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# The Influence Of Compensation And Work Environment On Employee Performance Through Job Satisfaction As An Intervening Variable

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**Abstract:** This research aims to analyze the influence of compensation and work environment on employee performance both directly and indirectly through job satisfaction as an intervening variable. This research uses quantitative research using an explanatory research approach. Where the sample in this research was 46 employees at UD. New Jaya Sakti who were taken using saturated sampling. This research has seven hypotheses and where are the seven hypotheses. The results of the simultaneous test show that compensation and work environment influence job satisfaction. Then compensation, work environment and job satisfaction influence employee performance. The results of the hypothesis test also show that there are five paths that have a significant effect, namely compensation on employee performance of 0.449 with a significance value of 0.000, compensation on job satisfaction of 0.476 with a significance of 0.000, job satisfaction on employee performance of 0.274 with a significance value of 0.023, work environment on Job satisfaction is 0.565 with a significance value of 0.000. The work environment on employee performance is 0.529 with a significance value of 0.000. This research also proves two indirect paths showing the effect of compensation on employee performance through job satisfaction of 0.130 and the work environment on employee performance through job satisfaction of 0.154.

**Keywords:** Compensation, Work Environment, Job Satisfaction, Employee Performance

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## INTRODUCTION

In today's developing business, there is a lot of very rapid business competition, especially industrial business, which results in the level of competition in the market increasing, so that with this competition, companies are required to produce good quality products, apart from that, companies must also pay attention to the performance of human resources and needs. necessary when working [1], [2]. By meeting the required needs, the performance will feel happy and satisfied at work and be able to produce good quality products and consumers will also feel satisfied with the product.

Human resource management is a main system that must exist in business which is related to a system starting from planning, controlling, developing in an organization, because it is the main source that can develop the company so that in the future it can develop in accordance with the main expected goals. According to [3] human resource management is the process of acquiring, training, assessing and compensating employees and to administer labor relations, health and safety.

Satisfaction is a benchmark for assessing employee satisfaction with the type, nature of work, work results produced and feelings of enjoyment at work. According to [4] job satisfaction is the result of employees' perceptions of how well their work provides things that are considered important.

Compensation is an expectation and reward from the company that is given to each employee in working on the work tasks given in order to achieve a good level of performance. According to [3] compensation is something in the form of payment to be given to employees and matters related to employees.

The work environment is a relationship that is related to supporting employees so that they feel happy when working. If the work environment is comfortable, employees can improve their performance and employees feel satisfied so that the resulting product is of good quality. [5][6] said that the work environment is the atmosphere or conditions around the work location. The work environment can be in the form of room, layout, facilities and infrastructure. UD. New Jaya Sakti is an individual company where this business operates in the building industry which produces several building industries such as paving and concrete roof tiles where its location is in the Tamansari Village area, Wuluhan District, Jember Regency, where these sales are usually sent to the Jember, Bondowoso and Lumajang areas. Where there is a decrease in the level of employee attendance at work as follows:

Table 1 Employee Attendance Rate 2021-2022

<b>N0</b>	<b>Month</b>	<b>Amount Employee</b>	<b>Amount Presence</b>	<b>Level % presence</b>
1	August/2021	46	46	100%
2	September/ 2021	46	42	91.3%
3	October/ 2021	46	44	95.7%
4	November/ 2021	46	42	91.3%
5	December/ 2021	46	32	69.5%
6	January/ 2022	46	37	84.1%
7	February/ 2022	46	43	80.4%
8	March/ 2022	46	30	65.2%

Source: UD. New Jaya Sakti

The table above is data on employee absenteeism at work, which increases and decreases each month. The increase in employee attendance occurred in August, namely 100% and October 2021, namely 95.7%. Meanwhile, the decline in employee attendance occurred in December and March, namely 69.5% and 65.2%. If a large number of employees are absent, this will be detrimental and hamper the completion of production results as expected. at UD. New Jaya Sakti, the decline in employee performance can be influenced by factors, namely wages given to employees using a piece rate system.

