

The Effect of Compensation, Motivation, and Work Environment on Employee Performance Mediated by Job Satisfaction at Bank Bri Jatibarang Branch Office, Indramayu Regency

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ABSTRACT

The decline in employee performance at Bank BRI Jatibarang Branch Office, Indramayu Regency is an important concern because it has an impact on organizational productivity. This study aims to analyze the influence of compensation, motivation, and work environment on employee performance with job satisfaction as a mediating variable. The approach used was quantitative with a census method of 56 employees. Data was collected through a questionnaire and analyzed using Partial Least Square (PLS) via SmartPLS. The results showed that motivation and work environment had a positive and significant effect on job satisfaction, while compensation had a positive but insignificant effect. In addition, compensation and motivation have a significant effect on performance, while the work environment is insignificant. Job satisfaction has been proven to have a positive and significant effect on performance and mediates the influence of motivation and work environment on employee performance. This study emphasizes the importance of increasing motivation and work environment in encouraging optimal performance.

INTRODUCTION

The increasingly fierce competition in the business world requires every company to have an effective human resource management (HR) strategy in order to survive and develop. Human resources are an important asset that plays a role as the main driver of the organization, so it needs to be managed optimally through the application of appropriate management principles. Employee performance is a key factor in achieving company goals, such as increased productivity, profits, and well-being. Various factors such as compensation, motivation, and work environment affect employee performance.

Bank BRI Jatibarang Branch Office in Indramayu Regency faces challenges in the form of decreased performance in the Frontliner, Marketing, and Unit Head divisions, followed by complaints about the physical and non-physical working environment conditions. This condition indicates problems in terms of compensation, motivation, and job satisfaction. Based on previous research, the results regarding the relationship between the three variables still show inconsistencies. Therefore, this study was conducted to analyze the effect of compensation and motivation on employee performance with job satisfaction as a mediating variable at Bank BRI Jatibarang Branch Office.

THEORETICAL REVIEW

Grand Theory

Grand Theory is a broad and abstract theory that provides a conceptual framework to explain the relationships between elements in a system. In this study, the Grand Theory used is *Maslow's Hierarchy of Needs* (1943). This theory states that individual motivation is influenced by five levels of need, namely physiological, security, social, reward, and self-actualization. In the context of HR management, understanding this hierarchy helps managers in developing comprehensive motivational strategies, ranging from the provision of facilities and job security to self-development opportunities, so as to encourage optimal employee performance (Kumari et al., 2021; Milliana et al., 2023).

Middle Range Theory

The Middle Range Theory used is the *Two-Factor Theory* by Fredrick Herzberg (1959), which divides work motivation factors into two, namely hygienic (extrinsic) factors such as salary and working conditions, and motivating (intrinsic) factors such as achievement and recognition (Sudiardhita et al., 2018). In addition, *Justice Theory* (Adams, 1963) explains that motivation is influenced by the perception of fairness between inputs and outcomes received (Dahrani & Sohirin, 2024). *Victor Vroom's Theory of Hope* also asserts that motivation arises when individuals are confident that the effort made will result in good performance and valuable rewards (Dahrani & Sohirin, 2024).

Employee Performance

Employee performance is the result of work in terms of quality and quantity achieved by a person according to his or her responsibilities (Muhandari et al., 2020; Mangkunegara in Maryadi & Misrania, 2020). Individual performance is the basis of organizational performance and is influenced by

characteristics, motivation, and management assessments (Gibson in Bagus et al., 2019).

Performance dimensions include effectiveness, responsibility, discipline, initiative, quality, productivity, knowledge, trust, availability, and freedom of work (Haryadi & Rahmanita, 2016; Eman et al., 2020).

Compensation

Compensation is any form of reward that a company gives to employees for their contributions, both in the form of financial such as salary, wages, allowances, and incentives, as well as non-financial such as work facilities (Yasih et al., 2019; Suparyadi in Castana & Widodo, 2021). The purpose of providing compensation is to attract and retain quality employees, increase motivation and work discipline, ensure fairness, and comply with the provisions of labor law (Hasibuan, 2020). The amount of compensation is influenced by internal factors of the company, personal factors such as job titles and experience, and external factors such as labor market conditions and government policies. Fair and decent compensation can improve employee satisfaction and performance (Simamora in Maryadi & Misrania, 2020).

Motivation

Motivation is an internal and external drive that moves a person to act and achieve certain goals (Mangkunegara, 2017; Siswanto, 2019). Work motivation plays an important role in determining employee enthusiasm, behavior, and performance in the workplace. Factors that affect motivation are differentiated into intrinsic – such as desire to achieve, positive attitudes, and life needs – and extrinsic, such as work environment, rewards, and social support. Based on McClelland's theory, motivation consists of three main dimensions, namely the need for achievement, the need for affiliation, and the need for power, each of which encourages individuals to create, establish social relationships, and be influential in the organization.

