



Effects of Demographic Factors, Compensation, Job Satisfaction on Organizational Commitment (A Study on the Inspectorate Office of Merauke and Boven Digoel Regency)

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Abstract: *This study aimed to determine the effect of demographic factors and compensation on organizational commitment mediated by job satisfaction. This was a quantitative study using a causal analysis. The research instrument was a questionnaire with a five-point Likert scale. The research samples consisted of 109 employees of the Inspectorate Office of Merauke and Boven Digoel Regency. The data were analyzed using the SEM-PLS method. The results showed that demographic factors had a negative effect on organizational commitment and compensation, but did not have a significant effect on job satisfaction. On the other hand, compensation had a positive and significant effect on job satisfaction and organizational commitment. Similarly, job satisfaction also had a positive and significant effect on organizational commitment. Compensation can mediate the relationship between demographic factors with organizational commitment and job satisfaction. Job satisfaction can mediate the relationship between compensation with organizational commitment, but cannot mediate the relationship between demographic factors with organizational commitment.*

Keywords: *demographic factors; compensation; job satisfaction; organizational commitment*

I. Introduction

Organizational success and the pursuit of organizational quality depend not only on how the organization utilizes most of its human competencies, but also on how it stimulates organizational commitment. Commitment in public organizations is important because it contributes to various aspects such as improving employee performance (Stazyk et al., 2011). With the many changes that can be found today, public organizations are required to provide maximum services to the community, which also requires a strong organizational commitment (Oliveira & Rowe, 2018; Pratomo et al., 2013).

The Inspectorate Office as one of the governmental organizations in Merauke and Boven Digoel Regency is an element that implements government affairs at the regional level. Based on LAKIP in 2019 and 2020, the performance of the Inspectorate Office in Merauke Regency only improved in terms of planning, measurement, reporting, and performance appraisal, but decreased in terms of its actual performance. Meanwhile, of the total programs targeted by the Inspectorate Office of Boven Digoel Regency in 2018, only 46% of the programs were achieved. Such low achievement of the targeted programs shows that the performance of the Inspectorate Office has not yet been optimal.

The fact that the performance of the Inspectorate Office has not been optimal indicates the presence of organizational commitment-related problems. Based on empirical evidence, organizational commitment has a significant effect on performance. Thus far, the focus of almost all studies on the Inspectorate Office have always been on the effect of organizational commitment on the performance of the Inspectorate Office including research of Andrianti et al. (2016). The limited number of studies on the organizational commitment of

the Inspectorate Office offers an opportunity for researchers to analyze the organizational commitment of the Inspectorate Office and the factors that affect it such as demographic characteristics, compensation, and job satisfaction.

Some researchers considered job satisfaction as a reason for organizational commitment (Lincoln & Kalleberg, 1990; Mowday et al., 1982). Eleswed and Mohammed (2013) found that, when an employee is satisfied with his or her job, then he or she will have a higher level of organizational commitment. On the other hand, employees who perceive that their needs are not met will be more interested in switching to the competitions.

Many previous studies have analyzed the relationship between demographic factors and organizational commitment (Gunlu et al., 2010; Mwesigwa et al., 2020). Demographic variables such as age, gender, education level, and tenure in an organization have been shown to be the predictors of employees' organizational commitment and job satisfaction. According to the results of some previous empirical studies, the researcher found a gap in these research results. Some researchers stated that there was no correlation between demographic factors with organizational commitment and job satisfaction (Colarelli & Bishop, 1990) but other researchers found a significant correlation (Lok & Crawford, 2004; Mwesigwa et al., 2020).

In addition to demographic factors, compensation also plays an important role in determining employees' organizational commitment. High compensation packages will tend to retain employees because the employees are more satisfied with the existing compensation (Chiu et al., 2002). Daniel (2019) also found that providing a good compensation package allows for the needs and desires of the employees to be met, thus making them show positive attitudes as well as increasing their productivity and loyalty.

