

THE INFLUENCE OF DISTRIBUTIVE COMPENSATION JUSTICE AND PROCEDURAL COMPENSATION JUSTICE ON JOB SATISFACTION AND EMPLOYEE PERFORMANCE AT PT TUNAS JAYA PERKASA

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Abstract

This study aims to analyze the influence of Distributive Compensation Justice and Procedural Compensation Justice on Employee Performance through Job Satisfaction among non-managerial employees at PT Tunas Jaya Perkasa, Melak site, Kutai Barat. This research uses a quantitative approach with a survey method. Data were collected through questionnaires distributed to 64 non-managerial employees directly involved in field operations. Data analysis was conducted using Partial Least Squares–Structural Equation Modeling (PLS-SEM) with the support of SmartPLS 3 software. The results show that Distributive Compensation Justice and Procedural Compensation Justice have a positive and significant effect on Job Satisfaction. Furthermore, Job Satisfaction has a positive and significant effect on Employee Performance. The direct influence of Distributive and Procedural Compensation Justice on Employee Performance is not significant; however, through the mediation of Job Satisfaction, their influence becomes significant. Mediation testing indicates that Job Satisfaction fully mediates the effect of Distributive Compensation Justice on Employee Performance and partially mediates the effect of Procedural Compensation Justice on Employee Performance.

Keywords: Distributive Compensation Justice; Procedural Compensation Justice; Job Satisfaction; Employee Performance

INTRODUCTION

Human resources are strategic assets that determine the effectiveness of organizational operations and the achievement of company targets. In the resource-based view, internal resources such as employee capability, work processes, knowledge, and competence can become a source of sustained advantage when they are managed properly (Barney, 1991). In a similar way, human resource management systems are linked to employee contribution and organizational performance because they shape how employees perceive the employment relationship and how they respond to organizational policies (Guest, 2011; Boon et al., 2019).

In mining contractor companies, the role of human resources becomes even more critical because field operations are characterized by physical risk, complex equipment use, strict safety procedures, and continuous coordination among operational units. PT Tunas Jaya Perkasa is a company engaged in coal mining services and heavy equipment rental. One of its main operational sites is located in Melak, West Kutai Regency, East Kalimantan. The site carries out field activities such as work area preparation, overburden removal, coal mining, material hauling, equipment maintenance, logistics, and supporting administration. These activities rely heavily on non-managerial employees who execute technical and operational tasks directly.

The empirical phenomenon in this study is reflected in the distribution of employee leave across work units at the Melak site. The thesis data show that operational, HR/Finance, and mechanic/maintenance units recorded higher leave frequencies than logistics/driver and sales/customer support units. This condition suggests differences in workload, work intensity, and responsibility among units. In a work setting that requires high discipline and operational consistency, perceptions of fair compensation become important because employees tend to compare the rewards they receive with their contribution, workload, and responsibility. Compensation justice can be understood through two interrelated dimensions. Distributive compensation justice refers to employee perceptions of whether compensation outcomes are proportional to their contribution, effort, and responsibilities.

Procedural compensation justice refers to whether the mechanisms used to determine compensation are transparent, consistent, and fair. When both aspects are perceived positively, employees are more likely to feel valued and satisfied with their jobs. Job satisfaction, in turn, becomes a psychological mechanism that encourages employees to perform tasks consistently, comply with procedures, and achieve operational targets.

Previous studies have shown that compensation justice and organizational justice are associated with job satisfaction and employee performance, although the strength and significance of these relationships vary across organizational contexts (Atmojo & Tjahjono, 2016; Hidayat et al., 2017; Rivai et al., 2019; Swastika et al., 2018). This variation creates a research gap, especially in heavy equipment mining contractor settings where operational risk, technical responsibility, and field workload are relatively high. Therefore, this study examines the effect of distributive and procedural compensation justice on employee performance, both directly and indirectly through job satisfaction.

LITERATURE REVIEW

Distributive and procedural compensation justice

Justice theory explains that employees evaluate the fairness of organizational exchanges by comparing what they contribute with what they receive (Adams, 1963). In the context of compensation, distributive justice focuses on the fairness of compensation outcomes, while procedural justice focuses on the fairness of the rules and procedures used to allocate compensation. Organizational justice literature also emphasizes that outcome fairness and process fairness are both important because employees do not only assess the amount of reward, but also the credibility and consistency of the decision-making process (Colquitt et al., 2021; Greenberg & Baron, 2020).

Distributive compensation justice is relevant when employees assess whether their pay, allowances, incentives, and other rewards are proportional to their workload and responsibilities. Procedural compensation justice is relevant when employees assess whether compensation decisions are based on clear standards, consistent implementation, and transparent communication. In field-based organizations, these two forms of justice can reduce uncertainty and strengthen employee trust because compensation systems are closely related to risk, workload, and operational accountability (Milkovich et al., 2023; Mathis et al., 2025).

