

Research Article

The influence of compensation and work environment on employee performance with intervening of work motivation

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Abstract

This research aims to determine the effect of compensation and work environment on employee performance. The focus of the research used is compensation and work environment variables on performance through work motivation. The population in this study were all employees of PT JIP. The sampling technique used was a sample using the Slovin method so that a sample of 66 respondents was obtained. Data was collected using a questionnaire. The data analysis method used is Partial Least Square Structural Equation Modeling analysis. The research results show that: Compensation has a positive and significant effect on work motivation, Work environment has a positive and significant effect on work motivation, Compensation has a positive and significant effect on performance, Work environment has a positive and significant effect on employee performance, Work motivation has a positive and significant effect on employee performance, Work motivation mediates the influence of compensation on employee performance, Work motivation does not mediate the influence of the work environment on employee performance. Managers need to pay attention to elements of the compensation package, such as salary, benefits, incentives, and career development opportunities, to ensure that employees feel valued and motivated to provide their best performance.

Keywords: Compensation, Work Environment, Work Motivation, Employee Performance, Warp.PLS 7.0

JEL Classification: M12, M54, J33

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1.Introduction

Hasibuan (2017) states that employee performance is the value of a series of behaviors that contribute both positively and negatively to the completion of organizational goals. Employee performance is not yet optimal and decreases every month. High and low employee performance is influenced by two factors, namely discipline and motivation. These problems certainly affect employee performance because employee performance is related to the degree of achievement of organizational goals, both implicitly and explicitly, namely how far plans can be implemented and how far goals can be achieved. How can the goals set be achieved, if there are still many employees who care less. Another factor that can influence employee performance is motivation. Motivation is something that creates enthusiasm or encouragement to work.

Motivation is the provision of driving force that creates enthusiasm for someone's work, so that they are willing to work together, work effectively, and have integrity with all their efforts to achieve goals (Edy Sutrisno, 2018). Performance is the results obtained by a company, both profit oriented and non-profit oriented, which are produced during one period. Performance can be interpreted as the result of a person's efforts achieved with abilities and actions in certain situations. In the era of globalization, companies are required to be more competitive and must have advantages and competitiveness in order to survive in business competition with other companies. One of the big competition that occurs in this era of globalization is in the economic sector. In this condition, the company must be able to face the challenges that have occurred so that the company can survive well. One of the efforts that must be made is to improve the quality of human resources (Diamantidis & Chatzoglou, 2019).

Employee performance is the overall result or success of a person during a certain period or task compared to predetermined and agreed work standards, targets or performance. Employee performance is determined by ability, desire and environment. Employee performance is influenced by various characteristics of each individual. In the highly competitive era of globalization, companies certainly need employees who excel (Pawirosumarto, et al, 2017). Indications of employee performance problems are also caused by low motivation received by employees. In the midst of the workload that employees have, motivation is needed from a leader who can improve employee performance. High motivation will have an impact on employee performance and increased productivity, and will ultimately achieve company goals (Pawirosumarto, et al, 2017). Clean, safe, comfortable and conducive working environment conditions can be a supporting factor in providing comfort and relaxation for employees, because the working environment is one of the factors that can influence the quality of employee work to achieve company goals. If the company's goals are achieved, the company will indirectly win the competition, so that the company can survive and develop (Ramli, 2019).

The work environment is everything in the worker's environment that can influence him in carrying out his work, such as humidity, temperature, ventilation, lighting, noise, cleanliness of the workplace and adequate equipment for work (Afandi, 2018). Motivation is a factor that encourages someone to do something. Work motivation is work enthusiasm or encouragement that grows within an employee to carry out something according to his expectations (Hasim, 2019). Factors in the emergence of work motivation. According to Hasim (2019), a person's goal of working is due to several factors and desires as follows: The desire to live. The desire to live is everyone's main goal, people work to continue survival. Money has an important role in meeting employees' security and psychological needs because this factor is related to the compensation or bonuses given by the company to employees. The compensation given by the company shows the extent of their work among the employees themselves, their families and the community. Compensation is often also called an award which is defined as a gift given to employees for the participation they have provided. The desire for a position or power (the desire for position and power). This second desire is what causes people to want to work. In this company it is related to job promotions. Promotion pivots on a higher position, greater responsibility, higher status and higher salary.