## METHOD

This research is a type of quantitative research, where based on the objectives of the research that have been determined, this type of research is research using an explanatory research approach. The data sources used are primary data sources such as questionnaires, while secondary data are data sources that come from research. Like a journal. The sampling technique uses saturated sampling. According to [7] the saturated sampling technique is a sample determination technique where all members of the population are used as samples. conclusions drawn.

The population in research is a group of objects which can be used as a research source in the form of objects, events or people who occur in a research target object [7]. Population is a generalization

of an area consisting of objects or subjects that have certain qualities and characteristics that have been determined by researchers to be studied and So the population in the study was all 46 employees at UD New Jaya Sakti.

### RESULTS AND DISCUSSION

The analysis used in this research is path analysis. Before carrying out the analysis, the collected data was tested with 1) instrument tests, namely validity and reliability tests, 2) classical assumption tests, namely normality tests, multicollinearity tests, and heteroscedasticity tests, 3) multiple linear regression analysis, 4) path analysis and testing. hypothesis. Based on table 2, you can see the standardized regression coefficient or path coefficient value of the independent variable on the dependent variable.

Table 2 direct influence path coefficients

Variable	Path Coefficient	Sig
Employee performance → compensation	0.449	0,000
Job satisfaction → compensation	0.476	0,000
Employee performance → job satisfaction	0.274	0.023
Employee performance → work environment	0.529	0,000
Work environment → job satisfaction	0.565	0,000

Source: attachment 10 processed data

1. Effect of compensation (X1) employee performance (Y) Compensation has a positive influence on employee performance (Beta = 0.449; sig = 0.000). This means that if compensation increases, employee performance will increase.
2. The effect of compensation (X1) on job satisfaction (Z). Compensation has a positive and significant influence relationship on job satisfaction (Beta = 0.476; sig = 0.000). This means that if compensation increases, job satisfaction will also increase.
3. The influence of job satisfaction (Z) on employee performance (Y). Job satisfaction has a positive and significant influence on employee performance (Beta = 0.274; sig = 0.023). This means that if job satisfaction increases, employee performance will also increase.
4. The influence of the work environment (X2) on employee performance (Y) the work environment has a positive and significant influence on employee performance (Beta = 0.529; sig = 0.000). This means the work environment
5. Influence of the work environment (X2) job satisfaction (Z) The work environment has a positive and significant influence on job satisfaction (Beta = 0.565; sig = 0.000).

This means that if the work environment improves, job satisfaction will also increase.

- 1) Job satisfaction compensation (Z) Employee performance (Y) Compensation has a positive but not significant influence on employee performance through job satisfaction, namely (0.130). This means that H6 is rejected. This means that if compensation increases, this will not increase employee performance even through job satisfaction. If compared with the direct influence of compensation on employee performance (Table 2), it can be concluded that compensation has a direct influence while compensation has no indirect influence (through the mediator variable job satisfaction) on employee performance.

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- 2) Work environment (X2) job satisfaction (Z) Employee performance (Y) The work environment has a positive but not significant influence on employee performance through job satisfaction, namely (0.167). This means that H7 is rejected. This means that if the work environment improves, this will also improve employee performance through job satisfaction. If compared with the direct influence of the work environment on employee performance (Table 2), it can be concluded that the work environment has a direct effect while the work environment has no indirect effect (through the mediator variable job satisfaction) on employee performance.

