# The Effect of Motivation, Work Environment, and Compensation on Employee Performance Through Job Satisfaction at PT Beton Prima Indonesia

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**Abstract:** *This study aims to analyze the effect of work motivation, work environment, and compensation on employee performance, with job satisfaction as a mediating variable at PT Beton Prima Indonesia. This research uses a quantitative approach with a causal associative design. Data were collected from 67 respondents through questionnaires and analyzed using the Partial Least Squares (PLS) method to test the relationship between variables. The results of the analysis show that work motivation (X1) has a significant effect on job satisfaction (Z) with a path coefficient value of 0.411 and p-value <0.05. Work environment (X2) also has a significant effect on job satisfaction (Z) with a path coefficient value of 0.389 and p-value <0.05. However, work motivation (X1) and work environment (X2) have no significant effect directly on employee performance (Y), with p-value > 0.05. Compensation (X3) has no significant effect on job satisfaction (Z) or performance (Y) with p-value > 0.05. In contrast, job satisfaction (Z) has a significant effect on employee performance (Y) with a path coefficient value of 0.573 and a p-value <0.05, indicating that job satisfaction mediates the relationship between work motivation, work environment, and employee performance. This finding indicates that job satisfaction is an important factor in improving employee performance. Therefore, companies are advised to focus on increasing work motivation and creating a conducive work environment to increase employee satisfaction. In addition, an evaluation of the compensation system is also needed to ensure a greater contribution to improving employee performance in the future.*

**Keyword:** *Work Motivation, Work Environment, Compensation, Job Satisfaction, Employee Performance, Partial Least Square (PLS)*

**INTRODUCTION**

Effective human resource management is crucial for the success and sustainability of any organization. Employees are considered one of the most valuable assets, as their performance directly impacts organizational goals. The human factor is pivotal, as it drives operational processes, making workforce management essential for maintaining a competitive edge (Mangkunegara, 2005). This study investigates the relationship between work motivation, work environment, compensation, and their impact on employee performance through job satisfaction at PT Beton Prima Indonesia.

Employee performance is often influenced by multiple factors, including motivation, job satisfaction, and workplace conditions (Fendy Suhariadi, 2015). For organizations to thrive, they must foster a motivated workforce capable of executing tasks effectively. Herzberg's motivation theory and other human resource management frameworks emphasize the importance of creating conducive work environments and offering fair compensation to enhance job satisfaction and performance. According to research by Kunartinah (2012) and Dermawan et al. (2012), compensation significantly affects job satisfaction, which in turn influences employee performance. However, phenomena observed at PT Beton Prima Indonesia indicate a need for evaluating and improving the work environment and compensation policies to optimize employee performance.

This research is intended to explore the extent to which motivation, work environment, and compensation affect job satisfaction and employee performance at PT Beton Prima Indonesia. It builds on earlier studies by examining how job satisfaction mediates the relationship between work conditions and performance, following a structural equation model (SEM) approach.

Previous studies have consistently found a positive relationship between compensation and employee performance. For instance, research by Edi Nugroho (2013) and Febrianti (2011) confirmed that both direct and indirect compensation influence employee output. Similarly, research by Dewi Ratiwi Meiliza (2011) and Buraidah (2010) demonstrated that organizational commitment and job satisfaction are significantly affected by compensation and motivation. Previous research has shown that fair and adequate compensation has a significant effect on employee job satisfaction (Dermawan et al., 2012). Employees who receive appropriate compensation are more motivated to work hard and achieve higher performance. In addition, work motivation is also a factor that affects employee performance. Highly motivated employees tend to be more productive, while those who are less motivated often show poor performance (Murty & Hudiwinarsih, 2012).

This study extends previous findings by incorporating the mediating role of job satisfaction in the relationship between compensation, motivation, work environment, and employee performance. However, there is still a gap in research that thoroughly links motivation, work environment, compensation, and employee performance through the mediation of job satisfaction, especially in the context of the concrete industry in Indonesia. Many previous studies only focus on one or two factors, without considering all aspects that affect employee performance in an integrated manner.

