

The influence of work commitment and job satisfaction on employee performance in construction companies at PT 'X'

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ABSTRACT

Keywords:

construction industry

employee performance

job satisfaction

turnover rate

work commitment

The COVID-19 pandemic has had a significant impact on the construction industry in Indonesia, including the high employee turnover rate which has an impact on project productivity and quality. This study aims to analyze the influence of work commitment and job satisfaction on employee performance at PT "X". The method used was a quantitative approach with a random sampling technique, involving 287 employees as respondents. Data were obtained through questionnaires measured by the Likert scale, and analyzed using regression analysis and ANOVA. The results of the study show that both work commitment and job satisfaction significantly affect employee performance. The findings indicate that companies need to focus on increasing commitment and job satisfaction to lower turnover rates and increase productivity. This study implicates the need for companies to create a conducive work environment, provide attractive incentives, and provide career development opportunities so that employees feel more connected to the company. By increasing commitment and job satisfaction, it is hoped that PT "X" can achieve better performance and more stable project sustainability in the future.

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INTRODUCTION

The COVID-19 pandemic has had a significant impact on employee performance in the construction industry, causing project delays and decreased productivity due to social restrictions and supply chain changes. However, along with economic recovery efforts, the construction industry is starting to show improvement (Sari & Suryan, 2021), mainly driven by major infrastructure projects in Indonesia, such as the construction of the Nusantara Capital City (IKN) in Balikpapan (Almamlook et al., 2020). Despite the positive growth of the construction sector, serious challenges arise from the shortage of skilled labor, which is exacerbated by the aging of the experienced workforce and the lack of interest of the younger generation in the sector (Widya Robotics, 2024). The gap between the demand and availability of qualified labor is widening, and the demands for complex technical skills due to technological developments add to the difficulty in meeting these needs, thus hindering the growth of the construction industry (Meisels et al., 2024).

Increasingly fierce business competition faces construction companies with difficulties in obtaining and retaining superior and experienced workers (Fassa et al., 2021). Labor is a valuable asset in this industry, as their skills directly affect the productivity of the company (Jalal & Shoar, 2019). However, high turnover or employee turnover often occurs, especially due to a lack of skills that match the demands of the project (Syah et al., 2024). To address this issue, construction companies need to focus on retaining employees, which not only reduces recruitment costs but also retains valuable knowledge and experience (Anditiaman et al., 2020). Research by Wahyuni et al. (2014) shows that turnover can interfere with smooth operations and hinder the achievement of company goals, considering the additional costs of recruiting and training new employees, as well as the loss of knowledge from departing employees. Therefore, companies need to create a conducive work environment and provide attractive incentives to retain employees. This is relevant to the conditions at construction company "X" in Balikpapan, which has experienced significant growth after joining as a subcontractor of the Indonesian National Strategic Project.

Company "X" experienced positive growth in the scale of operations and the number of employees, but behind this growth, new challenges emerged in maintaining and increasing employee job satisfaction, which

had an effect on turnover rates (Shabrina & Prasetyo, 2018). Job satisfaction is defined as a positive emotional reaction to work (Sulistiyawati & Indrayani, 2012) and increasing job satisfaction can improve employee performance (Mora et al., 2017). In the context of a large project in Balikpapan, the company needs sufficient human resources, which are divided into direct and indirect employees. Direct employees, such as machine operators and technicians, play a crucial role in the execution of projects in the field, while indirect employees, such as administrative staff and HRD, support the smooth running of projects from behind the scenes. Direct employees typically work daily wages in a dynamic environment, while indirect employees have more regular hours and are responsible for administrative aspects and strategic decision-making.

Company "X" experienced significant fluctuations in the number of employees, especially among direct employees, with a high turnover rate due to frequent turnover in a month. This high turnover is influenced by factors such as working conditions, welfare, and better career opportunities. Recruitment data shows that new hires joining are dominated by direct hires, reflecting the urgent need for on-the-ground manpower to meet fluctuating project targets. The company implements a dynamic recruitment policy, where the number of direct employees can change according to the project phase; Massive recruitment is carried out when the need increases, and the reduction of employees when the project is quieter. However, challenges in retaining the workforce, such as tough working conditions and less competitive salaries, contribute to high turnover. As a result, company "X" is forced to conduct constant recruitment to fill vacant positions, which drains resources and can interfere with productivity and quality of project results.

The high turnover rate of direct employees in company "X" in Balikpapan has a significant impact on the sustainability of the project, resulting in disruption of work processes, loss of knowledge and skills, and deterioration in the quality of work output. Companies also have to incur additional costs for recruitment, training, and adaptation of new employees. In addition, high turnover can affect other employees' work commitments, with the phenomenon of resignation before the contract period ends which indicates an underlying problem. This has the potential to reduce the motivation and loyalty of employees who are still active, as well as disrupt the stability of the work team and productivity. To address this issue, companies need to evaluate the factors that led to resignation and take the necessary corrective steps so that the project can run more effectively and efficiently.

