

P-ISSN: 2087-1228  
E-ISSN: 2476-9053

# **B***inus* *Business Review*

Management, Accounting, and Hospitality Management

Vol. 10 No. 1 March 2019

**Accredited 2017-2021, Sinta 2**  
Decree of Ministry of Research, Technology and Higher Education  
Number 30/E/KPT/2018

Journal Profile

**Binus Business Review**  
eISSN : 24763053 | pISSN : 20879228  
Acronym:  
Universitas Bina Nusantara

**S2**  
Sinta Score

**26**  
H-Index

**25**  
M-Index

**3516**  
Citations

**3330**  
5 Year Citations



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Management, Accounting, and Hospitality Management

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Management, Accounting, and Hospitality Management

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Binus Business Review is an international journal published in March, July, and November. The journal is hosted by the Research and Technology Transfer Office of Universitas Bina Nusantara and supported by Forum Manajemen Indonesia. The journal contents are managed by School of Business Management and Faculty of Economics and Communications. The journal invites professionals in the world of education, research, and entrepreneurship to participate in disseminating ideas, concepts, new theories, or science development in the field of Economics, Business, Management, Accounting, Finance, Tourism, and Hotel Management through this scientific journal. Currently Binus Business Review (BBR) has been accredited by DIKTI under the decree number 30/E/KPT/2018 (SINTA 2) and has been indexed by CrossRef, ASEAN Citation Index, Directory of Open Access Journals (DOAJ), Science and Technology Index 2, Microsoft Academic Search, Garuda Rujukan Digital (Garuda), Google Scholar, Academic Resource Index (ResearchBib) and Indonesian Research Repository (Neliti).

# How Structural and Environment Variables Affecting Job Satisfaction of Hotel Employees in Surabaya?

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Received: 14<sup>th</sup> April 2019/ Revised: 31<sup>st</sup> May 2019/ Accepted: 20<sup>th</sup> June 2019

**How to Cite:** Kartika, E. W., Nugroho, A., & Oktavio, A. (2019). How Structural and Environment Variables Affecting Job Satisfaction of Hotel Employees in Surabaya?. *Binus Business Review*, 10(1), 67-74. <https://doi.org/10.21512/bbr.v10i1.5593>

## ABSTRACT

This research focused on structural variables that could be controlled by the company and environment variables that could not be controlled by the company. These two variables could influence the creation of job satisfaction by hotel employees in Surabaya. This research was associative causal research using Structural Equation Modeling (SEM) as a statistical tool with SmartPLS 2.0 as the statistical software. This research used the non-probability method with convenience sampling technique with employees from four and five star hotels in Surabaya as the population. The total sample was 100 respondents. This research was conducted from November 2018 to January 2019. The results of this study show that structural variables have a positive and significant effect on job satisfaction. Meanwhile, environment variables have a negative and significant effect on job satisfaction.

**Keywords:** structural variables, environment variables, job satisfaction, hotel employee

## INTRODUCTION

The growth of tourists, especially foreign tourists who visited Indonesia in the last two years, show a rise in numbers significantly. This can be proven by the increasing number of foreign tourists visiting Indonesia in 2017-2018 at 12,58% (Kementerian Pariwisata, 2019). This condition certainly has an impact on the high interest of investors, both foreign and local investors in the hospitality sector in Indonesia (Lubis, 2017).

Increasing numbers of investors in the hospitality sector also affect the growth number of hotels in Surabaya, the second largest city in Indonesia. According to data released by the Central Bureau of Statistics Surabaya, in 2017, there was an increase of 44 new hotels in Surabaya (Badan Pusat Statistik Kota Surabaya, 2019). This number is expected to grow because every year, there is always an increase in the number of hotel establishment permit requests.

As the second largest metropolitan city after

Jakarta, Surabaya has many star hotels in the city which serve guests from professional or business class (conducting activities related to the profession or occupation). The increasing business activity in Surabaya is characterized by the development of the Central Business District (CBD) and sub-CBD. Those are scattered in the area of North Surabaya, Center Surabaya, and West Surabaya. Thus, it causes the mobility of people to the city to be higher. Then, the demand for temporary accommodations like a hotel that can accommodate the activities of Meeting, Incentive, Convention, and Exhibition (MICE) also continue to increase (Salanto, 2013).

