

The Effect Of Work Environment And Compensation On The Performance Of Employees Of Pdam Situbondo District Through Motivation As An Intervening Variable

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Abstract

The purpose of this study is to analyze the influence of the variables of the Influence of the Work Environment and Compensation on the Performance of PDAM Employees in Situbondo Regency Through Motivation as an Intervening Variable.. By using the Partial Least Square (PLS) Structural equation model. Results of direct influence hypothesis testing using the Smart PLS 3.0 application The work environment has a significant positive effect on motivation, compensation has a significant positive effect on motivation, the work environment has a significant positive effect on performance, compensation has a significant positive effect on performance, motivation has a significant positive effect on performance, the work environment has a significant positive effect on performance through motivation, and compensation has a significant positive effect on performance through motivation.

Keywords: Work environment, Compensation, Performance and Motivation.

INTRODUCTION

Human resource management is a part of organizational management that focuses on human resources. The task of human resource management is to manage human resources well to obtain a workforce that is satisfied with their work. Currently, finding and collecting a workforce that performs well is very difficult, especially in retaining existing

596

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ones. Therefore, companies must prioritize employees who are skilled and have good performance so that they can be trained, motivated, and developed according to the company's wishes in retaining quality employees. One of the measuring tools to determine the effectiveness of the company is the results of employee performance. The environment can also spur better performance, "The work environment is all the tools and materials encountered, the surrounding environment where a person works, work methods, and work arrangements both as individuals and as a group" (Sedarmayanti, 2016). And the work environment problems at the Situbondo Regency Regional Drinking Water Company are the lack of air circulation into the room and the noise of vehicles passing in the work area.

Compensation according to Wibowo (2017) states that "Compensation is a counter-performance for the use of energy or services that have been provided by the workforce". As a counter-performance for all work abilities, time and energy provided by employees to the company, the company provides rewards or compensation to employees. "Errors in implementing a compensation system such as negligence in recording will result in demotivation and a lack of job satisfaction among workers" (Wibowo, 2017). To increase employee performance, motivation is needed, motivation comes from the Latin word *move* which means encouragement, driving force or strength that causes an action or deed. "The word *move* in English is often equated with motivation which means giving motives, generating motives, or things that give rise to encouragement or circumstances that give rise to encouragement" (Suwanto and Priansa, 2015). An employee's motivation in working is usually shown by continuous activities and is directed towards company goals and is not easily disturbed by turmoil that occurs within the company.

An employee's work productivity is a work result achieved by someone in carrying out tasks, both in quality and quantity according to the responsibilities given to him based on skills, experience, sincerity and time" (Mangkunegara, 2016). Handoko (2018) "as a driving force that can realize a behavior to achieve goals and self-satisfaction." Because of the importance of motivation, in an organization or company, good motivation is needed to achieve company goals. The motivation problem at the Situbondo Regency Regional Drinking Water Company (PDAM) is that employees feel they do not get enough motivation from the company in the form of social and self-actualization. Hasibuan (2017), states that "Performance is a work result achieved by someone in carrying out the tasks assigned to him based on skills, experience and sincerity and time".

The Regional Drinking Water Company (PDAM) as a company owned by the Regional Government (Pemda) that carries out two sides, namely as a public service

597



provider and as a business institution that seeks to gain profit (profit oriented). One indicator of PDAM performance measurement in the financial aspect through financial reports can be seen the company's financial performance which is closely related to the optimization of PDAM services to the community and is a reflection of the company's technical and administrative performance.

The Regional Drinking Water Company (PDAM) of Situbondo Regency is a regional government-owned company which is a regional autonomy tool, and the Situbondo Regency PDAM was established based on regional regulation number: 6 of 1981 with initial capital serving 17 (seventeen) sub-districts with 35,276 customers, (BPS 2020). The phenomenon that occurred in the Situbondo Regency Regional Drinking Water Company (PDAM), with a roadside location makes PDAM Situbondo employees busy with public vehicles that often pass in front of the company, employees are said to complain about inappropriate incentives and the lack of physical needs of employees that are not met, thus reducing the level of motivation in employees. From this phenomenon, this research deserves further investigation, to improve the performance of PDAM Situbondo. Based on this phenomenon, the researcher proposed a study entitled "The Influence of Work Environment and Compensation on the Performance of PDAM Situbondo Regency Employees Through Motivation as an Intervening Variable".

