedents of organizational commitment of an employee. Furthermore, this is probably the first study to explore the key role of the influence of work value on the job satisfaction and the consequent implications for organizational commitment of employees, specially in public sector company.

Organizational commitment refers to the psychological state that characterizes the employee's relationship with the organization where he works and the high and low organizational commitment of an employee can be seen from his choice to remain in the organization where he works or leave the organization. (Allen & Grisaffe, 2001).

Super (1970) defined work value as a factor that influences the satisfaction, quality or reward that individual seek from their work. Work values have more specific connotations. Work values influence an individual's choices, attitudes and goals (Roe and Ester, 1999). Work value is closely related to motivation (Hitlin and Piliavin, 2004; Latham and Pinder, 2005).

Rogers et al. (1994) believe that it is highly unlikely that employees will show outstanding performance when they are dissatisfied with their jobs. According to Greenberg and Baron (1995) there are two factors that influence job satisfaction, namely: organizational and personal. Satisfaction that is influenced by the organization includes: reward system, acceptance of supervisors, centralization of power, social and work rewards, pleasant working conditions. While job satisfaction is influenced by individuals, among others: personality variables, status and seniority, suitability of work with desired things, and life balance.

Job satisfaction can also be defined as the extent to which a person gets pleasure from a job. These benefits are not limited to material rewards, but can include factors such as the way employees are treated and valued by management, and the degree to which the company values their input. Hasin & Umar (2007). Based on theoretical studies and the results of previous studies, that work value affected on job satisfaction as show in previous research findings by Carrier et al., 2021; Winoto, 2019; Fute et al., 2022. Research by Ingarianti, 2018; Arsenal et al 2021; Al-Marri 2018; found that work value affected on organizational commitment. Researches result show that job satisfaction affected on organizational commitment propose by Siswanto et al., 2019; Shah, 2014; Culibrk, 2018. The purpose of this study was to determine the relationship between variables, namely organizational commitment as an endogenous variable. Work value and job satisfaction as exogenous variables.

### Research Method

This study uses the quantitative method applied path analysis, as a regression extension model is used to test the alignment of the correlation matrix with two or more causal models compared by researchers. The model is depicted in the form of a circle and arrow where a single arrow indicates the cause. Regression is imposed on each variable in a model as the dependent variable (the respondent) while the others are the cause. The predicted regression weights in a model are compared with the observed correlation matrices for all variables and a statistical congruence test is calculated (Garson, 2003). The study conducted at the national electricity public company, West Java area from January up to March 2021, and mainly utilized quantitative data. The amount of 210 samples calculated by the Slovin formula at  $p < 0.05$  and randomly took from 440 permanent employees as the population. Data analysis technique used in this research is structural equation modelling.

### Result

Analysis using the Structural Equation Modeling (SEM) method. SEM forms two types of models, namely measurement models and structural models. The measurement model aims to describe how well each indicator can be used as a measurement instrument for latent variables through testing the validity and reliability of the indicators and dimensions of the research variables. The structural model is a model where the goodness of fit for the inner model can be proven by examining the effect of each exogenous latent variable on the endogenous latent variable. Overall, this research consists of three variables, namely, Organizational Commitment (OC), Work Value (WV), and Job Satisfaction (JS).

Table 1. SLF Value and *t-value* Model

Laten Variable	Indicator	Coefficient/SLF ( $\lambda$ )	<i>t-value</i> ( $\geq 1.96$ )	Reliability		Conclusion
				CR $\geq 0.7$	VE $\geq 0.5$	
<b>Work Value</b>				0.964	0.899	Good Reliability
	Personal factor	0.87	9.42			
	Social and Culture	0.99	11.88			
	Organizational factor	0.98	11.53			
<b>Job Satisfaction</b>				0.911	0.675	Good Reliability
	Salary	0.79				
	Job it self	0.96	9.73			
	Supervisory	0.86	8.55			
	Co worker	0.66	6.2			
	Appreciation	0.81	7.77			
<b>Organizational Commitment</b>				0.947	0.856	Good Reliability
	Affective Commitment	0.95				
	Continuance Commitment	0.84	22.59			
	Normative Commitment	0.98	30.05			
All CR model 97.6%						
All VE model 78.6%						

Sources: Data processed (2022)

Based on the result as shown in Table 1 above, it can be seen that all latent variables have a construct reliability coefficient value greater than or equal to the critical value (CR 0.6). This shows that all variables in the models have good reliability coefficients. And in the standardized loading factor value column, it can be seen that all observed variables that have a standardized factor loading value are greater than 0.5, so all observed variables are valid.

