

The Influence Of Work Environment And Compensation On Employee Performance Through Work Motivation (Case Study At PT. Mandiri Press Indonesia)

Pengaruh Lingkungan Kerja Dan Kompensasi Terhadap Kinerja Karyawan Melalui Motivasi Kerja (Studi Kasus Pada PT. Mandiri Press Indonesia)

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ABSTRACT

This study aims to analyze the influence of the work environment and compensation on employee performance through work motivation as a mediating variable at PT. Mandiri Press Indonesia. The research uses a quantitative approach with a descriptive method. The population consists of 200 employees at PT. Mandiri Press Indonesia. The sample consisted of 134 respondents selected using cluster sampling. Data were analyzed using SmartPLS 3.0 software. The results indicate that the work environment significantly affects employee performance, both directly and indirectly through work motivation. Compensation does not directly influence performance but has a significant indirect effect through motivation. Motivation is proven to be a strong mediating variable in enhancing employee performance. These findings highlight the importance of creating a supportive work environment and a fair compensation system to improve employee motivation and performance.

Keywords : Work Environment, Compensation, Work Motivation, Employee Performance

ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh lingkungan kerja dan kompensasi terhadap kinerja karyawan melalui motivasi kerja sebagai variabel mediasi pada PT. Mandiri Press Indonesia. Penelitian ini menggunakan pendekatan kuantitatif dengan metode deskriptif. Populasi terdiri dari 200 karyawan di PT. Mandiri Press Indonesia. Sampel terdiri dari 134 responden yang dipilih dengan menggunakan cluster sampling. Data dianalisis dengan menggunakan perangkat lunak SmartPLS 3.0. Hasil penelitian menunjukkan bahwa lingkungan kerja berpengaruh signifikan terhadap kinerja karyawan, baik secara langsung maupun tidak langsung melalui motivasi kerja. Kompensasi tidak berpengaruh secara langsung terhadap kinerja tetapi memiliki pengaruh tidak langsung yang signifikan melalui motivasi. Motivasi terbukti menjadi variabel mediasi yang kuat dalam meningkatkan kinerja karyawan. Temuan ini menyoroti pentingnya menciptakan lingkungan kerja yang mendukung dan sistem kompensasi yang adil untuk meningkatkan motivasi dan kinerja karyawan.

Kata Kunci : Lingkungan Kerja, Kompensasi, Motivasi Kerja, Kinerja Karyawan

1. Introduction

Human resource management is one of the fields of management that specifically studies the relationship and role of humans within an organization (Anandita et al., 2023). The workforce in a company is typically regulated through human resource management so that company goals can be achieved. Good human resource management can lead to improved performance by increasing motivation or by creating a supportive work environment (Asriyanti et al., 2024). Effective human resource management, whether in service or manufacturing companies, requires competent manpower.

As is known, the manufacturing industry in Indonesia is growing rapidly. In February 2025, Indonesia's manufacturing growth reached its highest level in the last 11 months. The S&P Global Indonesia Manufacturing PMI increased to 53.6 in February 2025, up from 51.9 in January. This indicates three consecutive months of factory activity growth, and the fastest pace since March 2024, driven by the most significant increase in new orders in nearly a year,

supported by faster output, purchasing, and workforce expansion. Output increased for the fourth straight month, recording the strongest rise in the last nine months, driven by domestic demand despite a slight decline in export sales. Additionally, companies accelerated their purchasing activity at the fastest pace since May of the previous year. Employment also rose further, with the largest increase since data began nearly 14 years ago (Chotimah, 2025).