Based on the existing research phenomena and gaps, this study aimed to analyze the relationship between demographic variables, compensation, job satisfaction, and organizational commitment of the employees of Inspectorate Office. The researchers also tested the variables of compensation and job satisfaction as mediating variables. Thus far, there have not been many researchers who use compensation as a mediating variable, particularly one that mediates the relationship between demographic factors with organizational commitment. Besides, the researcher found only one study that has proven that job satisfaction can mediate the relationship between demographic factors with organizational commitment, namely a study by Ashraf (2020).

II. Review of Literatures

2.1 Organizational Commitment

Organizational commitment has become an important topic in management and behavioral science (Rehman et al., 2012). According to Allen and Meyer (1996), it is important to understand the things that lead to organizational commitment because it is related to two crucial variables, namely intention to leave the organization and withdrawal behavior. Employees who have organizational commitment will provide competitive advantages such as higher productivity and lower employee turnover.

2.2 Job Satisfaction

Job satisfaction is a variable most frequently analyzed in behavioral science and organizational psychology (Spector, 1997) because it is an important indicator that describes employees' feelings towards their job (Mount, 2006). In addition, job satisfaction has also been linked with employee motivation, behavior, and productivity.

2.3 Compensation

Mondy et al. (1999) define compensation as the total rewards given by an employer to his/her employees in return for the work provided by the employees. Compensation can be categorized as either intrinsic or extrinsic, financial or non-financial, and direct or indirect benefits, which can affect job satisfaction and eventually affect organizational commitment (Shortland, 2018).

2.4 Demographic Factors

The term 'demographic' is often used interchangeably with 'demographics' that studies human population including population growth and social changes (Donner & Rodríguez, 2008). Demographic factors or variables are personal statistics that cover information such as gender, age, marital status, family size, occupation, education level, language background, income level, ownership or property, nationality, ethnicity, race, religion, location and so on (Cantiello et al., 2015). There have been many studies showing that demographic variables had significant effects on organizational behavior variables such as employee performance, job satisfaction, and organizational commitment (Cantiello et al., 2015; Gunlu et al., 2010; Warokka & Febrilia, 2015).

2.5 Hypothesis Development

a. Demographic Factors, Organizational Commitment, Compensation, and Job Satisfaction

Empirical evidence shows that demographic variables can have a significant effect on organizational commitment (Konya et al., 2016). Inequality related to demographic characteristics, particularly gender, is still found, especially in terms of recruitment, promotion, and compensation (Peltokorpi et al., 2015). A study conducted by Levina dan Xin (2007) showed a compensation gap based on demographic factors. A study by Heidarian et al. (2015) also found that age, tenure, marriage, and gender had a significant negative effect on employee salaries.

Previous studies including that by Mwesigwa et al. (2020) found that education level and gender had a negative and significant effect on organizational commitment. Ashraf (2020) found a negative and significant effect of demographic factors on compensation. In addition, Lok and Crawford (2004) revealed that a demographic factor, namely age, had a negative and significant effect on job satisfaction. Thus, based on previous empirical findings, the hypotheses of this research are formulated as follows:

H1: Demographic factors have a negative effect on organizational commitment.

H2: Demographic factors have a negative effect on compensation.

H3: Demographic factors have a negative influence on job satisfaction.

b. Compensation, Job Satisfaction, and Organizational Commitment

Rewards in the form of compensation serve as one of the factors that result in job satisfaction as mentioned in the model of need fulfillment by Kreitner and Kinicki (2007). A study by Ibrahim and Boerhaneoddin (2010) showed a positive and significant effect of compensation on employees' job satisfaction. The results of this study are in line with a study by Nasution et al. (2019) and Putra et al. (2018) also showing a positive and significant effect of compensation on employees' job satisfaction.

A study by Shortland (2018) concluded that compensation had an effect on job satisfaction and eventually had an effect on employees' organizational commitment. An attractive compensation system could increase employees' commitment (Nasution et al.,

2019). Thus, based on previous empirical findings, the hypotheses of this research are formulated as follows:

H4: Compensation has a positive effect on job satisfaction.