Work environment

The work environment is the overall physical, social, and psychological conditions that affect the performance, attitude, and comfort of employees in carrying out their duties (Estritasari et al., 2021). A good work environment includes physical aspects such as lighting, temperature, spatial planning, and cleanliness, as well as non-physical aspects such as employee relationships, communication, organizational culture, and leadership style (Komang et al., 2019; Ahakwa et al., 2021). A conducive work environment can increase motivation, productivity, and job satisfaction, while an unsupportive environment can cause stress, fatigue, and lower employee performance.

Job Satisfaction

Job satisfaction is the positive or negative feelings that employees feel about their work, encompassing the extent to which individuals feel happy, appreciated, and fulfilled in the work environment. This satisfaction arises from

subjective perceptions of various aspects of work such as salary, promotion, relationships with colleagues, and the leadership style of superiors (Sabil, 2021; Ratnaningsih, 2021; Ningsih & Putra, 2019). Employees who feel job satisfaction generally show better motivation and performance and have high emotional well-being (Mawadati, Rokhyadi & Saputra, 2020). In general, job satisfaction is influenced by five main dimensions, namely the job itself, salary, promotional opportunities, supervision, and relationships with colleagues, which together determine the level of employee happiness and loyalty to the organization.

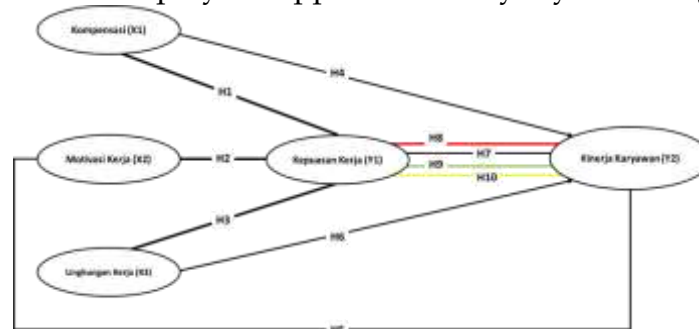


Figure. 1 Conceptual framework

METHODOLOGY

This study uses a descriptive quantitative approach with a cross sectional method, aiming to analyze the influence of compensation, motivation, and work environment on employee performance with job satisfaction as a mediating variable at Bank BRI Jatibarang Branch. The unit of analysis is the individual, that is, the bank's employees. The research population amounted to 56 employees, all of whom were sampled through saturated sampling techniques. Primary data was collected using an online questionnaire (Google Form), while secondary data came from literature, journals, and supporting documents. The research variables included compensation (X1), work motivation (X2), work environment (X3), job satisfaction (Y1), and employee performance (Y2), each of which was operationalized with Likert scale indicators. Data analysis was carried out using the Structural Equation Modeling (SEM) method based on Partial Least Square (PLS) with SmartPLS 3.0 software, which was used to test the validity, reliability, and relationships between variables in the research model.

RESULTS

Description of Research Object

Bank Rakyat Indonesia (BRI) Jatibarang Branch Office, Indramayu, is a unit of PT BRI (Persero) Tbk that focuses on MSME sector services as well as retail and digital banking products through BRI^{mo} and BRI^{Link}. The branch recorded microcredit growth of above 12% per annum with NPLs below 2% during 2021–2023, indicating a stable performance. The organizational structure is led by the Branch Leader with three main sections: Marketing, Operations, and Micro Business. This study involved **56 employees**, the majority of whom were male (55.4%), aged 26–30 years (57.1%), and had a working period of 1–3 years (66.1%), showing the dominance of young workers who are adaptive to BRI's work system and culture.

Descriptive Analysis

The results of the analysis showed that all research variables were in the **high category**, indicating that the working conditions at BRI Jatibarang were quite good in general.

- a. **Compensation (X1)** obtained an average of **3.92**, indicating that the salary, benefits, and work facilities system is considered good, although there is still a perception of an imbalance between workload and wages.
- b. **Work Motivation (X2)** has an average of **3.93**, indicating that employees have clear goals and work spirit, but some still have difficulty maintaining a work-life balance.
- c. **The Work Environment (X3)** obtained an average of **3.88**, reflecting comfortable working conditions and harmonious relationships between co-workers, although lighting and air circulation still need improvement.
- d. **Job Satisfaction (Y1)** with an average of **3.88** indicates that employees are quite satisfied with their work and colleagues, but there is still a need for improvement in promotional transparency and pride in work.
- e. **Employee Performance (Y2)** obtained the highest average of **3.96**, indicating that employees have high discipline, responsibility, and adaptability in completing tasks according to targets.