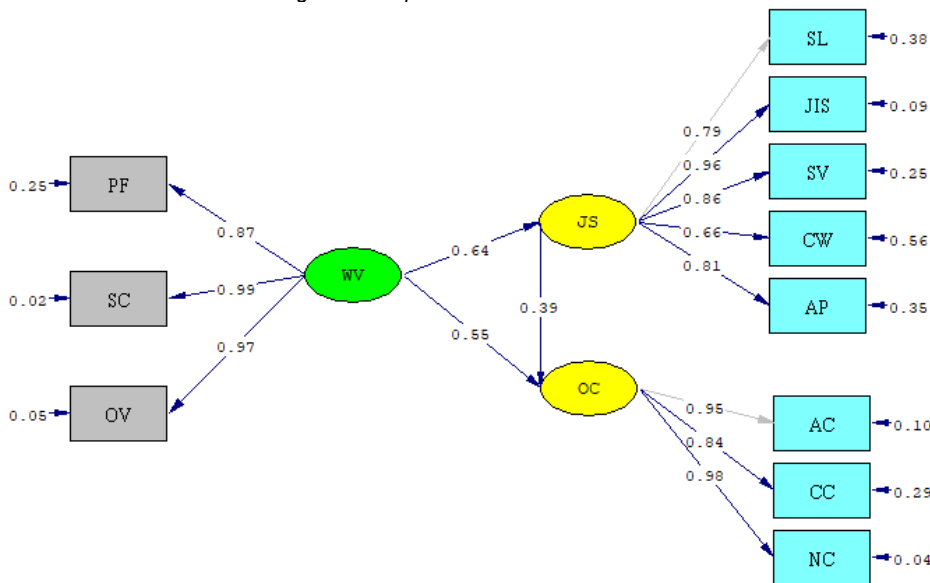
Table 2. Goodness of Fit Test of The Overall Model

GOF	Cut off Value	Result	Conclusion
Chi-square ( $\chi^2$ )	< Df	60.21	
Df		41	
Chi-square ( $\chi^2$ )/df	$\leq 3$ (2:1 (Tabachnik and Fidell 2007) and 3:1 (Kline 2005))	1.46	good fit
Probability value)	(P- $\leq 0,05$ )	0.026	good fit
RMR	Good models have small RMR (Tabachnik and Fidell 2007), $\leq 0,05$ or 0,08 (Hair <i>et al.</i> 2007)	0.0430	good fit
RMSEA	$\leq 0,08$	0.08	good fit
GFI	$\geq 0,90$	0.871	marginal fit
AGFI	$\geq 0,90$	0.793	marginal fit
CFI	$\geq 0,90$	0.986	good fit
NFI	$\geq 0,90$	0.962	good fit
NNFI	$\geq 0,90$	0.982	good fit
RFI	$\geq 0,90$	0.949	good fit
IFI	$\geq 0,90$	0.986	good fit

Sources: Data processed (2022)

The initial Confirmatory Factor Analysis (CFA), the items of organizational commitment were fit. Table 2 above shows Chi-Square test results = 1.46, P-value = 0.026 and RMSEA = 0.080. This shows that the model is acceptable.

Figure 2. Output Standardized Solution SEM Lisrel 8.80 Model



Chi-Square=60.21, df=41, P-value=0.02683, RMSEA=0.080

Figure 1 shows that path coefficient work value on organizational commitment is 0.55, job satisfaction on organizational commitment is 0.39 and work value on job satisfaction is 0.64, all coefficient is positive,

Table 3. Hypothesis Testing Results (Direct Effect)

Alternative Hypothesis (Ha)	Path (Relationship)	t- value ( $\geq 1,96$ )	Direct Effect	Conclusion
H1	WV→JS	5.24	0.64	Accepted
H2	WV→OC	5.41	0.55	Accepted
H3	JS→OC	3.97	0.39	Accepted

Sources: Data processed (2022)

Table 3 shows that path coefficient of work value on job satisfaction is 0.64 and t-value is 5.24 greater than 1.96 this means that there is a positive and significant effect of work value on job satisfaction. Also, shows that there is

positive effect and significant work value on organizational commitment which the path coefficient is 0.55 and t-value is 5.41. Table also shows that there is positive effect and significant job satisfaction on organizational commitment as path coefficient is 0.39 and t-value is 3.97. All hypothesis is accepted.

Table 4. Hypothesis Testing Results (Indirect Effect)

Alternative Hypothesis (Ha)	Path (Relationship)	t-value ( $\geq 1,96$ )	Indirect Effect	Conclusion
H4	WV→JS→OC	WV→JS=5.24 JS→OC=3.97	0.64X0.39= 0.249	Accepted

Sources: Data processed (2022)

Table 4 shows that path coefficient of work value on organizational commitment through job satisfaction is 0.249 this means that there is a positive effect and the hypothesis is accepted.