**METHOD**

This study utilizes a quantitative research design to investigate the impact of work motivation, work environment, and compensation on employee performance, with job satisfaction acting as a mediating variable. The design is suitable for addressing the research question as it allows for the examination of causal relationships among the variables using Structural Equation Modeling (SEM) with the Partial Least Squares (PLS) approach. This method ensures the

robustness of results even with a relatively small sample size and complex interrelationships between variables. Quantitative approach due to its suitability for analyzing the relationships between variables expressed in numerical data. The study follows an associative causal design, aimed at determining the influence of independent variables on a dependent variable (Umar, 2005).

Specifically, this research investigates the effects of motivation, work environment, and compensation on employee performance, with job satisfaction as an intervening variable. Population for this study consists of employees from PT Beton Prima Indonesia, totaling 100 individuals. The sampling technique employed was purposive sampling, where participants were selected based on specific inclusion criteria relevant to the research objectives, such as job roles and duration of employment. The sample size is adequate for conducting SEM analysis and reflects the general workforce characteristics of the company. This technique was chosen to ensure that the respondents are representative of those experiencing the factors under investigation (motivation, work environment, compensation, and performance).

Data were collected through a structured questionnaire designed to capture responses across the key variables: work motivation, work environment, compensation, job satisfaction, and employee performance. The questionnaire was divided into five sections, each corresponding to one of the variables. Responses were measured on a 4-point Likert scale (1 = strongly disagree, 4 = strongly agree). This scale is effective in capturing participants' perceptions and attitudes towards their work environment and overall satisfaction.

The instrument development was based on previously validated measures. Work motivation items were adapted from the scales used by Devi (2009), work environment indicators from Sedarmayanti (2009), and compensation scales from Kadarisman (2012). Job satisfaction was measured using a modified version of the Robbins (1999) and Hasibuan (2005) scales. Employee performance was assessed using criteria related to task accomplishment and behavior, reflecting standards established by prior research.

The collected data were analyzed using SEM with the PLS method, conducted via SmartPLS 3.0 software. The analysis involved several stages:

1. Outer Model Evaluation: To assess the validity and reliability of the constructs, the outer model was evaluated using composite reliability, Cronbach's alpha, and Average Variance Extracted (AVE). These measures ensured that each construct was accurately represented by its corresponding indicators.
2. Inner Model Evaluation: The structural relationships between work motivation, work environment, compensation, job satisfaction, and employee performance were analyzed. Path coefficients and $R^2$ values were calculated to determine the strength of these relationships, while bootstrapping was used to test the statistical significance of the paths.
3. Goodness of Fit (GoF): The overall fit of the model was assessed using the GoF index, which was derived from the AVE and $R^2$ values. A high GoF value indicates a well-fitting model, meaning the hypothesized relationships adequately explain the variation in employee performance and job satisfaction.

These techniques were chosen to ensure that the data analysis was comprehensive and provided insights into both the direct and indirect effects of the independent variables on employee performance. The use of validated instruments and advanced statistical methods ensuring that the findings accurately reflect the influence of motivation, work environment, and compensation on employee performance.

## RESULTS AND DISCUSSION

The results of this study are presented based on data analysis using the Partial Least Squares (PLS) method. The research investigated the effect of work motivation, work environment, and compensation on employee performance, mediated by job satisfaction at PT Beton Prima Indonesia.

### Table 1. Descriptive Statistics of Variable X1

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| X1.1 | 67 | 1.00 | 4.00 | 3.1642 | .70918 |
| X1.2 | 67 | 1.00 | 4.00 | 3.1343 | .79574 |
| X1.5 | 67 | 1.00 | 4.00 | 3.1940 | .67955 |
| X1.6 | 67 | 1.00 | 4.00 | 3.0896 | .73302 |
| Valid N (listwise) | 67 | | | | |

Source : SPSS 25

### Table 2. Descriptive Statistics of Variable X2

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| X2.1 | 67 | 1.00 | 4.00 | 2.9403 | .75640 |
| X2.2 | 67 | 1.00 | 4.00 | 3.0746 | .84052 |
| X2.3 | 67 | 1.00 | 4.00 | 2.9552 | .80590 |
| X2.4 | 67 | 1.00 | 4.00 | 3.0597 | .75640 |
| X2.5 | 67 | 1.00 | 4.00 | 3.0597 | .83268 |
| X2.6 | 67 | 1.00 | 4.00 | 3.0597 | .83268 |
| Valid N (listwise) | 67 | | | | |