ID Manufacturing PMI - points

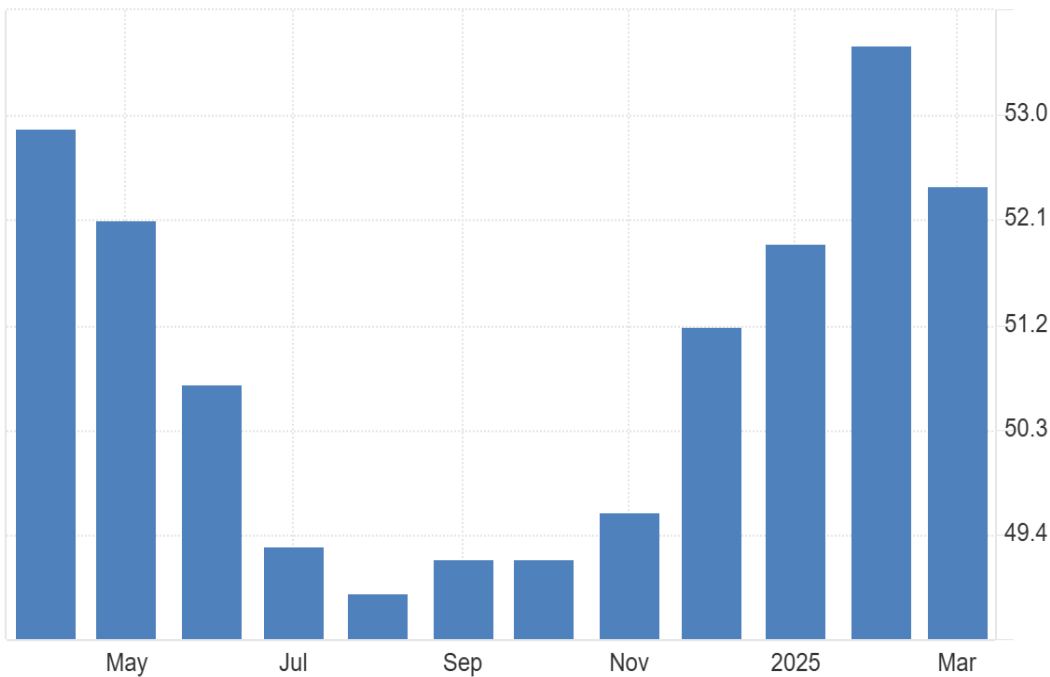


Fig. 1. Indonesia PMI Manufacture

The S&P Global Indonesia Manufacturing PMI fell to 52.4 in March 2025, after peaking at 53.6 in February, though it still marked the fourth consecutive month of factory activity expansion. Although the pace of output and new order growth slowed slightly, both remained strong. Employment growth reached a three-month low, while backlogs continued to increase for the fourth month in a row, with the highest rate of accumulation since April 2023. Export demand showed recovery, expanding for the third time in four months. Purchasing levels remained stable as companies bought and stored raw materials, while input delivery times lengthened slightly. On the cost side, input prices slowed, while factory prices rose slightly. Confidence remained steady near a 35-month high in February, driven by optimism about new product launches and continued economic recovery (Farida Husna, 2025).

Optimism about economic recovery can serve as a benchmark for companies to enhance employee performance to achieve high productivity. Employee performance refers to work achievements or outcomes over a certain period, compared with various possibilities. Good employee performance is essential for every company to achieve its goals and establish a reputable organization (Simamora & Sambas, 2023). Improvements in employee performance are often linked to work environment, compensation, and motivation.

One factor that supports performance improvement is the work environment. The work environment encompasses all visible physical aspects related to the company's or office's organization (Susmika et al., 2022). Employees working in environments that support mental health usually experience lower stress levels, increased motivation, and improved quality of life. Implementing comprehensive mental health programs in the workplace—such as

counseling services and employee training—has proven effective in maintaining individual mental health and enhancing performance (Hutagalung, 2024).

According to (Ismoyo, 2023), the work environment positively affects employee performance. This view is supported by (Suhartini, 2021), who found that a positive work environment can influence and improve employee performance. However, other studies indicate no relationship between the work environment and employee performance (Simamora & Sambas, 2023), in line with (Wijayanti & Heryanda, 2022).