H5: Compensation has a positive effect on organizational commitment.

c. Job Satisfaction and Organizational Commitment

Eleswed and Mohammed (2013) revealed that, when employees are satisfied with their jobs, they are then more committed to the organization. A study by Gunlu et al. (2010) found that the intrinsic, extrinsic, and general components of job satisfaction had a significant positive relationship with normative and affective organizational commitment. This finding is supported by Putra et al. (2018) and Mwesigwa et al. (2020) who also showed that compensation had a positive effect on organizational commitment. Thus, based on previous empirical findings, the following hypothesis is proposed:

H6: Job satisfaction has a positive effect on organizational commitment.

d. Mediation Hypothesis

Bashir et al. (2011) in their research showed that demographic factors had a quite significant effect on compensation which then also had an effect on employees' commitment. Empirical evidence also showed that compensation had a significant and positive effect on employees' organizational commitment and job satisfaction (Putra et al., 2018). More specifically, a study by Ashraf (2020) proved that compensation can be a mediating variable of the effect of demographic factors on organizational commitment and job satisfaction. Therefore, the following hypotheses are proposed:

H7: Compensation mediates the relationship between demographic factors with organizational commitment.

H8: Compensation mediates the relationship between demographic factors with job satisfaction.

Several previous studies have also examined job satisfaction as a mediator between the construction of human resources. Nasution et al. (2019) in their research concluded that companies should increase employees' organizational commitment through job satisfaction by providing attractive compensation. Another study found that job satisfaction could mediate the relationship between compensation with organizational commitment (Ibrahim & Boerhaneoddin, 2010; Putra et al., 2018).

Previous empirical evidence also revealed that demographic factors had a significant effect on organizational commitment (Gunlu et al., 2010; Mwesigwa et al., 2020) and job satisfaction (Putra et al., 2018). A study by Suri and Petchsawang (2018) showed that demographic characteristics played an important role in evaluating job satisfaction and organizational commitment. Thus, job satisfaction presumably can be a mediating variable for the relationship between demographic factors and organizational commitment, so the following hypotheses are proposed:

H9: Job satisfaction mediates the relationship between compensation structure with organizational commitment.

H10: Job satisfaction mediates the relationship between demographic factors with organizational commitment.

Based on the hypothesis development, the research model is illustrated in Figure 1.