Source : SPSS 25

### Table 3, Descriptive Statistics of Variable X3

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| X3.1 | 67 | 1.00 | 4.00 | 3.0000 | .71774 |
| X3.2 | 67 | 1.00 | 4.00 | 3.0299 | .75819 |
| X3.3 | 67 | 1.00 | 4.00 | 3.0746 | .68121 |
| X3.4 | 67 | 1.00 | 4.00 | 3.0448 | .70567 |
| X3.5 | 67 | 1.00 | 4.00 | 2.9552 | .76738 |
| X3.6 | 67 | 1.00 | 4.00 | 3.0597 | .79545 |
| Valid N (listwise) | 67 | | | | |

Source : SPSS 25

### Table 4. Descriptive Statistics of Variable Z

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Z1 | 67 | 1.00 | 4.00 | 2.9701 | .86987 |
| Z2 | 67 | 1.00 | 4.00 | 3.1194 | .82613 |
| Z3 | 67 | 1.00 | 5.00 | 3.0299 | .90403 |
| Z4 | 67 | 1.00 | 4.00 | 3.0448 | .82449 |
| Z5 | 67 | 1.00 | 4.00 | 3.1642 | .75070 |
| Z6 | 67 | 1.00 | 4.00 | 3.1045 | .83728 |
| Valid N (listwise) | 67 | | | | |

Source : SPSS 25

**Table 5.** *Descriptive Statistics of Y Variable*

| Descriptive Statistics | | | | | |
|---|---|---|---|---|---|
| | N | Minimum | Maximum | Mean | Std. Deviation |
| Y1 | 67 | 1.00 | 4.00 | 3.0896 | .77325 |
| Y2 | 67 | 1.00 | 4.00 | 3.1940 | .87454 |
| Y3 | 67 | 1.00 | 4.00 | 3.0896 | .88303 |
| Y4 | 67 | 1.00 | 4.00 | 3.0000 | .88763 |
| Y5 | 67 | 1.00 | 4.00 | 2.9403 | .98289 |
| Y6 | 67 | 1.00 | 4.00 | 3.4179 | .83755 |
| Valid N (listwise) | 67 | | | | |

Source : SPSS 25

The descriptive statistical analysis showed that the variable with the highest average score for Work Motivation (X1) was X1.5, with a mean of 3.1940, and a standard deviation of 0.67955. For the Work Environment (X2), X2.2 recorded the highest mean score of 3.0746, with a standard deviation of 0.84052. Meanwhile, Compensation (X3) showed that item X3.3 had the highest mean score of 3.0746, with a standard deviation of 0.68121. Job Satisfaction (Z) showed that item Z5 had the highest mean of 3.1642 with a standard deviation of 0.75070, and for Employee Performance (Y), Y2 had the highest mean score of 3.1940, with a standard deviation of 0.87454.

| | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | Standard Error (STERR) | T Statistics (\|O/STERR\|) | T-tabel |
|---|---|---|---|---|---|---|
| X1 -> Y | -0.0556 | -0.0138 | 0.1774 | 0.1774 | 0.3132 | |
| X1 -> Z | 0.3867 | 0.3882 | 0.1542 | 0.1542 | 2.5084 | |
| X2 -> Y | 0.1626 | 0.14 | 0.173 | 0.173 | 0.9401 | |
| X2 -> Z | 0.6201 | 0.6108 | 0.09 | 0.09 | 6.8872 | 1.96 |
| X3 -> Y | 0.0573 | 0.0422 | 0.1051 | 0.1051 | 0.5452 | |
| X3 -> Z | -0.1129 | -0.1024 | 0.1439 | 0.1439 | 0.7851 | |
| Z -> Y | 0.749 | 0.7489 | 0.1183 | 0.1183 | 6.3294 | |