## DISCUSSION

The following is a discussion of the research results. This research has seven hypotheses as follows:

1. The Effect of Compensation on Job Satisfaction. This research shows that the results of hypothesis 1 (H1) are accepted, meaning that compensation has a significant effect on employee job satisfaction. This research finds that compensation has a positive and significant effect on job satisfaction. These results can be interpreted as indicating that the indicators of wage compensation, incentives, allowances and facilities have an influence on job satisfaction.
2. The Influence of the Work Environment on Job Satisfaction. This research shows that the results of hypothesis 2 (H2) are accepted, meaning that the work environment has a significant effect on employee job satisfaction. This research finds that the work environment has a positive and significant effect on job satisfaction. The results of the analysis show that there are two work environment indicators that received the highest scores in this research, namely the color and air indicators which employees feel are quite satisfied, so in this case it shows that UD. New Jaya Sakti is good so the results have an influence on job satisfaction.
3. The Effect of Compensation on Employee Performance. This research shows that the results of hypothesis 3 (H3) are accepted, meaning that this research finds that compensation has a significant effect on employee performance. According to Bangun (2012:254) compensation is an important factor and is a concern for many organizations in attracting quality human resources. Based on data tabulation of respondents' answers, the indicators that received high scores were incentives and allowances. This can show that the incentives and allowances provided by UD. The New Jaya Sakti provided is in line with employee expectations.
4. The influence of the work environment on employee performance. This research shows that the results of hypothesis 4 (H4) are accepted, meaning that the work environment has a positive and significant effect on employee performance. This result can be interpreted that the better the work environment, the higher the level of employee performance. This proves that the work environment consisting of lighting, color, air and sound will have a significant effect on employee performance. Based on data from respondents' answers, the work environment indicators that had the highest scores in this study were color and air indicators. This shows that the color and air in UD. New Jaya Sakti really suits the wishes of employees. UD Manager. New Jaya Sakti is very good at playing this so it influences employee performance.
5. The influence of job satisfaction on employee performance. Based on the results of this research, it shows that hypothesis 5 (H5) is accepted, meaning that job satisfaction has a positive and significant effect on employee performance. This result can be interpreted that the higher the job satisfaction, the higher the level of employee performance.

6. The Effect of Compensation on Employee Performance through Job Satisfaction. The results of this research show that hypothesis 6 (H6), which states that compensation influences employee performance through the intervening variable job satisfaction, is rejected. The results in this research study found that compensation had no effect on employee performance through the intervening variable job satisfaction. This research uses compensation indicators such as wages, incentives, allowances and facilities. Based on research studies, it was found that fourth These indicators are not sufficient to improve employee performance through job satisfaction. Apart from that, this research also supports the theory of Marwansyah, 2016: 269) if the value of the remuneration or compensation provided by the company is in line with employee expectations, then it can be said that employees feel very satisfied because the compensation received by employees at work has been fulfilled
7. The influence of the work environment on employee performance through job satisfaction. The results of this research indicate that the results of hypothesis 7 (H7) that the work environment influences employee performance through job satisfaction, are rejected. The results of this research found that the work environment has no effect on employee performance through job satisfaction as an intervening variable. The direct influence of the work environment on employee performance has a greater value than the intervening influence

## CONCLUSION

Based on the discussion of the research results, the following conclusions can be drawn:

1. Compensation has a positive and significant effect on job satisfaction, this means that indicators of wages, incentives, allowances and facilities are one of the factors that can influence job satisfaction.
2. The work environment has a positive and significant effect on job satisfaction, this means that indicators of lighting, color, air and sound are one of the factors that can influence job satisfaction.
3. Compensation has a positive and significant effect on employee performance. Thus, wage indicators, incentives, allowances and facilities are one of the factors that can influence employee performance.
4. The work environment has a positive and significant effect on employee performance. Thus, lighting, color, air and sound indicators are factors that can influence employee performance.
5. Job satisfaction has a positive and significant effect on employee performance. Thus, compensation indicators are in accordance with employee expectations at work and are one of the factors that can influence employee performance.
6. Compensation has no effect on employee performance through job satisfaction. The contribution made by job satisfaction has not been able to intervene in the influence of compensation on employee performance.
7. The work environment has no effect on employee performance through job satisfaction. The contributions provided have not been able to intervene in the influence of the work environment on employee performance.

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