2. Literature Review and Hypothesis

Human Resources (HR)

In managing and presenting data, according to Nijjer & Raj (2021), human resources are recognized as the backbone that determines the data and information produced, including determining the existence of organizations for centuries, and including in this case, management that uses data analysis. In changing conventional ways of managing the role of human resources to having contemporary data-based competencies in every aspect of the business environment. In this condition, the company must be able to face the challenges that have occurred so that the company can survive well. One of the efforts that must be made is to improve the quality of human resources (Diamantidis & Chatzoglou, 2019).

Compensation

According to Milkovich, et al. (2019), Compensation is generally an object that is given, except when the source is income tax. Compensation is generally related to financial rewards at a company or what are usually called financial rewards received by employees. In general, the definition of compensation is anything received by someone, whether physical or non-physical and must be calculated and then given to someone. Compensation is a normal thing that usually happens in a company to appreciate their employees. Compensation is similar to reward. But in the world of work or business, compensation is more often seen in the form of salary and/or benefits (Ariandi, 2018). According to Simamora (2015) compensation indicators are as follows: Wages and salaries. Wages are payments that are often used for production and maintenance workers. Wages are generally related to hourly salary rates and salaries usually apply to annual, monthly or weekly pay rates. Incentives are additional compensation above or beyond the salary or wages provided by the company. Benefits are health and life insurance, pension programs, vacations covered by the company. and other benefits related to employment

Work environment

The work environment has an important role in improving employee performance through a good physical and non-physical environment, such as creating a safe and comfortable atmosphere for employees, including providing work safety facilities and tools, maintaining the cleanliness of the workplace, and increasing employee morale in every activity. , so that physical and non-physical conditions are adequate, work productivity will increase (Sari et al., 2020). According to Sedarmayanti (2017) the work environment is the totality of tools and materials encountered, the surrounding environment where a person works, work methods, and work arrangements both as an individual and as a group. Based on the research carried out, there are several problems seen in the company, namely the work environment implemented by the company is too rigid and not flexible enough, coupled with a fairly heavy workload. This makes employees less comfortable at work and stressed, conditions like this certainly make employees stressed. Some employees' performance seems to be decreasing, usually this is characterized by employees becoming lazy and not caring about the responsibilities they are given. Humans will tend to experience stress if they are less able to adjust their desires to the existing reality (Rachel, 2018).

Work motivation

According to Gabriela Rusua, et al. (2014) argue that there are four indicators of work motivation, namely need for income, need for relaxation, need for profit, and encouragement to work. Thus it can be concluded that work performance can provide benefits for the Company and for the employees themselves. The benefits for employees of work performance can give them feelings of satisfaction. For organizations, work performance can provide enormous benefits, because this method can make things easier for the company, especially things that have an impact on organizational decision making in the process of achieving goals. According to Afandi (2018), work motivation is a desire that arises from within a person or individual because he is inspired, encouraged and encouraged to carry out activities or work with sincerity, joy and sincerity so that the results of the activities he carries out get good results and quality (Munzir et al., 2022).

Employee performance

Mangkunegara (2017) performance is the quality and quantity of work achieved by an employee in carrying out functions in accordance with the responsibilities given to him. According to Sedarmayanti (2017), performance refers to the definition of behavior as a set of behaviors that are relevant to the goals of the organization or organizational unit where people work. Performance is something that is actually done and can be observed. Factors that influence an employee's high or low performance are of course determined by the factors that influence them, both directly and indirectly. Employee performance is the state or enthusiasm that an employee has in carrying out their work (Jeli & Reza, 2017). Employee performance that has positive value provides for the company itself. With positive employee performance, it provides a sense of optimism for the company in implementing company development breakthroughs, both for expansion managers and acquiring other companies. Meanwhile, negative employee performance will actually hinder the achievement of company goals, and can even reduce the company's image in the eyes of

competitors. Therefore, it is necessary to pay attention to efforts that can improve employee performance, but this is related to the workload provided by the company