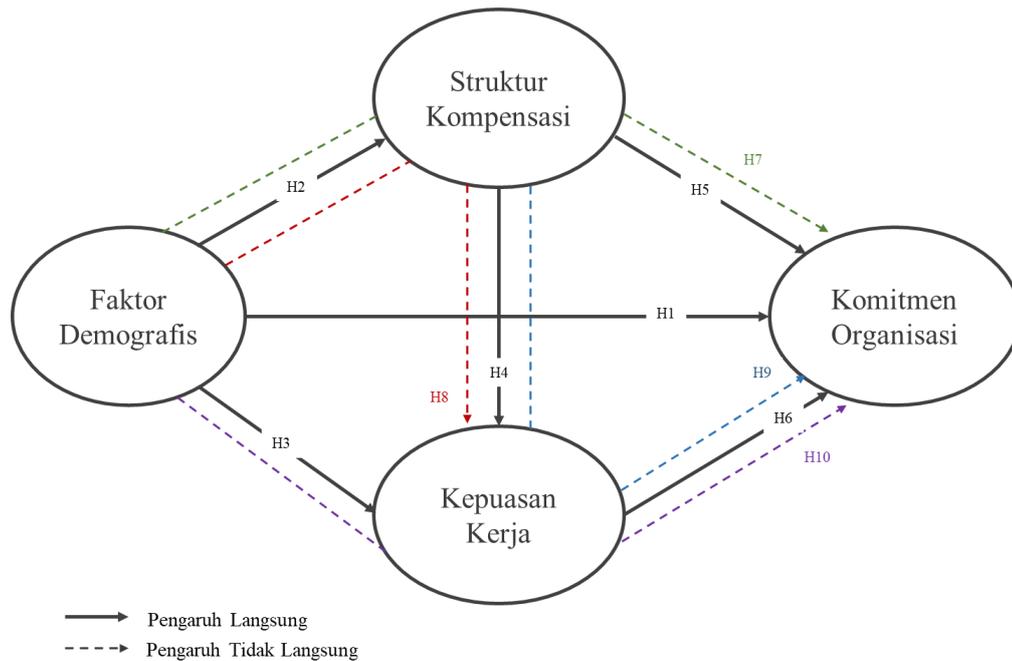


Figure 1. *Research Model*

III. Research Methods

This was a quantitative study using a causal analysis. The population of this study consisted of civil servants who worked at the Inspectorate Office of Merauke and Boven Digoel Regency. There was a total of 109 civil servants, so the entire population was involved as the samples. The data were collected by distributing questionnaires with a 5-point Likert scale.

Each of the variables was measured using measurements developed by previous researchers. The names of the variables, the number of indicators, and the references for the measurements are described in Table 1. To test the hypotheses, this study used Partial Least Square (PLS) method and SmartPLS 3 software.

Table 1. Names of variables, number of indicators, and references

No	Variables	Number of Indicators	of Sources
1	Demographic Factors	5	Cantiello <i>et al.</i> (2015)
2	Compensation	20	Feraro-Banta dan Shaikh (2017)
3	Job Satisfaction	20	Weiss <i>et al.</i> (1967)
4	Organizational Commitment	10	Mowday <i>et al.</i> (1979)

Source: The author's elaboration

IV. Discussion

The respondents of this study were analyzed based on the demographic characteristics including gender, age, education, tenure, and position (Honorary, Functional, or Structural Position). Based on the results of the descriptive analysis as shown in Table 2, this study was dominated by male respondents who were 40-49 years old, held a bachelor degree, had worked for 11-15 years, and had a structural position.

Table 2. Demographic Characteristics of Respondents

Category	Alternative Answer	Number of respondent	Percentage (%)
Gender	Male	59	54,13
	Female	50	45,87
Age	18-29 years old	10	9,17
	30-39 years old	38	34,86
	40-49 years old	41	37,61
	> 50 years old	20	18,35
Education	Senior High School	21	19,27
	Diploma 3	8	7,34
	Bachelor Degree	74	67,89
	Master Degree	6	5,50
Period of Service	1-5 years	23	21,10
	6-10 years	17	15,60
	11-15 years	29	26,61
	16-20 years	20	18,35
	21-25 years	6	5,50
	> 25 years	14	12,84
Employee status	Honorary	9	8,26
	Functional	23	21,10
	Structural	77	70,64

Source: The author's elaboration

4.1 Measurement Model Analysis

The first step in analyzing the results of the SEM-PLS test is to analyze the measurement model (Hair *et al.*, 2017). In the measurement model analysis, there are four things that should be analyzed, namely factor loading, the reliability of internal consistency using Composite Reliability, AVE convergent validity, and discriminant validity.

The results of the factor loading in Table 3 and Figure 2 show that there were seven items eliminated from the model due to low factor loading values. The seven items are gender, position, X2.3, X2.4, X2.7, X2.15, and Y.7. The other items had a loading factor value greater than 0.6, so they were declared valid. At the construct level, the research model had good convergent validity because all the variables had an Average Variance Extracted (AVE) value greater than 0.5.