Objectives

The purpose of this research is to find out:

1. To knowThe work environment has a significant influence on the motivation of PDAM Situbondo Regency employees.
2. To knowCompensation has a significant effect on the motivation of PDAM Situbondo Regency employees
3. To knowMotivation has a significant influence on the performance of PDAM Situbondo Regency employees
4. To knowThe work environment has a significant influence on the performance of PDAM Situbondo Regency employees.
5. To knowMotivation has a significant influence on the performance of PDAM Situbondo Regency employees
6. To knowThe work environment has a significant influence on the performance of PDAM Situbondo Regency employees through motivation.
7. To knowCompensation has a significant influence on the performance of PDAM Situbondo Regency employees through motivation.

598



The conceptual framework in this study is described as follows:

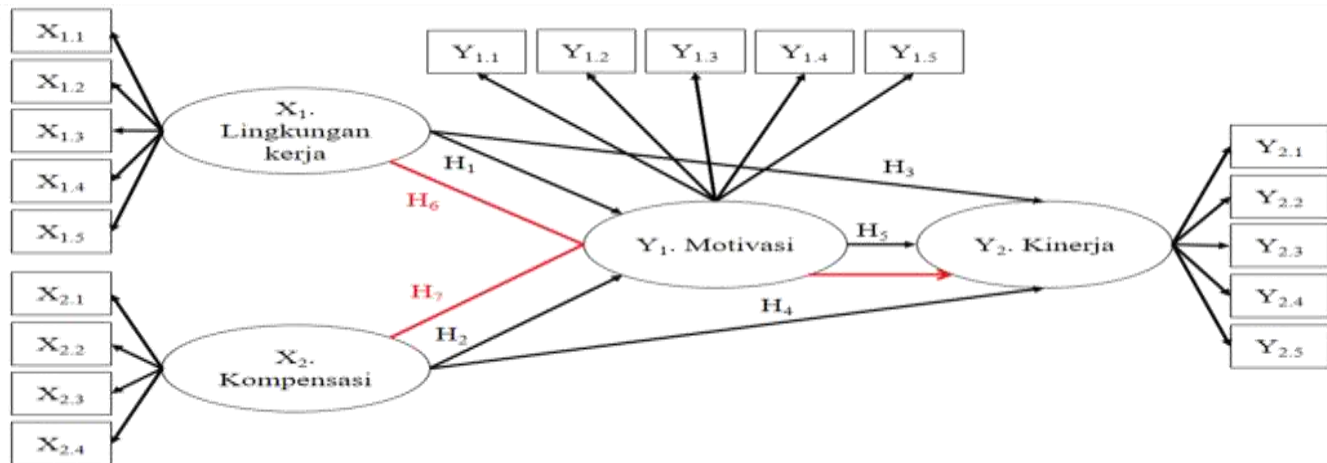


Figure 1: Conceptual Framework

DISCUSSION

The Influence of Work Environment on Motivation

The results of the analysis show that the work environment has a significant positive effect on job satisfaction with a positive original sample value of (0.624). The T-Statistic value is 6.192 (>1.964) and the P-Value is **0.00** (<0.05). Therefore, it can be concluded that H1 is accepted. The work environment influences employee motivation, indicating that a good environment can increase employee motivation. The environment is one of the factors that makes employees more serious in carrying out their work and can provide positive motivation for other employees.

The most supportive work environment, according to the indicator, is noise. A work environment away from crowds and a location that ensures employees are not disturbed by uncomfortable noises, thus fostering enthusiasm and motivation to carry out their work. Meanwhile, a strong indicator of motivation is the security provided to employees. A strong, safe work environment and quiet conditions are the best motivation for employees to work comfortably and incentivize them to achieve desired results.

This is in accordance with previous research by Jasmine (2020) with the results of Motivation partially mediating the influence of the Work Environment on Job Satisfaction where the employee stated that motivation is a very influential mediator on the work environment and there is another that is not in line with previous research, Lianasari's research (2022) which states that the work environment has a negative effect on

motivation, which means that the environment is not comfortable enough to provide sufficient motivation for employees.

The Effect of Compensation on Motivation

The results of the analysis show that Compensation has a significant positive effect on Motivation with a positive original sample value of (0.296). The T-Statistic value is 2.594 (>1.964) and the P Value is **0.10**(<0.05). Therefore, it can be concluded that H2 is accepted. This shows that compensation can influence the motivation that exists in the work, the compensation received by employees has provided a strong impetus to always be a motivation for employees. Compensation and motivation are two important things for employees, where appropriate compensation can increase motivation for employees, because employees have a high desire for compensation. The most dominant indicator in compensation is facilities, facilities provided to employees provide encouragement to work well. With good facilities, it can encourage employees to help and support each other. And if the facilities are not fulfilled and are not used properly, it can cause employees to lack the motivation to be active in doing their work. In this study, compensation can play a role in increasing employee needs to encourage enthusiasm and motivation to continue working.