**Tabel 6.** *Output Path Coefficient*

Soirce: Smart PLS

The Partial Least Squares analysis was conducted to test the direct and indirect relationships between the variables.
a)  Work Motivation (X1) had a negative and non-significant effect on Employee Performance (Y) with a path coefficient of -0.0556 and a t-statistic of 0.3132 (p > 0.05). This indicates that despite higher motivation, the direct effect on performance is minimal.
b)  Work Motivation (X1) positively and significantly affected Job Satisfaction (Z) with a path coefficient of 0.3867 and a t-statistic of 2.5084 (p < 0.05). This finding suggests that motivated employees experience higher job satisfaction.
c)  Work Environment (X2) had a positive but non-significant impact on Employee Performance (Y), with a path coefficient of 0.1626 and a t-statistic of 0.9401 (p > 0.05).
d)  Work Environment (X2) significantly affected Job Satisfaction (Z), with a path coefficient of 0.6201 and a t-statistic of 6.8872 (p < 0.05), indicating that a better work environment greatly enhances employee satisfaction.
e)  Compensation (X3) did not significantly impact Employee Performance (Y) (path coefficient = 0.0573, t = 0.5452, p > 0.05).

f) Compensation (X3) also did not significantly affect Job Satisfaction (Z), with a negative path coefficient of -0.1129 and a t-statistic of 0.7851 (p > 0.05).

g) Finally, Job Satisfaction (Z) had a strong and significant positive effect on Employee Performance (Y), with a path coefficient of 0.749 and a t-statistic of 6.3294 (p < 0.05).

## DISCUSSION

The results of this study reveal that while work motivation and the work environment significantly impact job satisfaction, their direct influence on employee performance is limited. However, job satisfaction plays a critical role in enhancing employee performance, making it a key mediating factor. This finding aligns with Herzberg's motivation theory, which underscores the importance of both intrinsic factors, such as recognition and achievement, and extrinsic factors, like compensation, in influencing job satisfaction (Herzberg, 1968).

Interestingly, the direct effect of work motivation and compensation on performance was found to be non-significant, which deviates from some earlier studies (Kunartinah, 2012; Edi Nugroho, 2013). One plausible explanation for this divergence is that employees at PT Beton Prima Indonesia may not perceive their compensation or motivation as directly related to their individual performance. Instead, they may view job satisfaction as the primary driver of high performance. In this context, it is possible that factors like job security, work-life balance, or a sense of belonging play a more crucial role in shaping performance than motivation or compensation alone.

The strong impact of the work environment on job satisfaction is consistent with the findings of Sedarmayanti (2009), who emphasized the significance of a supportive and comfortable workplace. A conducive work environment fosters a positive emotional climate, allowing employees to feel more content and engaged, which in turn can indirectly enhance their performance. These results suggest that while motivation and compensation are essential, they may act more as foundational elements rather than direct performance enhancers. Instead, the work environment's ability to improve job satisfaction appears to have a more meaningful influence on overall performance.

Given these insights, organizations like PT Beton Prima Indonesia should prioritize efforts to improve the work environment and foster job satisfaction as a strategic means of enhancing employee performance. While compensation and motivation are undoubtedly important, their effects are more potent when filtered through the lens of job satisfaction. Initiatives such as creating a more supportive workplace culture, offering career development opportunities, and recognizing employees' contributions could have a more substantial impact on both satisfaction and performance.

## CONCLUSION

This study explored the influence of work motivation, work environment, and compensation on employee performance, with job satisfaction acting as a mediating variable at PT Beton Prima Indonesia. The findings revealed that while work motivation and the work environment have significant positive effects on job satisfaction, their direct impact on employee performance is not statistically significant. In contrast, job satisfaction plays a critical role in improving employee performance, acting as a crucial mediator between these variables and performance.

The non-significant impact of work motivation and compensation on performance diverges from earlier research, suggesting that employees at PT Beton Prima Indonesia may not perceive these factors as directly related to their performance. Instead, they view job satisfaction as more essential in driving their productivity and effectiveness. This highlights the importance of creating

a conducive work environment and focusing on intrinsic factors that boost satisfaction to enhance overall performance.

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