The increase in the number of hotels in Surabaya will automatically lead to higher levels of competition among these hotels. It means that the hospitality industry cannot be separated from the tight competition. To survive, every hotel must have a competitive advantage compared to other hotels (Arbelo-Pérez, Arbelo, & Pérez-Gómez, 2017; Richard, 2017). One of the ways to get this competitive excellence is to

treat employees as company assets to achieve the company's goals (Kumar & Pansari, 2016).

With the shift of paradigm from 'employees as a burden' to 'employees as a company asset' (Rao, Akiri, & Adusumilli, 2018), the availability of competent employees is very crucial for the survival of a company including hotels (Cheraghalizadeh & Tümer, 2017; Vathanophas, 2007). This issue should be a concern because currently available human resources in the hospitality sector do not have enough competence in both managerially and operationally (Baum *et al.*, 2016; Francis & Baum, 2018; Ramphul & Chittoo, 2016).

This phenomenon makes competition to get competent human resources potentially become fierce. It happens because human resources are more demanding and want to work for companies that have good business ethics for employees and the surrounding environment (Hanson, 2014). In addition, the strategy to maintain employees is more complicated. It is mainly due to two factors, namely the employee ethics factor and the company's business ethics factors, and how much opportunity that is outside the company where the employee is working (Harvey, 2015).

Business people will always expect their employees to work well in accordance with the employment agreement and the existing cooperation agreements. In contrast, business people are also required to act fairly on their employees and existing business relations, so that good mutualism occurs between the two parties. Companies that have good business ethics will have good responsibility to the surrounding environment which is usually in the form of Corporate Social Responsibility (CSR) and to employees who work in the company (Supanti, Butcher, & Fredline, 2015). In terms of responsibility for employees, companies that have good business ethics will pay attention to employee job satisfaction in various ways (Yang, 2014). Thus, the existence of good business ethics can make business people run the existing businesses wisely and morally responsible (Hanson, 2014). This is mainly due to the fact that satisfied employees tend to be loyal to the company where the employee works (Guillon & Cezanne, 2014; Tomic, Tesic, Kuzmanovic, & Tomic, 2018; Vinerean, 2015). The company's efforts to maintain employee satisfaction can also be called as structural variables (Iverson & Deery, 1997).

Apart from the company that must have business ethics, the continuity of employee work also depends on the work ethics of the employee (Othman, 2016). Employees who have good work ethics have many characteristics. For example, it can be less likely to be sedentary work, not to divulge corporate secrets, to work efficiently, and not to waste time (Van Ness, Melinsky, Buff, & Seifert, 2010). When a good work ethic is formed, employees will tend to be satisfied at work (Yang, 2014). However, it should be noted that management has no control over several factors, especially external factors that affect employee work ethics (Ceschi, Demerouti, Sartori,

& Weller, 2017). These factors are turnover culture, kinship responsibility, and job opportunity (Davidson, McPhail, & Barry, 2011). These factors are often called as environment variables (Hom, Lee, Shaw, & Hausknecht, 2017).

Both variables namely business ethics that can be controlled by the company (structural variables) and work ethics of employees who cannot be controlled by the company (environment variables) have a direct influence on employee satisfaction (Iverson & Deery, 1997). The company must consider this because in attracting and retaining employees, high employee satisfaction is an absolute thing to be achieved (Yang, 2014).

Iverson and Deery (1997) described that structural variable was related to the work setting in both the work itself and the state of the organization. Factors that influenced structural variables are co-workers and supervisory support, routinization, and distributive justice. With the structural variables, Frederiksen (2017) stated that the pleasant treatment of an employee would result in the satisfaction of the employee. In addition, the design of a job also affected the satisfaction or failure of employees. This could be seen mainly from the level of difficulty of the work. If work was too easy, this could lead to boredom. However, if the work were too difficult and demanded physical endurance, there would be saturation in the employee.

On the other hand, Iverson and Deery (1997) explained that an organization could not control environment variables in delivering job satisfaction to their employees. These variables were related to the environment conditions in which an employee lived. The things that affected environment variables were a job opportunity, turnover culture, and kinship responsibility.