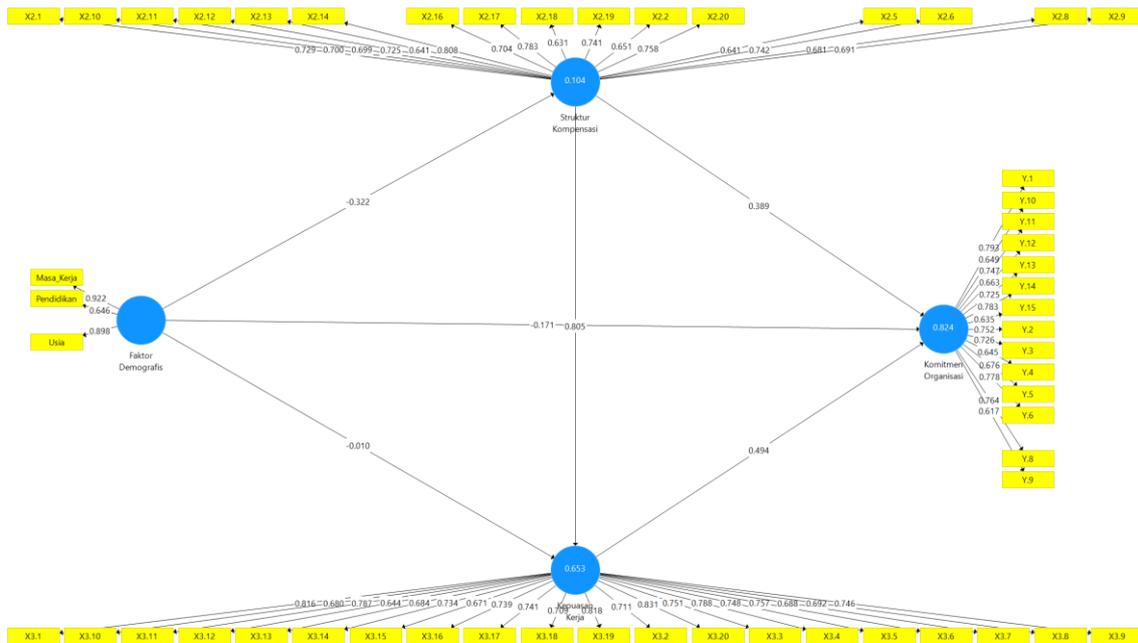


Figure 2. Valid Measurement Model

Table 3. Factor Loading and Reliability Coefficients

Variables	Indicators	Item	Loading	AVE	CA	CR
Demographic Factors	Gender		Invalid	0.691	0.766	0.868
	Age		0.897			
	Education		0.647			
	Tenure		0.922			
	Position		Invalid			
Compensation	Salary increases are based on job performance.	X2.1	0.729	0.504	0.934	0.942
	Salary increases are based on years of experiences.	X2.2	0.651			
	Salary increases are based on commodity prices.	X2.3	Invalid			
	Salaries for married employees are higher than those for unmarried ones.	X2.4	Invalid			
	Salary increases are based on educational attainment.	X2.5	0.641			
	Allowances are provided based on performance appraisals.	X2.6	0.742			
	Allowances are provided in the form of free accommodation.	X2.7	Invalid			
	Allowances are a motivation for work commitment.	X2.8	0.681			
	Allowances are an organizational retention strategy.	X2.9	0.691			

	Allowances are given based on years of experiences.	X2.10	0.700			
	Promotions are available based on performance appraisals.	X2.11	0.699			
	Promotion motivates employees to work.	X2.12	0.725			
	Promotion is based on tenure in the company.	X2.13	0.641			
	Promotion makes employees more loyal to the company.	X2.14	0.808			
	Promotion is a retention instrument.	X2.15	Invalid			
	Employees are given incentives when they achieve a target.	X2.16	0.704			
	Incentives are given to high-performing officers.	X2.17	0.783			
	Incentives are given to employees based on the number of overtime hours.	X2.18	0.631			
	Incentives are given to employees with perfect attendance.	X2.19	0.741			
	Incentives are given to employees who are always punctual.	X2.20	0.758			
Job Satisfaction	Ability to keep busy all the time	X3.1	0.816	0.546	0.956	0.960
	Opportunity to work alone at work	X3.2	0.711			
	Opportunity to do different things over time	X3.3	0.751			
	Opportunity to be "someone" in the community	X3.4	0.788			
	The way my supervisor treats his employees	X3.5	0.748			
	My supervisor's competence in decision making	X3.6	0.757			
	Ability to do things that are not against my conscience	X3.7	0.688			
	The way my work provides permanent employment	X3.8	0.692			
	Opportunity to do something for other people	X3.9	0.746			
	Opportunity to tell other people what to do	X3.10	0.680			
	Opportunity to do	X3.11	0.787			