The results of this study align with previous research by Sholeh (2024), which found a significant influence between compensation and motivation, and also with previous research by Wijaya (2021), which found that compensation influences motivation. These two previous studies share the same findings as this study, indicating that compensation significantly supports employee well-being and serves as a driving force for continued employee development.

The Influence of Work Environment on Employee Performance

The results of the analysis show that the work environment has a significant positive effect on employee performance with a positive original sample value of (0.364). The T-Statistic value is 4.033 (>1.964) and the P-Value is **0.00**(<0.05). Therefore, it can be concluded that H3 is accepted. This indicates that the work environment can support employees in improving their performance, because the work environment is the key for employees to improve their ability to improve performance. In this case, performance is a determining factor for companies to become more advanced, especially those at PDAM Situbondo.



The data shows that the highest and most dominant indicator in the work environment is noise, which means that the work environment is free from noise, allowing employees to enjoy a quiet environment and there are no noisy sounds from outside coming in.office. Because the Situbondo PDAM office is close to rice fields, even though it is close to the main road, it does not affect the peaceful atmosphere of the office environment. Meanwhile, the performance indicator is the Leadership factor, which is the highest indicator. In this sense, the important role of leaders is to provide encouragement and motivation so that employees can improve their performance. From a conducive, comfortable, and calm environment, with leaders as the main factor, employees can improve their performance optimally.

This research aligns with previous research by Shobirin (2022), who stated that the work environment significantly influences performance. Lianasari (2022) also stated in her research that the work environment significantly influences performance. In this study, the work environment is a factor that can be a determining factor in improving employee performance.

The Influence of Compensation on Employee Performance

The results of the analysis show that compensation has a significant positive effect on employee performance with a positive original sample value of (0.259). The T-Statistic value is 3.572 (>1.964) and the P-Value is **0.00** (<0.05), So it can be concluded that H4 is Accepted. Compensation is a variable that can improve employee performance, showing that compensation is an important thing to support and improve employee performance, the most influential in compensation indicators are facilities, office facilities have met the standards and all prepared needs have been met. So employees feel comfortable with adequate office facilities, the PDAM Situbondo office is very comfortable and has prepared existing facilities for employees to work optimally. And supported by good leadership, is a prominent indicator for employee performance. From these 2 indicators it can be concluded that superior compensation is not only salary and other rewards, but facilities are compensation that can be felt directly in the long term. And good performance has a leader factor that can provide a role model and is wise for employees to further improve their performance.

This research aligns with and supports previous research by Shobirin (2022) and Wijaya (2021), which found that compensation significantly impacts performance. This research provides evidence that increased company performance is linked to increased employee compensation, and that decreased compensation leads to decreased

601



performance. This study highlights a new learning: indicators aren't always directly accessible in the form of salary, incentives, and benefits; rather, benefits are a key factor in long-term employee well-being.

The Influence of Motivation on Employee Performance

The results of the hypothesis test show that motivation can influence performance, with reference to the original sample value, which is positive (0.380). The T-Statistic value is 4.065 (>1.964) and the P-Value is 0.380.00 (<0.05) it can be concluded that Motivation has a significant positive effect on Performance thus Hypothesis 5 is accepted. This study states that motivation is an employee's need to improve performance, with increased motivation then performance will also increase. The motivation provided by the organization so far to employees has been able to improve employee performance, on the other hand this motivation is also a personal drive of an employee in working that is enthusiastic in completing the work done with additional support from the organization so that employees in completing the work are enthusiastic so that employee performance will be maintained.

A prominent indicator in motivation is security, which is a factor for comfort and encourages employees to remain enthusiastic in doing their work, namely the security that exists in The office. Employees feel safe with the security system, no longer worrying about losing belongings or electronics. There's 24-hour CCTV monitoring and security guards always ready to assist and secure any potential employee inconvenience. And good performance is influenced by trustworthy leadership and role models for employees.

This research aligns with previous research by Shobirin (2022) and Wijaya (2021), which stated that motivation has a positive and significant effect on employee performance. It also contradicts and contradicts Lianasari's (2022) study, which stated that motivation has no effect on performance. The three previous studies both agree and disagree that motivation does not always significantly impact performance, depending on the company/office, and office policies vary.