Jamnik (2017) and Luetge (2015) suggested that there were several principles of business ethics: the principle of autonomy, the principle of honesty, the principle of justice, the principle of mutual benefit, and the principle of moral integrity. The principle of autonomy is a human attitude and ability to make decisions and act on their awareness about what is considered good to do (Herring & Wall, 2015). Thus, business people who have the principle of autonomy know and aware that decisions and actions taken will be appropriate or contrary to moral values or certain norms (Yeoman, 2014). Next, the principle of honesty is also key in the business. If there is no honesty in doing business, there will be a feeling of deception which will lead to feelings of distrust. If there is a feeling of distrust in one of the parties, the business activities carried out will not be maximized and will tend to harm both parties (Dossa & Kaeufer, 2014). The principle of justice requires that everyone is treated equally in accordance with fair rules and rational, objective, and accountable criteria (Morais & Monteiro, 2017). The next principle is the principle of mutual benefit. Like the principle of justice, it is demanded and expected that no party loses their rights

and interests. Then, the principle of mutual benefit will make all parties try to give each other positive results (Manasakis, 2018). Moreover, the principle of moral integrity an internal demand within business people in running a business while maintaining good personal and corporate reputation (Neesham & Gu, 2015).

Based on the results of interviews (pre-survey) with three hotel employees in Surabaya, it was found that two people felt that job satisfaction was not high mainly because of dissatisfaction with management. However, the third person who held a managerial position said that the hotel where he worked had done the best for employees, especially in terms of support and the creation of a good work environment. It was also found that according to these three people, the tendency of employees to quit and to move to another company, especially in the hospitality industry, was very high. Nevertheless, only employees who occupied the lower operational level frequently moved out.

Based on academic perspective, there are previous studies related to the antecedents of job satisfaction in Indonesia's hotel industry especially employees' internal perspective (Astuti & Sudharma, 2013; Suputra & Sriathi, 2018; Tania & Sutanto, 2013). Moreover, there are also previous researchers who emphasize in structural policy by the hotel management (Astuti & Sudharma, 2013). However, only a few studies emphasize simultaneously on the role of external factors by the management (structural variables) and internal factors by the employee (environment variables), especially in the hotel industry in Surabaya.

Looking at the facts and phenomena mentioned, this research aims to find out whether structural variables and environment variables affect the satisfaction of hotel employees in Surabaya. There are two purposes for this research. Firstly, it is to investigate the role of structural and environment variables toward job satisfaction according to the model of Iverson and Deery (1997) and to give additional empirical evidence according to the model. Secondly, it is to give an insight related to employees' job satisfaction in the hotel industry in Surabaya.

## METHODS

This research is an associative causal study with a population of employees in four and five star hotels in Surabaya. The research was conducted in November 2018-January 2019. The sampling technique is non-probability sampling with convenience sampling as the data collection technique. In non-probability sampling, elements of the population are selected based on availability. For example, it can be because they are voluntarily willing to become respondents, or because of the researcher's considerations that they can represent the population (Suen, Huang, & Lee, 2014). A selection of samples is subjectively in an intended purposive sampling. It is possible for a researcher who has understood that the required information can be obtained from a specific target group. Then, the target

group can provide the desired information (Palinkas *et al.*, 2015).

This research is run by using 100 samples (Osborne & Costello, 2004). This research uses the questionnaire as the primary tool to collect data. The researchers distribute the questionnaire through colleagues who have working in the hotel industry, especially four and five star hotel in Surabaya, and by visiting two five star hotels and two four star hotels. Since the researchers have worked in the hotel industry previously, many colleagues who are still working at the hotel can fill the questionnaire. Moreover, the researchers also distribute it to the other employees during a smoking break at the rest area. Around 63 questionnaires are collected from five star hotels, and 40 questionnaires are from four star hotels. About 103 questionnaires are collected, but 3 questionnaires cannot be used due to missing data.

The analysis tool used is Structural Equation Modeling (SEM) analysis. The previous mean numbers are grouped in class intervals in very low, low, quite high, high, and very high. In addition, to describe job satisfaction, it uses means with the group in sequence: very dissatisfied, dissatisfied, quite satisfied, satisfied, and very satisfied.

The measurement for structural variables is adopted from Iverson and Deery (1997). It has four indicators. Moreover, environment variables are also adopted from Iverson and Deery (1997) with three indicators. Last, for job satisfaction, the measurement is adopted from Agho, Mueller, and Price (1993) with six indicators.