Job satisfaction and employee performance

Job satisfaction describes an employee's positive evaluation of work, rewards, supervision, procedures, and the broader work environment. It is not only an affective state, but also a managerial indicator that reflects whether employee expectations are aligned with organizational practices (Spector, 2021). Employees who are satisfied with their work tend to show better discipline, stronger commitment to tasks, and more stable work behavior. Employee performance, meanwhile, refers to the extent to which employees complete work according to quantity, quality, timeliness, and procedural standards (Robbins & Judge, 2023).

Prior empirical studies support the relationship between justice, job satisfaction, and performance. Hidayat et al. (2017) found that distributive and procedural compensation justice influenced job satisfaction and performance. Rivai et al. (2019) indicated that distributive justice and job satisfaction were important antecedents of employee performance. However, Atmojo and Tjahjono (2016) and Swastika et al. (2018) reported that some direct relationships were not always significant, indicating that the effect of compensation justice may depend on mediating factors and organizational context. Based on this literature, job satisfaction is positioned as a mediating variable between compensation justice and employee performance.

METHOD

This research used a quantitative explanatory design with a survey method. The research was conducted at PT Tunas Jaya Perkasa, Melak site, West Kutai Regency, East Kalimantan. The population consisted of non-managerial employees who were directly involved in operational and field support activities. A total of 64 employees were used as respondents. The respondent profile shows that 60.94% were male and 39.06% were female. Most respondents were 26-30 years old, had undergraduate education, had worked for 2-4 years, and were assigned mainly to the operational department. Data were collected using a structured questionnaire measured with a Likert scale. The variables in the model were distributive compensation justice (X1), procedural compensation justice (X2), job satisfaction (Z), and employee performance (Y). The data were analyzed using Partial Least Squares-Structural Equation Modeling (PLS-SEM) with SmartPLS 3. The measurement model was evaluated through convergent validity, discriminant validity, Cronbach's alpha, composite reliability, and Average Variance

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Hiras Pardingotan Tindaon et al

Extracted (AVE). The structural model was evaluated using collinearity statistics, R-square, predictive relevance, direct effects, indirect effects, and model fit.

Table 1. Respondent Profile

Characteristic	Dominant category	Frequency	Percentage
Gender	Male	39	60.94%
Age	26-30 years	31	48.44%
Education	Bachelor degree	35	54.69%
Length of service	2-4 years	24	37.50%
Department	Operational	32	50.00%

Source: Primary data processed with SmartPLS 3, 2026.

RESULTS AND DISCUSSION

Measurement model

The measurement model was first assessed to ensure that the indicators were valid and reliable. The AVE values of all constructs were above 0.50, indicating acceptable convergent validity. The Cronbach's alpha and composite reliability values of all constructs were above 0.70, indicating adequate internal consistency. These results show that the indicators used in the questionnaire were able to represent their respective latent variables.

Table 2. Measurement Model Summary

Construct	Cronbach's Alpha	Composite Reliability	AVE
Distributive Compensation Justice (X1)	0.925	0.944	0.770
Procedural Compensation Justice (X2)	0.937	0.952	0.798
Job Satisfaction (Z)	0.906	0.930	0.727
Employee Performance (Y)	0.827	0.895	0.739

Source: Primary data processed with SmartPLS 3, 2026.

Discriminant validity was assessed using the Heterotrait-Monotrait Ratio (HTMT). The HTMT values among constructs were below the commonly recommended threshold of 0.90, meaning that each construct had sufficient conceptual and empirical distinction. This result is important because distributive justice, procedural justice, job satisfaction, and employee performance are related constructs but should still measure different dimensions in the model.

Structural model

The structural model indicates moderate explanatory power. The R-square value for job satisfaction was 0.373, meaning that distributive and procedural compensation justice explained 37.3% of the variance in job satisfaction. The R-square value for employee performance was 0.366, meaning that distributive compensation justice, procedural compensation justice, and job satisfaction explained 36.6% of the variance in employee performance. The SRMR value was 0.065 for both the saturated and estimated model, which is below 0.08 and indicates acceptable model fit for interpretation.

Table 3. R-square and Model Fit

Indicator	Value	Interpretation
R-square: Job Satisfaction (Z)	0.373	Moderate explanatory power
R-square: Employee Performance (Y)	0.366	Moderate explanatory power
SRMR: Saturated Model	0.065	Good model fit
SRMR: Estimated Model	0.065	Good model fit

Source: Primary data processed with SmartPLS 3, 2026.

The direct effect analysis shows that distributive compensation justice has a positive and significant effect on job satisfaction ($O = 0.422$; $p = 0.000$). This means that employees who perceive compensation outcomes as proportional to their contribution and responsibility tend to have higher job satisfaction. Procedural compensation justice also has a positive and significant effect on job satisfaction ($O = 0.451$; $p = 0.000$), indicating that clear, consistent, and transparent compensation procedures improve employee satisfaction.