Most of the employees in this company are bound by employment contracts, which reflects a commitment to the company. Work commitment is a psychological bond that encourages employees to behave in accordance with organizational goals, and research shows that employees with high commitment are more productive and less likely to be absent, while those with low commitment tend to be less engaged and more likely to change jobs (Syah et al., 2024). In the construction industry, low commitment can have a significant impact, including decreased productivity and quality of work, as well as high absenteeism rates, which can lead to delays and overruns in project costs (Mora et al., 2020). Employee commitment is closely related to company performance (Ghozali, 2017), so it is important for companies to enhance this commitment through performance rewards, a conducive work environment, and career development opportunities. One of the main reasons employees resign is the mismatch of salary with the needs of life, as well as a lack of understanding of company procedures, including the issue of reimbursement for accommodation that has actually been provided but is not properly socialized. This makes employees feel disadvantaged and choose to leave rather than face uncertainty regarding the costs they incur.

PT "X" as a construction company is facing the challenge of declining employee performance which is characterized by the inability to achieve production targets. This condition goes hand in hand with the high turnover rate of employees. This phenomenon indicates that there is an underlying problem that needs to be identified and addressed. This study aims to reveal the influence of work commitment and job satisfaction on employee performance at PT. "X" in the hope of providing recommendations to improve performance and reduce employee turnover.

Organizational commitment and job satisfaction significantly affect employee performance in manufacturing companies (Na-Nan et al., 2020). A good work environment contributes positively to employee satisfaction and performance in start-up companies (Hasani & O'Reilly, 2021). Loan (2020) also found a positive relationship between job satisfaction, organizational commitment, and employee performance. Finally, Nguyen (2021) found that training and development have a positive impact on employee satisfaction and performance in manufacturing companies.

This study aims to analyze the influence of work commitment and job satisfaction on employee performance in the construction company PT "X". The formulation of the problem raised includes three questions: whether work commitment affects employee performance, whether job satisfaction affects employee performance, and whether these two factors together affect employee performance. The benefits of this research are expected to provide a reference for academics in related studies and provide input and recommendations for companies to improve work commitment, job satisfaction, and employee performance.

The hypotheses used in this study are:

- 1) H1 : There is an effect of work commitment on the performance of employees of construction companies at PT "X"
- 2) H2 : There is an effect of job satisfaction on the performance of employees of construction companies in PT "X"
- 3) H3 : There is an effect of work commitment and job satisfaction on the performance of employees of the construction company at PT "X"

METHOD

In this study, the main focus is to examine the influence of work commitment and job satisfaction on employee performance at PT "X". The research was carried out at the company's site and included a series of processes ranging from problem discovery, thesis preparation, to data collection and reporting. The type of research used is quantitative, structured and systematic, with an approach using statistical techniques for hypothesis testing.

The study population consisted of 985 employees of PT "X", and the sampling technique applied was random sampling, which resulted in a sample of 285 employees. The variables studied include two main categories, namely the independent variable, which consists of work commitment and job satisfaction, and the bound variable which is employee performance. In addition, there is also a controlled variable, namely a questionnaire that is tailored for all respondents.

The data used in this study is quantitative data, obtained through questionnaires. The data collection process is carried out through observations, interviews, and surveys. The questionnaire uses a Likert scale to measure responses from employees. In analyzing the data, the methods used are statistical analysis, including ANOVA and regression analysis, to test the validity and reliability of the data.

Validity tests were performed by correlation analysis, while reliability was measured using Cronbach's alpha. In addition, classical assumption tests are performed to ensure that the analytical model used is valid, which includes normality, multicollinearity, and heterokedasticity tests. To test the hypothesis, this study uses the F test and the t test, which aim to determine the influence of independent variables on dependent variables. Finally, the determination coefficient (R^2) test is used to measure how much influence independent variables have on dependent variables, providing a comprehensive overview of the research methodology applied.

RESULTS AND DISCUSSION

Validity Test

Table 1. Validity Test

Variable	Item	R Count	R table	Information
Work Commitment	X1.1	0,826	0,138	Valid
	X1.2	0,672	0,138	Valid
	X1.3	0,506	0,138	Valid
	X1.4	0,469	0,138	Valid
	X1.5	0,840	0,138	Valid
	X1.6	0,857	0,138	Valid
	X1.7	0,858	0,138	Valid
Job Satisfaction	X2.1	0,616	0,138	Valid
	X2.2	0,635	0,138	Valid
	X2.3	0,508	0,138	Valid
	X2.4	0,522	0,138	Valid
	X2.5	0,636	0,138	Valid
	X2.6	0,687	0,138	Valid
	X2.7	0,613	0,138	Valid
	X2.8	0,608	0,138	Valid
	X2.9	0,687	0,138	Valid
	X2.10	0,661	0,138	Valid
	X2.11	0,690	0,138	Valid
	X2.12	0,612	0,138	Valid
	X2.13	0,670	0,138	Valid
Employee Performance	Y.1	0,605	0,138	Valid
	Y.2	0,690	0,138	Valid
	Y.3	0,626	0,138	Valid
	Y.4	0,545	0,138	Valid

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Y.5	0,620	0,138	Valid
Y.6	0,626	0,138	Valid
Y.7	0,565	0,138	Valid
Y.8	0,599	0,138	Valid
Y.9	0,653	0,138	Valid
Y.10	0,684	0,138	Valid

Based on the validity test in table 1 above, the result of the r value of all items is above the r table ($r_{\text{calculation}} \geq r_{\text{table}}$), which is 0.138. Therefore, it is concluded that all statement items are valid for use.