## RESULTS AND DISCUSSIONS

The Based on questionnaires that have been processed, 60 respondents (60%) are men, while the remaining 40 respondents (40%) are women. From the age factor, 8 people (8%) are less than 25 years old; 41 people (41%) are in the range of 26 to 35 years old; 28 respondents (28%) are in the range of 36 to 45 years old; and the remaining 23 respondents (23%) are 46 years old and above. Furthermore, the length of work (tenure) of employees shows that 8 respondents (8%) have worked in hotels for 3 years; 26 respondents (26%) in the range of 3 years one month to 5 years; 22 respondents (22%) in the range of 5 years one month to 7 years; 11 respondents (11%) in the range of 7 years one month to 9 years; 12 respondents (12%) between 9 years one month to 11 years; and the remaining 21 respondents (21%) for more than 11 years.

Based on the amount of salary received, 4 respondents (4%) get under Rp2.500.000,00. Then, 20 respondents (20%) get monthly salaries in the range of Rp2.500.000,00 to Rp3.500.000,00. About 45 respondents (45%) receive salaries in the range of Rp3.500.000,00 to Rp4.500.000,00. The remaining 31 respondents (31%) get salaries above Rp4.500.000,00. From the respondent's marital status, 66 respondents (66%) are married; and 34 respondents (34%) are unmarried.

Based on the descriptive data, it indicates that the majority of the respondents are obligated to be a breadwinner and kinship responsible (dominated by male, mostly married with children range from 1 to 3 children). They are in their productive and stable period (age and tenure). Moreover, less than half of respondents have salary equalling to Surabaya minimum salary standard, which is Rp3.800.000,00.

From the results of data processing, it can be seen that the data are valid and reliable. The validity test method is to look at convergent validity by looking at the value of the loading factor between the variable and the indicator. The cut-off value must be above 0,5. Besides that, discriminant validity will be analyzed that the AVE root value must be above the latent variable correlation value. The tabulation of the convergent validity test results is presented in Table 1.

Table 2 shows that there is no indicator with a value below 0,5. Therefore, it can be concluded that the model has good validity convergent value. In addition to measuring convergent validity, the other validity value that is measured is discriminant validity. Table 3 and Table 4 display AVE root values as well as composite reliability values as reliability tests. AVE root value must be at the latent variable correlation value and composite reliability value above 0,7.

The data in Table 3 and 4 show that the lowest AVE root value is 0,70697, and the highest value of the latent variable correlation is 0,3373. It can be concluded that the model has good discriminant validity. Moreover, in Table 3, the composite reliability every construct greater is than 0,7. It can be concluded that the model has good reliability.

Table 1 Value of Loading Factor

|  | Environment | Satisfaction | Structural |
|--|-------------|--------------|------------|
| Co-worker support                      | 0           | 0            | 0,2059     |
| Supervisor support                     | 0           | 0            | 0,5817     |
| Work routinization                     | 0           | 0            | 0,7853     |
| Organization fairness                  | 0           | 0            | 0,7381     |
| Opportunity to join other organization | 0,8829      | 0            | 0          |
| Opinion toward changing job            | 0,8658      | 0            | 0          |
| Responsibility to family's well-being  | 0,7739      | 0            | 0          |
| Satisfy with salary                    | 0           | 0,66         | 0          |
| Satisfy with co-worker                 | 0           | 0,6422       | 0          |
| Supervisor competencies                | 0           | 0,7232       | 0          |
| Promotion opportunity                  | 0           | 0,8267       | 0          |
| Conducive working environment          | 0           | 0,8316       | 0          |
| Empower decision making                | 0           | 0,7561       | 0          |

Table 2 Loading Factor Value After Indicator of Co-worker Support is Omitted

|  | Environment | Satisfaction | Structural |
|--|-------------|--------------|------------|
| Supervisor support                     | 0           | 0            | 0,5785     |
| Work routinization                     | 0           | 0            | 0,7873     |
| Organization fairness                  | 0           | 0            | 0,7382     |
| Opportunity to join other organization | 0,8829      | 0            | 0          |
| Opinion toward changing job            | 0,8658      | 0            | 0          |
| Responsibility to family's well-being  | 0,7739      | 0            | 0          |
| Satisfy with salary                    | 0           | 0,6599       | 0          |
| Satisfy with co-worker                 | 0           | 0,6424       | 0          |
| Supervisor competencies                | 0           | 0,7228       | 0          |
| Promotion opportunity                  | 0           | 0,8269       | 0          |
| Conducive working environment          | 0           | 0,8318       | 0          |
| Empower decision making                | 0           | 0,756        | 0          |