Research Conceptual Framework

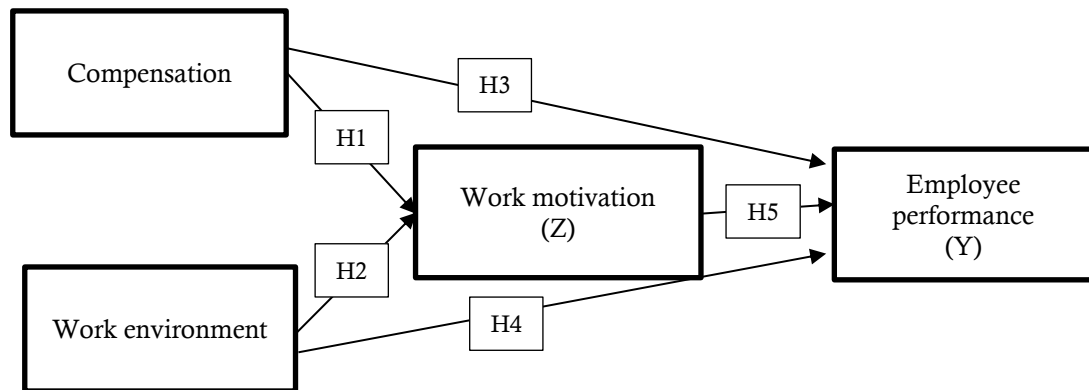


Figure 1. Research Conceptual Framework

Research Hypothesis

The Influence of Compensation on Work Motivation

According to Sinambela (2018), compensation is part of the reward system which is only related to the economic part, but since there is a belief that individual behavior is influenced by systems in a wider spectrum, the compensation system cannot be separated from the overall reward system provided by the organization. The results of this research are in accordance with research conducted by Suriadi, et al. (2022) which states that compensation and the work environment have a positive and significant effect on work motivation in TZU CHI TZU CHI Hospital Nurses with Work Motivation as an intervening variable which states that compensation is one of the main reasons that motivate employees to work, including employees working with the aim of obtaining compensation. Which states that compensation has a positive effect on work motivation.

H1: Compensation has a positive effect on work motivation

The Influence of the Work Environment on Work Motivation

The work environment has an important role in improving employee performance through a good physical and non-physical environment, such as creating a safe and comfortable atmosphere for employees, including providing work safety facilities and tools, maintaining the cleanliness of the workplace, and increasing employee morale in every activity. , so that physical and non-physical conditions are adequate, work productivity will increase (Sari et al., 2020). Who stated that the work environment has a positive effect on work motivation. The results of this research are in accordance with research conducted by Suriadi, et al. (2022) which states that compensation and the work environment have a positive and significant effect on work motivation in TZU CHI Cinta Kasih Hospital Nurses with Work Motivation as an intervening variable which states that the work environment is another factor that can influence work motivation.

H2: The work environment has a positive influence on work motivation

The Effect of Compensation on Employee Performance

According to Suparyadi (2014) compensation is the total income given to employees as appreciation for the contributions they make to the organization, both financial and non-financial. In conclusion, compensation is the reward given by the company for the performance provided, both financial and non-financial compensation. Compensation is generally an object that is given, unless the source is income tax. Compensation is generally related to financial rewards at a company or what are usually called financial rewards received by employees. In general, the

definition of compensation is anything received by someone, whether physical or non-physical and must be calculated and then given to someone. Compensation is a normal thing that usually happens in a company to appreciate their employees. Compensation is similar to rewards. Stated that compensation has a positive effect on employee performance. This is in line with research conducted by Lidya, et al. (2020), which states that compensation has a positive effect on employee performance.

H3: Compensation Affects Employee Performance

The Influence of the Work Environment on Employee Performance

According to Sedarmayanti (2017) the work environment is the totality of tools and materials encountered, the surrounding environment where a person works, work methods, and work arrangements both as an individual and as a group. Based on the research carried out, there are several problems seen in the company, namely the work environment implemented by the company is too rigid and not flexible enough, coupled with a fairly heavy workload. This makes employees less comfortable at work and stressed, conditions like this certainly make employees stressed. Some employees' performance seems to be decreasing, usually this is characterized by employees becoming lazy and not caring about the responsibilities they are given. Humans will tend to experience stress if they are less able to adjust their desires to the existing reality (Rachel, 2018). This means that the better the work environment set by the company has an effect on the higher employee performance. This is supported by research conducted by Jasman Saripuddin (2017) and Lestary (2017) who stated in their conclusion that the work environment has a positive and significant effect on employee performance.