Another factor supporting employee performance is compensation. Compensation refers to everything provided by the company to employees as a reward for their work (Sudiantini et al., 2023). It is a key factor in fostering a mutually beneficial relationship between companies and employees. If an employee feels uncomfortable, unmotivated, or dissatisfied with their salary, their performance is likely to decline, affecting productivity, work quality, and attendance.

According to (Anandita et al., 2023) concluded that compensation has a positive and significant effect on performance. Similarly, (Sutrisno et al., 2022) found compensation affects employee performance. However, contrasting views exist. According to (Nur'Arif, 2022), compensation negatively affects performance, while (Silitonga et al., 2023) state compensation has no significant effect.

Employees need motivation to work diligently. Considering the importance of employee presence in the company, serious attention is needed to the tasks assigned to them to achieve company goals. High motivation drives employees to complete their tasks diligently, while low motivation can lead to loss of work ethic, pessimism, and difficulty completing assignments (Wijayanti & Heryanda, 2022). Based on these insights, the authors included motivation as a mediating variable to test the influence of the work environment and compensation on performance.

2. Literature Review

Work Environment

According to (Ahmad, 2022), the work environment includes everything in the surroundings that can influence, either directly or indirectly, an individual or group in carrying out their activities. The work environment refers to both physical and mental conditions within the organization (Lestari, 2019). Therefore, companies must provide a conducive work environment such as a physical environment (comfortable room layout, office cleanliness, good air circulation, color schemes, lighting, and pleasant sounds), and a non-physical environment (working conditions, employee welfare, relationships among colleagues, and employee supervisor relationships) (Wijayanti & Heryanda, 2022). According to (Jasmine & Wirjawan, 2022), the work environment includes everything around employees that can affect how they perform their assigned duties. Factors that create a good work environment include:

1. Work building conditions
2. Spacious workspaces
3. Proper air ventilation
4. Availability of religious worship facilities
5. Availability of private or public transportation for employee convenience

Indicators of work environment according to (Sedarmayanti 2018) are as follows:

1. Physical environment dimensions:
 - a. Lighting
 - b. Air temperature
 - c. Noise level
 - d. Color scheme
 - e. Workspace area

- f. Facilities
- g. Cleanliness
- 2. Non-physical work environment dimensions:
 - a. Opportunity for advancement
 - b. Harmonious relationships
 - c. Job security

Compensation

According to (Hasibuan, 2019), compensation refers to all income in the form of money or goods, whether directly or indirectly, received by employees as a reward for their services to the company. If compensation is managed properly by the company, employee performance will improve in carrying out their tasks.

According to (Ervina et al., 2023), compensation is the total reward received by employees in exchange for the services they have provided. Compensation management is developed to reward employees for their service to the organization, which may include wages, salaries, incentives, and benefits.

According to (Moekijat, 2016) defines compensation as the remuneration paid for services provided by employees, workers, or hourly employees who are not in administrative or supervisory roles. According to (Siagian, 2015), the factors affecting a compensation system are:

1. Prevailing wage and salary levels
2. Labor union demands
3. Productivity
4. Organizational wage/salary policies
5. Labor laws and regulations

Indicators of compensation, based on (Hasibuan, 2012) as cited in (Maryani et al, 2020), include:

1. Salary
2. Incentives
3. Allowances
4. Facilities

Performance

According to (Suryani et al., 2020), employee performance is the individual-level result of work provided to the organization, and each employee may produce different outcomes in fulfilling tasks and responsibilities. (Ayunasrah et al., 2022) define performance as the quality and quantity of work achieved by an employee in carrying out tasks according to the responsibilities assigned to them.