	something that utilizes my abilities					
	How company policies are practiced	X3.12	0.644			
	My salary and the amount of work I do	X3.13	0.684			
	Opportunity for career advancement in this job	X3.14	0.734			
	Freedom to use my own judgment	X3.15	0.671			
	Opportunity to try my own methods of completing the job	X3.16	0.739			
	Working conditions	X3.17	0.741			
	The way my co-workers get along with each other	X3.18	0.709			
	The compliment I get for doing a good job	X3.19	0.818			
	The feeling of accomplishment I get from that job	X3.20	0.831			
Organizational Commitment	I am willing to put discretionary efforts beyond the required minimum to help this organization succeed.	Y.1	0.793			
	I talk about this organization to my friends as a great organization to work with.	Y.2	0.752	0.509	0.925	0.935
	I feel very little loyalty to this organization. (R)	Y.3	0.726			
	I will accept almost any type of job assignment to keep working for this organization.	Y.4	0.645			
	I find that my values and the organization's values are very similar.	Y.5	0.676			
	I am proud to tell others that I am part of this organization.	Y.6	0.778			
	I could be working for a different organization as long as the type of work was similar. (R)	Y.7	Invalid			
	This organization really inspires the very best in me in the way of job performance.	Y.8	0.764			
	It would only take a little	Y.9	0.617			

change in my current situation to cause me to leave this organization. (R)		
I am very glad that I chose this organization to work for over other organizations I was considering at the time I joined.	Y.10	0.747
There is not much to be gained by sticking with this organization indefinitely. (R)	Y.11	0.663
I often find it difficult to agree with this organization's policies on important matters relating to its employees. (R)	Y.12	0.725
I really care about the fate of this organization.	Y.13	0.783
To me this organization is the best organization to work with.	Y.14	0.635
Deciding to work for this organization was a definite mistake on my part. (R)	Y.15	0.747

The internal consistency reliability was analyzed using Cronbach's Alpha (CA) and Composite Reliability (CR) measures. Based on the results in Table 3, all the variables had CA and CR values greater than 0.7. Therefore, it can be concluded that all the constructs had good reliability. In addition, the research model also met the discriminant validity criteria because all the heterotrait-monotrait ratio of correlation (HTMT) was lower than the threshold of 0.9 (Table 4).

Table 4. Heterotrait-Monotrait Ratio (HTMT)

	Demographic Factors	Job Satisfaction	Organizational Commitment	Compensation
Demographic Factors				
Job Satisfaction	0,307			
Organizational Commitment	0,523	0,897		
Compensation	0,367	0,849	0,889	

4.2 Structural Model Analysis

The coefficient of determination (Table 5) shows that the R² of compensation was 0.104, meaning that the ability of the demographic factor variables in explaining the compensation structure fell in the weak category. Then the R² of job satisfaction was 0.653, meaning that the demographic factors and compensation could explain 65.3% of job satisfaction and fell in the moderate category. Meanwhile, the R² of the organizational commitment variable was 0.824, meaning that the variables of demographic characteristics, compensation, and job satisfaction could explain 82.4% of organizational commitment and

fell in the strong category. The results of the predictive relevance in Table 5 show that the Q^2 of the three endogenous constructs was greater than 0, thus confirming the predictive relevance of the endogenous variables in this study.