H4: The work environment has a positive influence on employee performance

The Influence of Work Motivation on Employee Performance

Motivation is a condition that moves employees to be able to achieve the goals of their motives. Motivation is an activity that results in an important subject for managers, because by definition managers must be with and through other people. The results of this study conclude that work motivation has a significant influence on employee performance. Other research from Setiaji (2019) argues that motivation is what causes, supports human behavior so that they are willing to work hard and are enthusiastic about achieving optimal results, so it can be concluded that work motivation has a positive effect on employee performance. This is in line with Edy (2018) who states that motivation plays an important role in supporting human behavior at work, motivation can come from oneself or within the scope of the company, co-workers, work support facilities, or other forms of reward.

H5: Work Motivation Has a Positive Influence on Employee Performance

3. Data and Methods

Types of research

The type of research used in this research is research using Explanatory Research hypothesis testing. Explanatory research (explanatory research) is research that explains the position between the variables studied and the relationship between one variable and another through testing hypotheses that have been formulated. This research was conducted to determine the influence of compensation variables, work environment on employee performance with work motivation as an intervening variable.

Population and Sample

The population in the study were all employees of PT JIP, totaling 194 employees, while the sample in this study was taken from the population of PT JIP office employees with a representative sample size of the existing population. The total sample for this study was 66 respondents, this is due to rounding of numbers. This sampling technique is Simple Random Sampling. because sampling members from the population is carried out randomly without paying attention to the strata in the population. This method is used if members of the population are considered homogeneous. The research carried out by the author was carried out on employees of PT JIP. This research aims to measure the influence of compensation and work environment on employee performance through

motivation. In this study, the respondent subjects were 66 employees at PT JIP.

Method of collecting data

Data collection is an effort to obtain valid and accurate data as material for discussion and problem solving. To obtain the results of the data in this research, it was obtained using a survey method which uses a questionnaire technique, namely by using several items as statements to be prepared in writing which are given directly to employees at PT JIP such as: questionnaire. In this questionnaire data collection technique the researcher used Likert scale which can measure attitudes, opinions and perceptions of a person or group of people about social phenomena. With a Likert scale, the variable to be measured becomes an indicator variable. Then these indicators are used as a starting point for compiling instruments in the form of questions or statements and surveys or more fully self-administered surveys are a method of collecting primary data by asking questions to individual respondents. So it can be concluded that a survey is a method for collecting information from groups that represent a population.

4. Results

Evaluation of the Measurement Model (Outer Model)

In this research, the evaluation of the measurement model uses the PLS-SEM method in processing the data, so every variable used in this research needs to be evaluated. In the PLS-SEM method, there are two stages in the evaluation, the first stage is using measurement model evaluation, and the second stage is using structural model evaluation. At the evaluation stage, the measurement model aims to assess the validity and reliability of each indicator that forms a latent construct on a particular variable.

Variable Evaluation Results

Table 1. Variable Evaluation Results

Indicator	Item Items	Loading Factor	P-Value	Information
Compensation Variables				
Wages	X1_1	(0.835)	<0.001	Valid
	X1_2	(0.776)	<0.001	Valid
Incentive	X1_3	(0.796)	<0.001	Valid
	X1_4	(0.835)	<0.001	Valid
Bonus	X1_5	(0.835)	<0.001	Valid
	X1_6	(0.776)	<0.001	Valid
Treatment	X1_7	(0.796)	<0.001	Valid
	X1_8	(0.835)	<0.001	Valid
Insurance	X1_9	(0.776)	<0.001	Valid
	X1_10	(0.797)	<0.001	Valid
<i>Composite Reliability= 0.949 > 0.7</i>				
<i>Average Variance =0.650</i>				
Work Environment Variables				
Lighting	X2_1	(0.811)	<0.001	Valid
	X2_2	(0.825)	<0.001	Valid
Color	X2_3	(0.753)	0.002	Valid
	X2_4	(0.807)	<0.001	Valid
Air	X2_5	(0.878)	<0.001	Valid
	X2_6	(0.749)	<0.001	Valid
Voice	X2_7	(0.787)	<0.001	Valid
	X2_8	(0.825)	<0.001	Valid
<i>Composite Reliability= 0.936 > 0.7</i>				
<i>Average Variance =0.649</i>				
Work Motivation Variables				
Remuneration	Z1	(0.737)	<0.001	Valid
	Z2	(0.813)	<0.001	Valid
Working Conditions	Z3	(0.779)	<0.001	Valid
	Z4	(0.624)	<0.001	Valid