Outer Model Review Convergent Validity

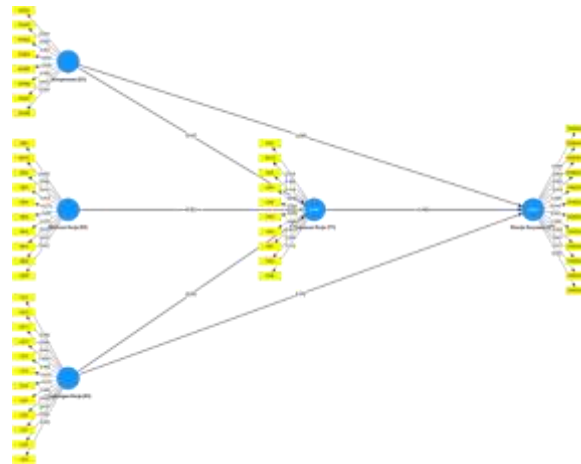
Table. 1 Value of Outer Loading Research Questionnaire

Variabel	Indicator	Outer Loading	Information
Employee Performance (Y2)	PERFORMANCE1	0.900	Valid
	PERFORMANCE 10	0.902	Valid
	PERFORMANCE 11	0.902	Valid
	PERFORMANCE 12	0.923	Valid
	PERFORMANCE 2	0.889	Valid
	PERFORMANCE 3	0.915	Valid
	PERFORMANCE 4	0.852	Valid
	PERFORMANCE 5	0.868	Valid
	PERFORMANCE 6	0.933	Valid
	PERFORMANCE 7	0.921	Valid
	PERFORMANCE 8	0.917	Valid
	PERFORMANCE 9	0.895	Valid
Job Satisfaction (Y2)	KK1	0.923	Valid
	KK10	0.906	Valid
	KK2	0.914	Valid
	KK3	0.889	Valid

Variabel	Indicator	Outer Loading	Information
	KK4	0.891	Valid
	KK5	0.902	Valid
	KK6	0.886	Valid
	KK7	0.907	Valid
	KK8	0.909	Valid
	KK9	0.912	Valid
Compensation (X1)	KOM1	0.925	Valid
	KOM2	0.900	Valid
	KOM3	0.897	Valid
	KOM4	0.897	Valid
	KOM5	0.896	Valid
	KOM6	0.865	Valid
	KOM7	0.913	Valid
	KOM8	0.928	Valid
Work Environment (X3)	LK1	0.890	Valid
	LK10	0.880	Valid
	LK11	0.901	Valid
	LK12	0.854	Valid
	LK2	0.894	Valid
	LK3	0.923	Valid
	LK4	0.915	Valid
	LK5	0.905	Valid
	LK6	0.895	Valid
	LK7	0.876	Valid
	LK8	0.905	Valid
	LK9	0.903	Valid
Work Motivation (X2)	MK1	0.892	Valid
	MK10	0.865	Valid
	MK2	0.912	Valid
	MK3	0.916	Valid
	MK4	0.879	Valid
	MK5	0.885	Valid
	MK6	0.874	Valid
	MK7	0.873	Valid
	MK8	0.910	Valid
	MK9	0.867	Valid

Source: data processed (2025)

All questionnaire items were declared **valid** because they had **an outer loading value of > 0.7** in each research variable.



Source: data processed (2025)

Figure. 2 Outer Model Test Results

Discriminant Validity

Table. 2 Average Variance Extracted (AVE) value

	<i>Average variance extracted</i>	Keterangan
Job Satisfaction (Y1)	0.817	Valid
Employee Performance (Y2)	0.813	Valid
Compensation (X1)	0.815	Valid
Work Environment (X3)	0.802	Valid
Work Motivation (X2)	0.787	Valid

Source: data processed (2025)

All variables have an AVE value of ≥ 0.50 , so the indicator is declared valid and meets the criteria for convergent validity.

Composite Reliability

Table. 3 Composite Reliability Test

	Cronbach's alpha	Composite Reliability	Keterangan
Kepuasan Kerja (Y1)	0.975	0.975	Reliabel
Kinerja Karyawan (Y2)	0.979	0.979	Reliabel
Kompensasi (X1)	0.968	0.969	Reliabel
Lingkungan Kerja (X3)	0.977	0.978	Reliabel
Motivasi Kerja (X2)	0.970	0.971	Reliabel

Source: data processed (2025)

The test results showed a **Cronbach's Alpha** and **Composite Reliability values ≥ 0.70** , so that all variables were declared **reliable** and met the criteria of good internal consistency.