Table 3 Discriminant Validity and Composite Reliability

| Variable     | AVE    | Root AVE | Composite Reliability | R Square | Communality |
|--------------|--------|----------|-----------------------|----------|-------------|
| Environment  | 0,7093 | 0,84220  | 0,8795                | 0        | 0,7093      |
| Satisfaction | 0,553  | 0,74363  | 0,8802                | 0,1694   | 0,553       |
| Structural   | 0,4998 | 0,7069 7 | 0,7468                | 0        | 0,4998      |



Table 4 Latent Variable Correlation

| Variable     | Environment | Satisfaction | Structural |
|--------------|-------------|--------------|------------|
| Environment  | 1           | 0            | 0          |
| Satisfaction | -0,2785     | 1            | 0          |
| Structural   | -0,1327     | 0,3373       | 1          |

The test conducted is evaluating the inner model and t-test. Inner model results of data processing are shown in Figure 1. The evaluation results obtained in inner models of R-squared value are in Table 5. It shows that the employee's job satisfaction can be explained by structural and environment variables amounted to 16,94%. The rest is explained by other variables that are not used in this research.

Table 5 R-Squared Value

| Variable     | R Square |
|--------------|----------|
| Environment  | 0        |
| Satisfaction | 0,1694   |
| Structural   | 0        |

Looking at the results of the inner weight model, it shows that the structural variables have a positive and significant effect on job satisfaction. This can be seen from the original sample value of 0,3057 and t-statistics of 3,4546. It implies that the better the structural variables of four and five star hotels in Surabaya are, the higher the job satisfaction of the hotel employees is concerned.

The result also shows that t-statistics values on environment variables influence on job satisfaction is 2,4119 with the original sample value of -0,2379. Because the t-value is greater than 1,96, it can be concluded that the environment variables have a negative and significant effect on job satisfaction. It means that the lower the environment variables on four and five star hotel in Surabaya are, the higher its job satisfaction will be.

These findings also support the causal model described by Iverson and Deery (1997) and empirical evidence from Timmreck (2001) and Kang, Gatling, and Kim (2015). The positive support from both superiors and coworkers, the work, and fair treatment of the company will encourage the creation of higher job satisfaction in the employees. In contrary, if the superior shows a poor leadership, low promotion opportunity, and unhealthy social life, it can bring a devastating impact on employees' job satisfaction. It can also lead to turnover intention (Singh & Jain, 2013).

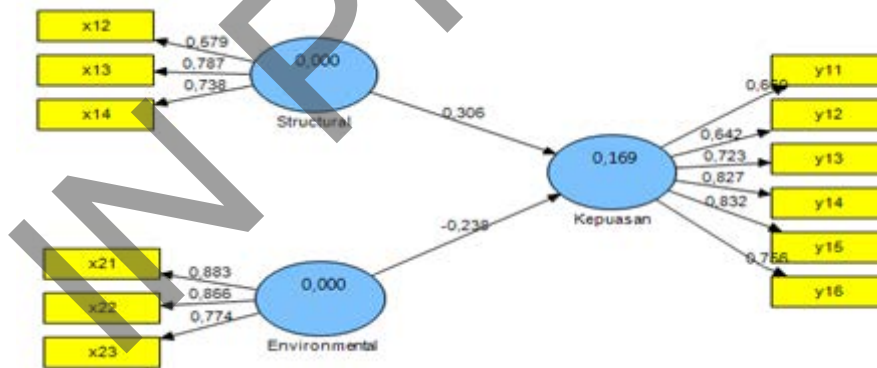


Figure 1 Inner Model

Table 6 Inner Weight and T-Value

|                            | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | Standard Error (STERR) | T-Statistics (O/STERR) |
|----------------------------|---------------------|-----------------|----------------------------|------------------------|------------------------|
| Environment → Satisfaction | -0,2379             | -0,2648         | 0,0986                     | 0,0986                 | 2,4119                 |
| Structural → Satisfaction  | 0,3057              | 0,332           | 0,0885                     | 0,0885                 | 3,4546                 |

When an employee conducts his day-to-day work, it will always relate to the work she/he is doing and interacting with superiors and colleagues. Moreover, the company also contributes to the form of all policies that are applied to its employees. These conditions will be felt good or bad by employees. If it is felt unpleasant, it can make employee's job satisfaction decline, and vice versa.