Work Facilities	Z5	(0.779)	<0.001	Valid
	Z6	(0.734)	<0.001	Valid
Work performance	Z7	(0.685)	<0.001	Valid
	Z8	(0.769)	<0.001	Valid
Recognition from superiors	Z9	(0.846)	<0.001	Valid
	Z10	(0.825)	<0.001	Valid
The job itself	Z11	(0.846)	<0.001	Valid
	Z12	(0.825)	<0.001	Valid
Composite Reliability = 0.947 > 0.7				
Average Variance = 0.600				
Employee Performance Variables				
Quantity	Y1	(0.852)	<0.001	Valid
	Y2	(0.742)	<0.001	Valid
Quality	Y3	(0.816)	<0.001	Valid
	Y4	(0.542)	<0.001	Valid
Efficiency	Y5	(0.738)	<0.001	Valid
	Y6	(0.854)	<0.001	Valid
Work Discipline	Y7	(0.737)	<0.001	Valid
	Y8	(0.808)	<0.001	Valid
Initiative	Y9	(0.852)	<0.001	Valid
	Y10	(0.742)	<0.001	Valid
Accuracy	Y11	(0.816)	<0.001	Valid
	Y12	(0.542)	<0.001	Valid
Leadership	Y13	(0.738)	<0.001	Valid
	Y14	(0.854)	<0.001	Valid
Honesty	Y15	(0.737)	<0.001	Valid
	Y16	(0.808)	<0.001	Valid
Creativity	Y17	(0.854)	<0.001	Valid
	Y18	(0.737)	<0.001	Valid
Composite Reliability = 0.963 > 0.7				
Average Variance = 0.594				

Source: Data Processed

Based on the table above, in the compensation variable the item that plays the biggest role is the statement X1_1, which is 0.835 in the salary indicator. Apart from these items, item.

In the Work Environment variable, the item that plays the biggest role is statement X2_5, which is 0.878 in the Air Circulation indicator. Apart from these items, item.

In the Work Motivation variable, the item that plays the biggest role is the statement Z_9, which is 0.846 in recognition from superiors. Apart from these items, item Z_11 also has a big role, namely 0.846, where employees try to find the best way to solve every problem I face.

In the Employee Performance variable, the item that plays the biggest role is statement Y_6, which is 0.854 in efficiency. Apart from the items on the accuracy indicator, there is item Y_11 which also has a big role, namely 0.854, which can complete work carefully and with focus, making it easy for employees to do things at work.

Structural Model Evaluation (Inner Model)

Table 2. Structural Model Evaluation

Evaluation Measures	Criterion Rules	Model Test Results
R^2 (Compensation, work environment, employee performance and work motivation)	≤ 0.25 Weak, $0.26 - 0.45$ Moderate, $0.46 - 0.70$ Strong ≥ 0.70 Very Strong	$R^2 Z = 0.828$ $0.660 R^2 Y =$

Q^2 Predictive Relevance	$Q^2 > 0$ Indicates the model has Predictive Relevance	$Q^2Z = 0.821$ $Q^2Y = 0.666$
Tenenhaus Goodness of FIT(Goof)	Small If ≥ 0.1 , Medium ≥ 0.25 Large ≥ 0.36	GoF = 0.681 $0.681 \geq 0.36 = \text{Large}$

Source: Data processed

Based on the table above, the Structural Model Evaluation Results can be seen that the model test on the Tenenhaus Goodness of FIT (Gof) evaluation measure produced was 0.681. This shows that the model is suitable (fit) in explaining the influence between variables, with a suitability level of (≥ 0.36), which means that the suitability of the model has great criteria. Acquisition Adj. R^2 (Compensation and work environment on employee performance mediated by work motivation) with a value of $R^2Z = 0.828$ $R^2Y = 0.660$ which means that compensation and work environment on employee performance mediated by work motivation have a strong influence. This illustrates that the model is strong because this value is included in the criteria because this value is included in the criteria of 0.46 – 0.70 (strong).