Table 5. R-Square and Q-Square Values

	<i>R-Square</i>	<i>R-Square Adjusted</i>	<i>Q-Square</i>
Compensation	0,104	0,096	0,048
Job Satisfaction	0,653	0,646	0,344
Organizational Commitment	0,824	0,818	0,401

The results of the hypothesis test in Table 6 show that five of the six direct effect hypotheses were supported. The demographic factors were shown to have a negative and significant effect on organizational commitment and compensation, but no significant effect on job satisfaction. These results are in line with the results of some previous studies which also showed that demographic factors had a negative effect on organizational commitment (Konya *et al.*, 2016; Mwesigwa *et al.*, 2020) and compensation (Ashraf, 2020; Heidarian *et al.*, 2015).

This study is in line with Chordiya *et al.* (2017) who revealed that age had a negative correlation to organizational commitment in the public sector. There might be various factors why there is a negative relationship between age and organizational commitment, one of which is policy discrimination and stereotypes between younger and older employees (Bibby, 2008). The negative effect of demographic factors on compensation might be due to compensation gaps based on demographic factors (Levina & Xin, 2007). In addition, KIELERSTAJN (2008) showed that older employees considered that financial compensation was not the most important job element.

This study is also in accordance with Konya *et al.* (2016) who found a negative and significant effect of tenure on organizational commitment. Employees with longer tenure in the organization could adjust their expectations to the rewards that the organization could provide for their work (Smith *et al.*, 1969). This way, employees with a longer tenure in the organization are able to adjust to the compensation provided by the organization compared to new employees.

A high education level makes it possible for employees to be recruited by other organizations with better working requirements, thus lowering their organizational commitment (Mwesigwa *et al.*, 2020). When the expectations of employees holding a bachelor's degree are not met, then these employees tend to lower their work attitude and organizational commitment (Jurik *et al.*, 1987). In addition, employees with a higher education level tend to have higher expectations in terms of compensation compared to employees with a lower education level (Jerrim, 2011).

Demographic factors had no significant effect on job satisfaction. The job satisfaction of the employees at the Inspectorate Office of Merauke and Boven Digoel Regency was not affected by demographic factors, including education, age, and tenure. The job satisfaction of the Inspectorate Office employees was affected by job-related factors, one of which is compensation which, in this study, was proven to have a significant effect on job satisfaction.

Table 6. Summary of Hypothesis Test Results (Direct Effect)

Hypothesis			<i>Path Coeff.</i>	<i>T-stat.</i>	<i>P-values</i>	Decision
H1	Demographic Factors	→	-0,171	4,066	0,000	Supported
	Organizational Commitment					
H2	Demographic Factors	→	-0,322	3,540	0,000	Supported
	Compensation					
H3	Demographic Factors	→ Job	-0,010	0,172	0,863	Not Supported
	Satisfaction					
H4	Compensation	→	0,805	22,961	0,000	Supported
	Job Satisfaction					
H5	Compensation	→	0,389	4,174	0,000	Supported
	Organizational Commitment					
H6	Job Satisfaction	→	0,494	5,120	0,000	Supported
	Organizational Commitment					

The results showed that compensation had a positive and significant effect on job satisfaction and this supports research by Nasution (2019) and Putra *et al.* (2018). The higher the compensation provided, the higher the employees' job satisfaction. Therefore, it is important to design and improve a good compensation system, thus facilitating employees to gain job satisfaction.

This study is also in line with previous research that found a positive and significant effect of compensation on organizational commitment (Putra *et al.*, 2018). A proper compensation system motivates employees to stick with the organization and allows for a sense of belonging to the organization where they work to grow. Non-financial compensation components such as promotion opportunities have a more significant effect on organizational commitment compared to other non-financial compensation components (Khan *et al.*, 2016).

The results of this study is also in line with a study by Mwesigwa *et al.* (2020) dan Putra *et al.* (2018), proving that job satisfaction had a positive and significant effect on organizational commitment. The higher the employees' job satisfaction, the higher the employees' organizational commitment.