The environment variables have a negative and significant effect on job satisfaction. This finding also supports the causal model presented by Iverson and Deery (1997) and empirical studies from Iverson (1999) and Iverson and Maguire (2000). If the environment variable is higher, it will have a negative effect on job satisfaction. The finding also supports the idea that the higher employees' kinship responsibility is, the lower job satisfaction will be. The environment variable is the factor outside the control of the organization (Goswami, 2018) because it can contribute positively and negatively to the employee who works for a company. When this environment variable is bad as an example with the high possibility of an employee working in another company, and there is prevalence for an employee to move from one company to another, as well as high responsibility from employees to finance family, it will make an employee's job satisfaction down. This is due to the feeling of indecision that arises from employees because of the burden and the opinion to always move to another company to earn more and more salary.

It can also be implied that the results are not in accordance with the initial interviews that have been conducted previously. The results show that structural and environment variables influence the level of satisfaction. The initial interviews indicate that the management has done the best and does not affect the employee's job satisfaction. The employees still consider that the hotel system that has been built is not good.

Based on the research result regarding structural variables, the dominant indicators are reflected by supervisor support and work routinization. It can be said that to increase employees' job satisfaction in the hotel industry, the management should design the work as creative as to reduce boredom without reducing the working essentials by each job. Moreover, as the hotel industry encourages more service, which involves human interaction, it will not be difficult to empower the employees to conduct "extra miles" toward their customers. Thus, it will gradually increase employees' job satisfaction as well. Then, the involvement of supervisor to support will also affect employees' job satisfaction. The supervisor can support the employees in many ways. Even though, it can be developed through the supervisor's competency to understand and to give opportunities through empowerment to conduct "extra miles". The argument is supported by the indicators that reflect employees' job satisfaction, namely supervisor's competencies and empowering decision-making.

Regarding the environment variables, the dominant indicators are reflected by the opportunity to join other organization, opinion toward changing job, and responsibility to family's well-being. Firstly, as the investment grows in the hospitality industry, it can lead to the growth of hotel business and opportunities for the employees to move from one hotel to the others. This result emphasizes that the higher opportunity to join other hotel is, the higher chance for the hotel's turnover rate will be. When employees perceive themselves to join the other hotel freely, it will increase their anxiety to search a better opportunity. Hence, it will reduce their satisfaction toward what they have at present. This condition can be worsened by the employees' perception toward changing job. When employees perceive that changing job is common or normal, it will increase the chance of dissatisfaction toward their present job. The hotel management should infuse how meaningful a job is in the hotel industry, especially to make service excellence based on the hotel's vision and mission. Secondly, the dominant indicator that reflects environment variables is the responsibility to the family's well-being. It is unavoidable. As the main purpose of working is to fulfill the needs of every human being, the higher responsibility can lead to desperate action as "fulfilling at all cost". When employees perceive the tension to immediately fulfill their family's need, they will focus mainly on what they will get without considering the other aspects. Hence, their satisfaction toward job will gradually decline.

Lastly, the two dominant indicators that reflect job satisfaction are conducive working environment and promotion opportunity. These indicators reflect what the respondents perceive in this research. However, it cannot be generalized. It can give additional insight regarding what the important aspect related to job satisfaction in four and five star hotels in Surabaya are. Although so many hotel developments in Surabaya at present, as long as these aspects are well maintained, it will give a positive boost toward better job satisfaction.

## CONCLUSIONS

Based on the results, it can be concluded that the structural variables have a positive and significant influence on the job satisfaction of hotel employees in Surabaya. However, the environment variables have a negative and significant influence on job satisfaction of hotel employees in Surabaya. Thus, this research gives additional empirical evidence toward the model of Iverson and Deery (1997) related to structural and environment variables toward job satisfaction. The additional finding represents dominant indicators that reflect job satisfaction as a whole in term of four and five star hotel employees in Surabaya. It can give additional information to support the human resource strategy in maintaining job satisfaction.

This research has several , especially regarding

the data collection. It is dominated by off-site collection through colleagues, which results in less respondent participation and the sampling technique. Thus, the data cannot be generalized in this research.

Based on the results, the researchers suggest that hotel management is expected to change the work ethic that is currently owned by employees to make it better and positive. Thus, employee turnover can also be minimized. The hotel management is also expected to pay attention to its employees so that they feel more valued and can form a strong attachment benefitting each other mutually.

In the other side, this study only focuses on hotel industry which may vary from the other industries. Therefore, it is suggested to focus on many industries in many cities or countries. Moreover, it is also suggested to emphasize on the intervening or moderating variables as the implication of structural and environment toward job satisfaction.

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