According to (Silaen et al., 2020), the achievements of an individual are referred to as actual performance or job performance. An employee who performs duties according to assigned responsibilities and achieves both quality and quantity is considered to have good performance. Generally, performance refers to the results achieved based on the agreed quality and quantity standards. According to Keith Davis in (Chandrasari, 2017), factors influencing performance achievement include:

1. Ability factors: including potential ability (IQ) and actual ability (knowledge and skills)
2. Motivation factors: formed by an employee's attitude in facing work situations

Indicators of performance according to (Emron et al, 2017) as cited in (Engkus & Pramadista, 2022) are:

1. Quality
2. Quantity

3. Time utilization in work

Motivation

The term *motivation* is derived from the Latin word *movere*, meaning to drive or move. (Hasibuan, 2016) defines motivation as a driving force or impetus. Work motivation is the driving force that generates enthusiasm in someone to cooperate, work effectively, and integrate all efforts to achieve goals (Milasari, 2021). Fundamentally, people work to meet their life needs. These driving desires vary between individuals, which results in diverse behaviors in the workplace.

According to (Ribbins & Judge, 2015) state that work motivation is a process that explains the intensity, direction, and persistence of effort toward goal achievement. (Sutrisno, 2016) describes motivation as "something that generates work drive." From these definitions, motivation can be understood as the inner drive that moves a person to participate in achieving the goals set by a company.

Factors influencing employee motivation include:

1. Physiological needs
2. Safety and security needs
3. Social needs
4. Esteem needs
5. Self-actualization needs

According to (Sutrisno, 2016), the characteristics of individuals with high work motivation include:

1. Optimism
Believing in the success of their actions; this optimism fuels their energy to give their best, with wholehearted effort.
2. Willingness to accept challenges
Motivated individuals are willing to accept challenges, try new things, and step outside their comfort zones.
3. Independence and responsibility
Able to work independently and take responsibility for their actions without constant supervision.
4. Passion for life
Motivated individuals exude energy and enthusiasm, navigating life with determination and optimism.

3. Research Methods

The research method used in this study is quantitative descriptive. The population in this research includes all employees of PT Mandiri Press Indonesia, totaling 200 individuals. The sample size, calculated using the Slovin formula, resulted in 134 respondents. The sampling method used in this study is cluster sampling, a method where the population is divided into groups called clusters. These clusters are then randomly selected, and all members of the selected clusters are taken as samples. The following is a model of the thinking framework in this study:

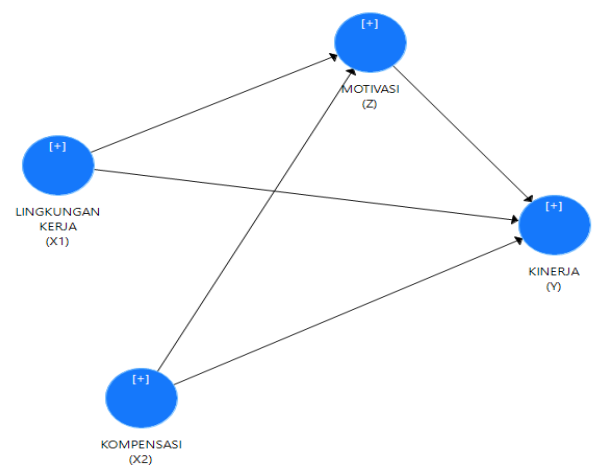


Fig. 2. Conceptual Framework

4. Results and Discussions

Validity Test

Research indicators are considered valid if they have an outer loading value above 0.7 for each instrument. However, an outer loading value of 0.5 is still deemed acceptable. When the outer loading value is less than 0.5, the item must be removed. Some sources also suggest a cutoff of < 0.6, which means the item should be eliminated as well (Hamid & Anwar, 2019).

Table 1. Validity Test

Variable	Indicator	Outer Loading
X1 Work Environment	WE1	0.742
	WE2	0.842
	WE3	0.843
	WE4	0.820
	WE5	0.885
	WE6	0.832
	WE7	0.869
	WE8	0.900
X2 Compensation	C1	0.763
	C2	0.785
	C3	0.720
	C4	0.776
	C5	0.772
	C6	0.781
	C7	0.713
	C8	0.750
Z Motivation	M1	0.859
	M2	0.844
	M3	0.853
	M4	0.872

Variable	Indicator	Outer Loading
	M5	0.801
	M6	0.792
	M7	0.850
	M8	0.841
Y Employee Performance	EP1	0.822
	EP2	0.864
	EP3	0.868
	EP4	0.885
	EP5	0.848
	EP6	0.882

Based on the table above, all research variable indicators have outer loading values above 0.5. Therefore, it can be concluded that the indicators are acceptable and can be used in this study.