Inner Model Analysis

1. R-Square Test

Table. 4 R-Square Value Testing

	R-square	R-square adjusted
Job Satisfaction (Y1)	0.900	0.895
Employee Performance (Y2)	0.954	0.950

Source: data processed (2025)

An R^2 value of job satisfaction of 0.900 and employee performance of 0.954 indicate a strong influence, where compensation, motivation, and work environment explain most of the variability of the two variables.

2. F-Square Value

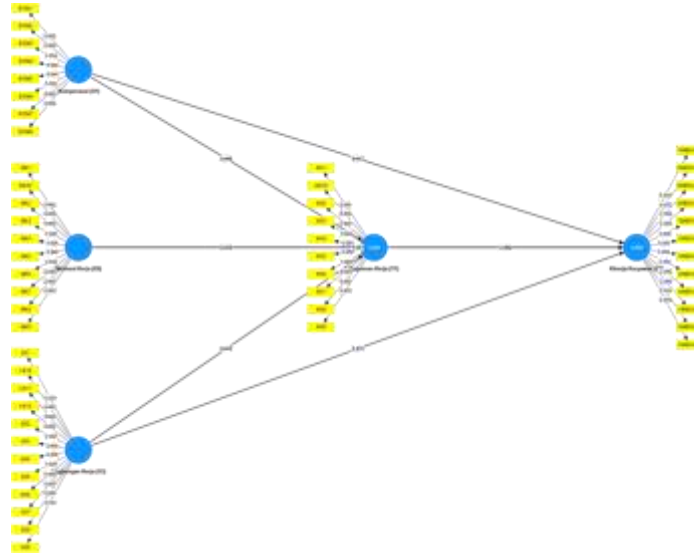
Table. 5 F-Square Value Testing

	Kepuasan Kerja (Y1)	Kinerja Karyawan (Y2)
Kepuasan Kerja (Y1)		0.640
Kinerja Karyawan (Y2)		
Kompensasi (X1)	0.066	0.230
Lingkungan Kerja (X3)	0.394	0.094
Motivasi Kerja (X2)	0.263	0.487

Source: data processed (2025)

The test results showed that the effect of compensation, motivation, and work environment on job satisfaction and employee performance was relatively small to medium, with the largest influence coming from job satisfaction to employee performance (0.640) and work motivation to employee performance (0.487).

3. Uji Hipotesis



Source: data processed (2025)

Figure. 3 Research Hypothesis Test Outputs

The hypothesis test was carried out based on t-statistical values and p-values, with significant criteria if the t-statistic > 1.976 and the p-value < 0.05 , which shows that the relationship between variables has a real effect on the significance level of $\alpha = 0.05$.

The results of the hypothesis test showed that work motivation and work environment had a positive and significant effect on job satisfaction, while compensation was insignificant. On employee performance, compensation, motivation, and job satisfaction have a significant effect, while the work environment is insignificant. For indirect influences, job satisfaction was shown to significantly mediate the relationship between motivation and work environment on employee performance, but did not mediate the compensation relationship on employee performance.

DISCUSSION

The results showed that work motivation and work environment had a positive and significant effect on job satisfaction, while compensation had a positive but insignificant effect. This means that increased motivation and good working environment conditions can increase employee satisfaction, while compensation has not had a significant impact due to the perception of injustice and lack of non-financial rewards. In the aspect of performance, compensation, motivation, and job satisfaction have a positive and significant effect on employee performance, while the work environment has no significant effect, even though the direction of the relationship is positive. This indicates that internal factors such as motivation and job satisfaction are more dominant in determining performance than external factors such as the work environment.

In addition, the results of the indirect influence analysis showed that job satisfaction plays a significant mediating variable between motivation and the work environment on employee performance, but does not mediate the

relationship between compensation and performance. In other words, increased motivation and improved work environment can increase job satisfaction, which ultimately has an impact on improving employee performance. Meanwhile, compensation, while important, has not been able to create a significant mediation effect because it has not fully met employee expectations. Overall, the results of this study emphasize the importance of paying attention to psychological factors such as motivation and job satisfaction in an effort to improve employee performance at Bank BRI Jatibarang Branch Office.

CONCLUSIONS AND RECOMMENDATIONS

Research at the BRI Jatibarang Branch Office, Indramayu shows that work motivation and work environment have a positive and significant effect on job satisfaction, while compensation has a positive but insignificant effect. On employee performance, compensation, work motivation, and job satisfaction have a positive and significant effect, while the work environment is not significant. In addition, job satisfaction has been shown to significantly mediate the influence of motivation and work environment on employee performance, but does not mediate the effect of compensation on performance. Thus, internal factors such as motivation and job satisfaction have a dominant role in improving employee performance compared to external factors such as compensation and work environment.

FURTHER STUDY

Further research suggests adding other variables, such as leadership style, organizational commitment, or work culture, to expand understanding of the factors that affect employee performance

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