Hypothesis Testing Results

Table 3. Results of Research Hypothesis Testing

Variable Relationships	Coefficient t	P-Value	Information
Compensation→Work motivation	0.618	<0.001	Significant
Work environment→Work motivation	0.332	0.002	Significant
Compensation→Employee performance	0.245	0.017	Significant
Work environment→Employee performance	0.247	0.016	Significant
Work motivation→Employee performance	0.366	<0.001	Significant
Compensation→Work motivation→Employee performance	-0.198	0.047	Significant
Work environment→Work motivation→Employee performance	-0.190	0.062	Not significant

Source: Data processed

Based on the table above, the results of testing the hypothesis of this research can be seen in the table above, for the direct influence of compensation on work motivation with the resulting coefficient value of 0.618 with positive and significant influence results obtained with a p-value of <0.001 (< 0.05), the direct influence of the work environment on work motivation with the resulting coefficient value of 0.332 with the results of a positive and significant influence with a p-value of 0.002 (< 0.05), for the direct influence of compensation on employee performance with a coefficient value of 0.245 by obtaining positive and significant influence results with a p-value of 0.017 (< 0.05), 14 for the direct influence of the work environment on work motivation with a coefficient value of 0.247 by obtaining positive and significant influence results with a value of p-value is 0.016 (< 0.05), for the direct influence of work motivation on employee performance with a coefficient value of 0.366 with the resulting positive and significant influence with a p-value of <0.001, for the influence of compensation on performance employees through work motivation as a mediating variable with a coefficient value of -0.198 and a p-value of 0.047, for the influence of the work environment on employee performance through work motivation as a mediating variable. Thus the work environment does not have an indirect influence on employee performance through work motivation.

5. Discussion

Compensation Influences Work Motivation

Based on table 3, thus, H2 shows that compensation has a positive and significant effect on work motivation which is acceptable. This means that the higher the compensation an employee receives, the higher the employee's level of work motivation. Vice versa, if the compensation received by employees is not appropriate (low), then the level of employee work motivation will also tend to decrease. The results of this research are in accordance with research conducted by Suriadi, et al. (2022) which states that compensation and the work environment have a positive and significant effect on work motivation in TZU CHI Cinta Kasih Hospital Nurses with Work Motivation as an intervening variable which states that compensation is one of the main reasons that motivate employees to work, including employees working with the aim of obtaining compensation. Which states that compensation has a positive effect on work motivation.

Work Environment Influences Work Motivation

Based on table 3, thus, H2 shows that the work environment has a positive and significant effect on work motivation which is acceptable. This means that a clean, comfortable and pleasant work environment will enable employees to carry out their duties and work without being disturbed. This situation encourages employee enthusiasm so that work can be completed on time and targets set by the company are met. Stated that the work environment has a positive effect on work motivation. The results of this research are in accordance with research conducted by Suriadi, et al. (2022) which states that compensation and the work environment have a positive and significant effect on work motivation in TZU CHI Cinta Kasih Hospital Nurses with Work Motivation as an intervening variable which states that the work environment is another factor that can influence work motivation.

Compensation Affects Employee Performance

Based on table 3, thus, H3 shows that compensation has a positive and significant effect on employee performance which is acceptable. This means that this shows that the compensation provided by the company has been able to make employee performance better. Employees tend to work optimally if the company provides compensation that is appropriate to the tasks given, in other words, the performance of PT JIP employees will be better if the company is able to provide compensation that is appropriate and appropriate to the work carried out by the employees. Providing compensation to employees is a form of remuneration provided by the company for the performance that the employees have provided. If compensation in the company is considered appropriate by employees, this can affect employee performance and loyalty. Most of the work demonstrations carried out were due to dissatisfaction with the wages given. Stated that compensation has a positive effect on employee performance. This is in line with research conducted by Lidya, et al. (2020), which states that compensation has a positive effect on employee performance.