The Influence of Work Environment on Employee Performance Through Work Motivation

The results of the hypothesis test with reference to the original sample value, namely (0.237), are positive. The T-Statistic value is 3.185 (>1.964) and the P Value is 0.00 (<0.05) it can be concluded that the Environment has a significant positive effect on Performance through Motivation thus Hypothesis 6 is accepted. From the above, a

602



comfortable work environment with bright lighting, air-conditioned rooms, far from residential areas, close to rice fields, and supporting security are factors that make employees enthusiastic about working again. Motivation is also the main key for employees to improve their performance. In this case, the work environment is very suitable with office conditions to improve performance and motivation can help restore employee work enthusiasm.

This study is the most dominant indicator of noise for the work environment, making it the main thing, because it is far from factories and residential areas, even though The Situbondo PDAM office is located on the side of the road. This isn't a problem, thanks to the comfortable space and the motivation provided by the office, especially regarding tight security. Employees no longer need to worry about security issues, as there are security officers on hand and CCTV cameras to support this. Leadership plays a crucial role in improving performance, particularly in leadership, which includes trustworthy employees and leaders who can protect their subordinates.

This study disagrees with previous research that stated that work motivation cannot mediate work environment variables on performance (Lianasari, 2022). In this case, not all variables must be equal. This means that the work environment at the Situbondo PDAM office is very comfortable and the cool conditions can motivate employees to work harder and improve performance.

The Influence of Compensation on Employee Performance through Work Motivation

The results of the hypothesis test with reference to the original sample value, namely (0.113), are positive. The T-Statistic value is 2.387 (>1.964) and the P Value is **0.01** (<0.05) it can be concluded that Compensation has a significant positive effect on Performance through Motivation thus Hypothesis 7 is accepted. From the results of the research above, compensation has a role to support employees to be more active and as a motivating encouragement in working, and can increase employee performance productivity. With the given motivation, performance will increase and employees can maximize their skills.

The dominant compensation indicator is facilities, where office facilities can enhance employee needs and desires. In the long term, facilities are the most appropriate compensation, and motivation can be a mediating variable in the work environment towards performance. It is appropriate for motivation to include security indicators that create and support a comfortable environment. While performance is the end result of work that has been done by employees, the main supporting factor for performance is

603



leadership, which is the spearhead for employees to continuously improve their performance.

This research aligns with previous research that stated that compensation influences performance through motivation (Wijaya, 2021). The conclusion from this research is that the work environment is a major factor in improving performance, especially with the motivational support provided by the office, which allows for safer and more comfortable work in carrying out daily activities. Employees are very satisfied with the facilities provided by the office, and security also serves as a motivator to stay focused on the task at hand. Performance is a key factor in the success of leadership provided by the office; a good leadership system enables employees to improve their performance.

CONCLUSION

Based on the results of the research conducted and described previously, several conclusions can be drawn from the overall results of the research as follows: The work environment has a significant positive effect on motivation., Compensation has a significant positive effect on motivation, The work environment has a significant positive effect on performance., Compensation has a significant positive effect on performance, Motivation has a significant positive effect on performance, The work environment has a significant positive effect on performance through motivation. And Compensation has a significant positive effect on performance through motivation..

ADVICE

Based on the conclusions that have been described, an explanation can be provided in the form of suggestions below, namely as follows:

1. For College

The results of this study for the Postgraduate Program of Abdurachman Saleh University, Situbondo can be a basic reference for developing a Human Resource Management curriculum, which can further increase knowledge for the academic community about the use of work environment, compensation, motivation and performance variables to improve human resources.

2. For Researchers

The results of this study serve as input for the development of the latest research models related to performance as a reference for further research related to human resource performance.



3. For Situbondo PDAM Office

For the workplace, security is a challenge in the office. Perhaps for motivation, security is the highest value indicator. PDAM serves as a service center for the community, allowing people to freely enter and exit the office. This could lead to the need for further tightening of security in the office. The lowest level of compensation is wages and salaries. One of the things that motivates employees to work is wages and salaries. It is hoped that wages and salaries can be provided commensurate with the work they do. Lack of employee motivation is due to the lack of appreciation given to employees. It is hoped that PDAM Situbondo can provide appropriate appreciation to high-achieving employees. In employee performance, the personal factor is the lowest-scoring factor. Skill and competency levels are still not commensurate with the level of performance. It is hoped that PDAM Situbondo will provide employees with placements commensurate with their expertise, thereby significantly improving performance.

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