## Discussion

### Work Value on Job Satisfaction

As shown in figure 1 above, the effect of work value on job satisfaction is 0.64, it means that the higher the work value, the higher the level of satisfaction of an employee with his job. This study findings support the argument by Carrier et al., 2021; Winoto, 2019; Fute et al., 2022. An individual who considers their work in accordance with important values in their lives will feel happy and enjoy work (job satisfaction) because they have the same perspective as their self-concept in personal factors, social cultural factors and organizational factors.

### Work Value on Organizational Commitment

As shown in figure 1 above, the effect of work value on organizational commitment is 0.55, it means that the higher the work value, the higher the level of commitment of an employee with his job. This study findings support the argument by Ingarianti, 2018; Arsenal et al 2021; Al-Marri 2018; Froese & Xiao, 2012. An individual who thinks that the organization where he works has the same values that are considered important will feel that the organization is himself, so that the interests of the organization are his interests, the problems of the organization are his problems. This study found that the indicator that has a loading factor on organizational commitment is normative commitment, this shows that the respondents in this study, namely employees of PT PLN, considered that the organization where they worked was a place that was normatively appropriate to keep working there. While the highest work value indicator variable is the social factor, this shows that respondents in this study assess that work has to value contributes to their dignity in society.

### Job Satisfaction on Organizational Commitment

As shown in figure 1 above, the effect of job satisfaction on organizational commitment is 0.39, it means that the higher the job satisfaction, the higher the level of commitment of an employee with his job. This study findings support the argument by Zeinabadi, 2010; Karim & Rehman, 2012; Rokhman, 2013. An individual who is satisfied with the attributes attached to his work such as salary, work itself, supervisor, promotion, co-worker, will enjoy his work and the work is done with pleasure. This will lead to a strong bonding bond with the organization where he works (commitment). The highest job satisfaction indicator is the work it-self, this shows that respondents in this study assessed that the attributes attached to work such as task challenges were considered to be the biggest contributors to job satisfaction. The high psychological relationship that exists between employees and their organizations causes employees to want to remain in the organization where they work.

### Work Value on Organizational Commitment Through Job Satisfaction

As shown in table 4 above, the effect of job satisfaction on organizational commitment is 0.249, it means that the higher work value the higher job satisfaction, the higher the level of job satisfaction the higher of commitment of an employee with his job. This study findings support the research finding by Froese & Xiao, 2012. An individual who considers that his job is in accordance with the values he believes in will feel happy doing his job and feel satisfied with what is attached to his job (job attributes), if an individual is satisfied with his jobs, then he will be less likely to leave his job. The results of this study indicate that the indicator that has the highest loading factor on the work value variable is the social factor, this shows that respondents in this study assess that their current

job has a high value in society and this creates high satisfaction with the job, especially on the attributes attached to the job itself (job itself) such as challenging tasks to complete. An employee who considers that the work he is currently doing gives him value (pride) in society and gives satisfaction to the work itself so that it results in his desire to remain in the organization where he currently works.

### Conclusion

Overall, the present study has demonstrated that work value and job satisfaction are important explanatory contributors to organizational commitment. Therefore, organization that wish to increase organizational commitment of their employee need to take those aspects seriously into account in the implementation of their employee retention strategies. Drawing from the findings of this study, we convey that this article achieves the theory testing or theory confirmation objectives of quantitative research strategies. We do not intend to claim exclusive novelty regarding the outcome of the path between work value and organizational commitment, it nevertheless presents new empirical evidence, and a salient contribution to the existing body of knowledge because to the best of our literature search, no previous research has been explicitly exploring these lines of investigation.

Researcher suggest that the conceptual model of this study offers a psychological framework through which related human resource policy strategies can be formulated. Given the strong influence exerted by job satisfaction on organizational commitment the organization should increase job satisfaction at all levels of management. In particular improve the attributes inherent in the job itself such as skills and experience required. from the results of the studied it was found that the job it-self indicator is the indicator that has the highest value for the satisfaction indicator, for management to pay more attention to expertise, educational background and experience in placing employees. Placement of employees in the appropriate field of work will increase employee satisfaction with their work. Also, from the results of the study it was found that social value and culture indicators are indicators that have the highest value this can be interpreted that organizations must pay attention to and increase employee pride in their work by increasing the prestige of the organization by increasing the company's good image in society. Perhaps, and furthermore for our other recommendations in this article, future researchers should replicate this research by considering other factors, besides job value and job satisfaction.

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