Reliability Test

The reliability test was conducted with 134 research respondents. Reliability results indicate the extent to which the instrument used to measure research variables is trustworthy. If the Cronbach's Alpha and Composite Reliability values exceed the critical r-table value, the instrument is considered reliable.

Table 2. Reliability Test

Variable	Cronbach's Alpha	rho_A	Composite Reliability	Description
Work Environment	0.941	0.947	0.951	Reliable
Compensation	0.894	0.895	0.915	Reliable
Motivation	0.940	0.941	0.950	Reliable
Employee Performance	0.931	0.931	0.945	Reliable

Path Coefficient Results

Hypothesis testing is performed on the coefficient values for each influence path, which includes direct, indirect, and total effects. Hypothesis testing uses a t-test by comparing the probability value (t sig) with the research significance level ($\alpha = 0.05$).

Table 3. Hypothesis Test

Variable	Original Sample(O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Work Environment -> Employee Performance	0.225	0.223	0.064	3.489	0.001
Compensation -> Employee Performance	0.022	0.019	0.036	0.608	0.543
Motivation -> Employee Performance	0.731	0.735	0.062	11.811	0.000
Work Environment -> Motivation	0.751	0.751	0.052	14.357	0.000
Compensation -> Motivation	0.168	0.171	0.063	2.679	0.008
Work Environment -> Motivation -> Employee	0.549	0.552	0.056	9.760	0.000

Performance					
Compensation -> Motivation	0.123	0.126	0.049	2.495	0.013
-> Employee Performance					

Based on the table, it can be interpreted that the **work environment** has a significant direct effect on **employee performance** ($p = 0.001$), and **motivation** also has a strong significant direct effect on performance ($p = 0.000$). The **work environment** significantly influences **motivation** ($p = 0.000$), and **compensation** also significantly influences **motivation** ($p = 0.008$). However, **compensation does not have a significant direct effect on employee performance** ($p = 0.543$), indicating that compensation alone is not enough to improve performance. Nevertheless, both **indirect effects**—from work environment to performance through motivation ($p = 0.000$) and from compensation to performance through motivation ($p = 0.013$)—are significant, confirming that **motivation plays a key mediating role** in enhancing employee performance.

5. Conclusion

The research results show that the work environment has a significant effect on employee performance, both directly and indirectly through work motivation as a mediating variable. This finding indicates that when a company is able to create a comfortable, safe, and supportive work environment both physically and non physically employees will feel more motivated to work, which in turn improves their performance.

On the other hand, compensation was found to not have a significant direct effect on employee performance. However, it does have a significant indirect effect through motivation. This means that although compensation alone may not directly enhance performance, if it is provided fairly and appropriately, it can increase employee motivation, which then leads to better performance.

Work motivation itself is proven to be a very important variable in mediating the relationship between work environment and compensation with performance. Motivation acts as a bridge, strengthening the influence of these two variables in driving optimal performance. Motivated employees tend to be more enthusiastic, responsible, and productive.

The strongest influence found in this study is the relationship between work environment and motivation, while the weakest is the influence of compensation on employee performance. Based on the results and discussion of the research, the following conclusions can be drawn:

1. There is a positive and significant influence of the work environment variable on employee performance.
2. There is a positive but not significant influence of the compensation variable on employee performance.
3. There is a positive and significant influence of the motivation variable on employee performance.
4. There is a positive and significant influence of the work environment variable on work motivation.
5. There is a positive and significant influence of the compensation variable on work motivation.
6. There is a positive and significant influence of the work environment on employee performance through work motivation.
7. There is a positive and significant influence of compensation on employee performance through work motivation.

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