Reliability Test

Table 2. Reliability Test

Variable	Cronbach Alpha	Information
Work Commitment	0,857	Highly Reliable
Job Satisfaction	0,871	Highly Reliable
Employee Performance	0,824	Highly Reliable

Based on the reliability test in table 2 above, the results of the Cronbach alpha value of all variables are above 0.6. Therefore, it is concluded that all variables are reliable to be used.

Classification Assumption Test

Normality Test

Table 3. Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		287
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	2.82715056
Most Extreme Differences	Absolute	.031
	Positive	.031
	Negative	-.031
Test Statistic		.031
Asymp. Sig. (2-tailed) ^c		.200 ^d
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Based on table 3 above, a significance value of 0.200 was obtained greater than 0.05. Therefore, it was concluded that the residual was normally distributed.

Multicollinearity Test

Table 4. Multicollinearity Test

Coefficients ^a		
Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
1 Work Commitment	.791	1.264
Job Satisfaction	.791	1.264
a. Dependent Variable: Employee Performance		

Based on the multicollinearity test in table 4 above, the results of the VIF values of the three variables were below 10. Therefore, it was concluded that there was no multicollinearity in the independent variables.

Heterokedasticity Test**Table 5.** Heteroscedasticity Test

Coefficients^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	7.164	.879		8.146	.000
1 Work Commitment	.024	.021	.073	1.164	.245
Job Satisfaction	-.105	.018	-.360	-.719	.719

a. Dependent Variable: Resabs

In table 5 above, the significance value of all independent variables is greater than 0.05, therefore it can be concluded that there is no heteroscedasticity in the residual.

Hypothesis Test**Statistical Test F****Table 6.** Test F (Simultaneous)

ANOVA					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	3221.814	2	1610.907	200.136	.000b
Residual	2285.935	284	8.049		
Total	5507.749	286			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Job Satisfaction, Job Commitment

Based on the F test in table 6 above, the result of the calculated f value of 200.13 is greater than the f table (2.72) and the sig value (p-value) of 0.000 is below α (0.05). Therefore, it was concluded that there was a significant influence between work commitment and job satisfaction together on employee performance.

Statistical Test T**Table 7.** Test T (partial)

Coefficients^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	11.740	1.502		7.814	.000
1 Work Commitment	.017	.035	.021	.478	.633
Job Satisfaction	.554	.032	.755	17.572	.000

a. Dependent Variable: Employee Performance

Based on the t-test in table 7 above, the t-value calculated at 0.478 is smaller than the t-table (1.98) and the sig value (p-value) in the variable of work commitment to employee performance is 0.633 which is above α (0.05). Therefore, it can be concluded that there is no significant influence between work commitment and employee performance.

The calculated t-value of 17.572 is greater than the t-table (1.98) and the sig value (p-value) in the variable of job satisfaction on employee performance is 0.000 which is below α (0.05). Therefore, it can be concluded that there is a significant influence between job satisfaction and employee performance.

Multiple Linear Regression Test**Table 8.** Multiple Linear Regression Models

Coefficients^a			
Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
(Constant)	11.740	1.502	
1 Work Commitment	.017	.035	.021
Job Satisfaction	.554	.032	.755

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a. Dependent Variable: Employee Performance

Based on table 8, Employee performance = 11,740 + 0.017 Work Commitment + 0.554 Job Satisfaction. Based on the multiple linear regression model above, it can be known that an increase in work commitment will be able to increase employee performance by 0.017 and an increase in job satisfaction will be able to increase employee performance by 0.554.

Coefficient of Determination Test

Table 9. Coefficient of Determination Test

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.765a	.585	.582	2.83709
a. Predictors: (Constant), Job Satisfaction, Work Commitment				
b. Dependent Variable: Employee Performance				

Based on the determination coefficient test in table 9 above, the R-squared value of 0.585 was obtained. This value means that the variables of work commitment and job satisfaction are able to affect employee performance by 58.5%. Then the remaining 41.5% (100%-58.5%) of employee performance is influenced by other factors outside this study.

CONCLUSION

This study concluded that work commitment and job satisfaction significantly influence employee performance at PT "X," accounting for a total influence of 58.5%. To enhance job satisfaction, the research suggests creating a comfortable and safe work environment, fostering effective communication, recognizing employee achievements, providing career development opportunities, and promoting work-life balance. To increase work commitment, it recommends clearly communicating the company's vision, fostering a positive culture, ensuring fairness in performance appraisals, and empowering employees. For improving employee performance, the study advises setting clear performance targets, implementing an effective reward system, conducting periodic evaluations, and building collaborative teams. Future research could focus on the long-term effects of these interventions in the construction industry, explore the impact of leadership styles on company culture, conduct comparative studies to identify best practices, and examine the relationship between work-life balance initiatives and employee mental health.

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