Table 7. Summary of Hypothesis Test Results (Mediation)

Hypot hesis	Model		<i>Path Coeff.</i>	<i>P-Values Direct Effect</i>	<i>P-Values Indirect Effect</i>	Infor mation
H7	(a) Demographic Factors	→	-0,322	0,000	0,011	a, b, and c significant = partial mediation
	Compensation					
	(b) Compensation	→	0,389	0,000		
	Organizational Commitment					
	(c) Demographic Factors	→	-0,171	0,000		
	Organizational Commitment					
H8	(a) Demographic Factors	→	-0,322	0,000	0,000	a and b significant, c not significant =
	Compensation					
	(b) Compensation	→ Job	0,805	0,000		
	Satisfaction					
	(c) Demographic Factors	→ Job	-0,010	0,863		
	Satisfaction					

					full mediati on
H9	(a) Compensation → Job Satisfaction	0,805	0,000	0,000	a, b, and c significant = partial mediati on
	(b) Job Satisfaction → Organizational Commitment	0,494	0,000		
	(c) Compensation → Organizational Commitment	0,389	0,000		
H10	(a) Demographic Factors → Job Satisfaction	-0,010	0,863	0,862	a not significant, b and c significant = no mediati on
	(b) Job Satisfaction → Organizational Commitment	0,494	0,000		
	(c) Demographic Factors → Organizational Commitment	-0,171	0,000		

The next was to test the mediation hypotheses seen from the table of specific indirect effects on the results of bootstrapping in PLS. Based on the results of the mediation effect testing as summarized in Table 7, three of the four mediation hypotheses, namely H7, H8, and H9 were supported, while H10 was not proven to be significant. These results support research conducted by Ashraf (2020) who found that compensation can serve as a mediator for the relationship between demographic factors with organizational commitment. The effect of demographic factors on organizational commitment mediated by compensation had a negative coefficient. This might be due to several factors, one of which is compensation gap or discrimination based on demographic factors (Levina & Xin, 2007).

Compensation fully mediated the relationship between demographic factors and job satisfaction. The results of this study are in line with a study by Ashraf (2020). This indicates that demographic factors including age, education, and tenure do not determine employees' job satisfaction. Nonetheless, with the presence of adequate compensation, the effect of age, education, and tenure on job satisfaction becomes significant.

Then, job satisfaction mediated the relationship between compensation and organizational commitment, supporting research by Ibrahim and Boerhaneoddin (2010) and Putra *et al.* (2018). When there is adequate compensation, employees will gain job satisfaction, thus increasing their organizational commitment. Employees will be willing to give maximum efforts to help the organization achieve its goals because they feel satisfied with their work.

V. Conclusion

This study has proven that demographic factors have a negative and significant effect on organizational commitment and compensation. However, compensation has been proven to have a positive and significant effect on job satisfaction and organizational commitment. Compensation has also been shown to mediate the relationship between demographic factors

with job satisfaction and organizational commitment. In addition to its significant effect on organizational commitment, job satisfaction also mediates the relationship between compensation and organizational commitment.

This study brings several important implications for human resource management in the public sector. It is important for the leaders and management of public sector organizations to design a fair compensation system so as to have a positive effect on employees' job satisfaction and organizational commitment. In addition, it is also necessary to formulate human resource practices that consider employees' demographic factors. Besides, it is crucial for the leaders and management to design a salary increase system based on performance, years of experiences, commodity prices, and educational attainment. When the salary and allowance systems are improved, employees' job satisfaction and organizational commitment will increase as well. In relation to job satisfaction, it is necessary for the leaders and management of public sector organizations to provide more opportunities for employees to work with their own ways and implement an employee participation system. The leaders can solicit suggestions and input from the employees in decision making.

For future researchers, other variables that explain the organizational commitment of public sector organization employees can be added, especially the Inspectorate Office, including participation and working conditions. In addition, demographic factors can also be analyzed as moderating factors, making it possible to more specifically explain the differences in the effect of compensation and job satisfaction on organizational commitment at different levels of education, age, and tenure. Future researchers can also add qualitative data such as the results of interview to further explain the effects of each variable.

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