Job satisfaction has a positive and significant effect on employee performance ($O = 0.481$; $p = 0.000$). This finding confirms that satisfied employees are more likely to perform consistently, follow operational procedures, and support the achievement of company targets. However, the direct effects of distributive compensation justice on employee performance ($O = 0.197$; $p = 0.110$) and procedural compensation justice on employee performance ($O = 0.037$; $p = 0.785$) are not significant. These results suggest that compensation justice does not automatically improve performance unless it first shapes employee satisfaction.

Table 4. Direct Effects

Relationship	Path coefficient	T-statistics	P-value	Decision
X1 -> Z	0.422	5.064	0.000	Significant
X1 -> Y	0.197	1.599	0.110	Not significant
X2 -> Z	0.451	6.160	0.000	Significant
X2 -> Y	0.037	0.273	0.785	Not significant
Z -> Y	0.481	3.931	0.000	Significant

Source: Primary data processed with SmartPLS 3, 2026.

Mediation of job satisfaction

The indirect effect analysis demonstrates that job satisfaction mediates the relationship between distributive compensation justice and employee performance ($O = 0.203$; $p = 0.005$). Job satisfaction also mediates the relationship between procedural compensation justice and employee performance ($O = 0.217$; $p = 0.003$). Because the two direct effects from compensation justice to employee performance are not significant while the indirect effects are significant, job satisfaction becomes the main mechanism through which compensation justice improves employee performance in this research context.

Table 5. Indirect Effects

Indirect relationship	Path coefficient	T-statistics	P-value	Decision
X1 -> Z -> Y	0.203	2.820	0.005	Significant mediation
X2 -> Z -> Y	0.217	2.998	0.003	Significant mediation

Source: Primary data processed with SmartPLS 3, 2026.

The findings are consistent with studies showing that justice perceptions can strengthen job satisfaction and performance (Hidayat et al., 2017; Purnama et al., 2020; Wahby et al., 2022). However, the non-significant direct effects also support the argument that the justice-performance relationship is not always direct. In the Melak site context, employees appear to translate fair compensation outcomes and procedures into higher performance after they first experience satisfaction with their work conditions, rewards, and organizational treatment.

From a managerial perspective, these findings imply that compensation policies should not be treated only as financial instruments. Fair compensation outcomes and fair procedures should be communicated clearly, implemented consistently, and connected to recognition of employee contribution. In a field operation environment with high workload and technical responsibility, compensation justice strengthens employee performance most effectively when it creates satisfaction, trust, and a sense of being valued.

CONCLUSION

Based on the results of research and discussion regarding the Influence of Distributive Compensation Justice and Procedural Compensation Justice on Employee Job Satisfaction and Performance at PT Tunas Jaya Perkasa, the conclusions of this research are as follows.

1. Distributive Compensation Justice has a positive and significant effect on Job Satisfaction of non-managerial employees at PT Tunas Jaya Perkasa site Melak. Employees who perceive the rewards they receive as commensurate with their contributions and responsibilities tend to have higher job satisfaction.
2. Procedural Compensation Fairness has a positive and significant effect on Job Satisfaction of Non-Managerial Employees at PT Tunas Jaya Perkasa, Melak site. The implementation of clear, consistent, and transparent compensation procedures increases employee satisfaction in carrying out daily work.
3. Job satisfaction has a positive and significant impact on non-managerial employee performance at PT Tunas Jaya Perkasa's Melak site. Employees who are satisfied with their work, compensation, and procedures tend to complete tasks consistently, adhere to procedures, and achieve operational targets effectively.
4. Distributive Compensation Fairness has a positive but insignificant effect on the performance of non-managerial employees at PT Tunas Jaya Perkasa, Melak site. This indicates that employee perceptions regarding the balance between rewards received and contributions and responsibilities do not directly improve performance.
5. Procedural Compensation Fairness has a positive but insignificant effect on the performance of non-managerial employees at PT Tunas Jaya Perkasa, Melak site. This indicates that employees who perceive compensation procedures as clear, consistent, and transparent do not experience a direct increase in performance.
6. Distributive Compensation Fairness has a positive and significant impact on employee performance through job satisfaction. This indicates that employee perceptions of the appropriateness of rewards received relative to job contributions and responsibilities can increase job satisfaction, and through this job satisfaction, employee operational performance indirectly improves.
7. Procedural Compensation Fairness has a positive and significant impact on employee performance through job satisfaction. This indicates that employees who perceive compensation procedures to be implemented clearly, consistently, and fairly will feel more satisfied with their jobs, and this job satisfaction indirectly drives improved performance.

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