Work Environment Influences Employee Performance

Based on table 3, the influence of the work environment on employee performance can be seen from the presence of a good work environment, good work space layout, good lighting and security. A good work environment will have a good effect on employees in carrying out their daily duties so that it can encourage employees to provide satisfactory work results. The relationship between the work environment and performance is a definite thing and must be given more attention, both in terms of spatial layout, lighting and security and employees. The main task of every organization is to improve employee performance. This means that the better the work environment set by the company has an effect on the higher employee performance. This is supported by research conducted by Jasman Saripuddin (2017); Lestary (2017) stated in his conclusion that the work environment has a positive and significant effect on employee performance. This is in line with research conducted by Dewi (2020), which states that there is a positive influence between the work environment on employee performance

Work Motivation Influences Employee Performance

Based on table 3, Thus, H5 shows that work motivation has a positive and significant effect on employee performance which is acceptable. This means that work motivation variables are able to explain employee performance variables. Apart from that, the influence between these variables is classified as very strong and has a positive value. This means that the better the work motivation, the better the employee's performance. Which states that there is a positive influence between the work environment on employee performance. The results of this research are in accordance with research conducted by Suriadi, MF. Stated that work motivation has a positive and significant effect on the performance of Tzu Chi Love Love Hospital nurses. The higher the work motivation felt by employees at the hospital, the higher the employee's intention to improve performance, and vice versa.

Work Motivation Mediates the Effect of Compensation on Employee Performance

Based on table 3, Thus, H6 shows that work motivation mediates the influence of compensation on employee performance which is acceptable, or there is an intervening influence of work motivation variables in the influence of compensation variables on employee performance as a partial intervening variable. If the influence of the dependent variable on the mediating variable is significant and the influence of the independent variable on the mediating variable is also significant, it can be said that the results of this research findings support the influence of partial mediation. This means that the relationship between compensation and employee performance will be significant if it is through work motivation. Meanwhile, if it is not through work motivation, the influence of compensation on employee performance remains significant. Then it is known that the influence of compensation will be greater if it has an indirect influence on employee performance, namely by passing through motivation to influence employee performance. Which states that the influence of compensation on employee performance is through work motivation.

Work Motivation Mediates the Influence of the Work Environment on Employee Performance

Based on table 3, the influence of the work environment on employee performance is through work motivation as a mediating variable. The results of this study show that work motivation does not mediate the influence of the work environment on employee performance. Fulfilling various employee needs, including existence needs, relatedness needs and growth needs and supported by a good work environment, will certainly have a big influence on improving employee performance. A pleasant work environment is a key driver for employees to produce peak performance. Therefore, deteriorating employee performance or performance could be caused by a number of factors, starting from poor work ability to insufficient motivation or a poor work environment. Employee life does not depend on their surroundings, there is a very close relationship between employees and the environment.

6. Conclusion

Based on the analysis and discussion, it can be concluded that compensation and the work environment significantly influence employee performance through work motivation as an intervening variable at PT JIP. Compensation positively affects work motivation, which in turn positively impacts employee performance. Similarly, the work environment positively influences both work motivation and employee performance. Notably, work motivation mediates the relationship between compensation and employee performance. However, it does not mediate the impact of the work environment on employee performance.

Managerial implications in this research are that managers need to pay attention to elements in the compensation package, such as salary, benefits, incentives and career development opportunities, to ensure that employees feel appreciated and motivated to provide the best performance, managers need to focus on factors such as culture organization, leadership, communication, and work facilities to ensure that employees feel motivated and have the resources necessary to succeed managers can focus efforts to increase employee motivation. This can be done through reward programs, training and development, recognition of achievements, and facilitating employee involvement in Decision making and they need to adopt a holistic approach in evaluating employee performance, considering not only quantitative results but also qualitative aspects such as job

satisfaction and engagement.

Recommendations

Based on the research results, the suggestions obtained are that the influence of compensation and work environment on employee performance with work motivation as an intervening variable in this research is as follows: Companies are expected to increase compensation fairly so as not to cause social jealousy among employees. The relationship between leaders and employees must be well established, supported by providing good compensation and work motivation to employees, which is expected to improve employee performance. The company is expected to be able to improve the atmosphere of a good and conducive work environment in helping to increase employee productivity in terms of noise, coloring of office walls, lighting conditions, as well as air circulation, it is hoped that the Company will be able to maximize further in providing motivation to its employees so that they can achieve the targets that have been set, and ultimately will further improve employee performance.

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