Effect of Compensation, Work Environment on Employee Performance through Intervening Motivation PT Pegadaian (Persero)

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Abstract:- This study was conducted to analyze the effect of compensation, work environment on employee performance with motivational intervention at PT Pegadaian (Persero). The data used in this study is questionnaire data taken from 160 respondents using purposive sampling. Meanwhile, the data analysis was carried out quantitatively and statistically using Structural Equation Modeling (SEM) assisted by LISREL version 9.2 software. The results showed that compensation had a significant effect on employee motivation, while motivation and work environment did not have a significant effect on employee performance. In the results of research on direct and indirect relationships, both compensation and work environment have a significant indirect effect on employee performance. The results of this study can be used as a reference both academically and practically in implementation management by PT Pegadaian (Persero).

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

I. INTRODUCTION

➢ **BACKGROUND**

For companies as industries or as government agencies, human resource factors play an important role in carrying out their daily activities, besides that human resources are also an important factor in determining the success of an organization or company in achieving its goals. Therefore, the human resource factor is deemed necessary to be managed and fostered effectively and efficiently to achieve the company's goals (Mangkuprawira, 2011).

The existence of human resources in an organization plays an important role. Organizations must be able to build and improve performance in their environment. Organizations must take several ways, such as providing appropriate compensation, providing motivation, and creating a conducive work environment. Without compromising the principles of fairness, worthiness, and fairness so that the compensation given by each employee is by their performance (Ririvega Kasenda, 2013).

PT Pegadaian (Persero) is one of the State-Owned Enterprises (BUMN) which is a non-bank credit institution, which is engaged in pawning and fiduciary, both conventionally and sharia, and other services in the financial sector in accordance with the provisions of the legislation, especially for lower-middle income people, micro-enterprises, small and medium-sized enterprises. For PT Pegadaian (Persero), employees are the main asset for the organization or company, where they will become planners, implementers, and controllers who always play an active role in realizing organizational goals. However. Employees have thoughts, feelings, and desires that can affect their attitudes towards the work they do. This attitude will determine how much he loves the work assigned to him, his loyalty to the company, and of course his job satisfaction. Therefore, employee job satisfaction must always be maintained and fulfilled as well as possible by the organization.

II. THEORETICAL REVIEW

Compensation is something that employees receive as compensation for their achievements in carrying out their duties (Kadar Nurjaman, 2014). Mondy and Noe (Marwansyah 2014) divide compensation into financial compensation and non-financial compensation. Financial compensation consists of direct financial compensation and indirect financial compensation. The conclusion is that the basis for determining compensation can provide satisfaction for all parties and can achieve company goals. Timely compensation will have a positive impact on employees and the company. The compensation policy must be regulated properly so that it is beneficial for many parties.

The work environment in a company is very important for management to pay attention to. Although the work environment does not carry out the production process in a company, the work environment has a direct influence on the employees who carry out the production process. The work environment is an atmosphere where employees carry out activities every day. A conducive work environment provides a sense of security and allows employees to work optimally. If the employee likes the work environment where he works, then the employee will feel at home at work, carrying out his activities so that work time is used effectively. On the other hand, an inadequate work environment will reduce employee

performance. According to (Nitisemito in Nuraini 2013) the work environment is everything that is around employees and can influence in carrying out the tasks assigned to them.

The term motivation comes from the Latin word "movere" which means to encourage or move. Motivation questions how to direct the power and potential to work to achieve the specified goals (Hasibuan, 2014). A person works because he wants to fulfill his life needs. The impulse of desire in a person with others is different so that human behavior tends to vary at work. According to Vroom in Ngalim Purwanto (2006), motivation refers to a process of influencing individual choices towards various forms of desired activities.

Performance appraisal according to Marwansyah (2014) is one of the most powerful motivational tools available to leaders or managers. Marwansyah (2014:228) defines performance as a person's achievement or achievement about the tasks assigned to him, performance can also be seen as a combination of work results (what a person must achieve) and competence (how a person achieves it). Levinson defines performance or performance as a person's achievement or achievement concerning the tasks assigned to him.

III.   RESEARCH METHODS

Type of Research Design

The type of research used in this research is quantitative research designed to assist decision-makers in determining, evaluating, and selecting a series of actions that must be taken in certain situations. Technical analysis used in this research is Structural Equation Modeling (SEM) from LISREL software version 9.2 used in model development and hypothesis testing.

Research Approach

The analysis in this study is quantitative since statistics are presented. This is consistent with Arikunto 's view (2013) that quantitative analysis is a method of evaluating numbers typically anticipated beginning at data collection, data analysis, and results from presentation. The quantitative analysis employed a qualitative approach, starting with data collection, interpretation of data and tests. Similarly, if accompanied by tableaux, graphs, maps, pictures and others, interpretation of the results of studies would be more persuasive.

Population and Research Sample

The target population in this study were active employees of PT Pegadaian (Persero). According to Sugiono (2013), the sample is part of the number and characteristics possessed by the population in the research area, namely the technique of determining the sample based on chance, that is, anyone who coincidentally / incidentally meets the researcher can be used as a sample if it is seen that the person met matches the data source. (Sugiono, 2013). The sampling technique used is. The sampling technique used is purposive sampling, namely active employees of PT Pegadaian (Persero).

The least test estimate with SEM investigation, agreeing Hair (2010) said in the event that within the analyzed demonstrate there are 5 (five) builds or less, where each build is measured at slightest by 3 (three) pointers, at that point a least test estimate of 100-300 is required. respondents. The least satisfactory test estimate based on the research design utilized may be a expressive strategy, a least of 10% of the populace, for a generally little populace a least of 20% of the populace, expressive correlational strategy of at slightest 30 subjects, ex past facto strategy of at slightest 15 subjects per gather, test strategies at slightest 15 subjects per group.

The number of investigate tests over is 100 individuals, of which 100 individuals have met the least constrain of SEM examination, since agreeing to Sugiyono (2013) that the least test that must be accomplished to utilize the SEM strategy is 100 tests, depending on the number of parameters assessed and after that the number of markers is duplicated 5. In this ponder there were 32 pointers, 32 x 5 = 160, so the test in this ponder was 160 respondents, the comes about and examination of the information gotten would be more exact.

IV.   RESEARCH RESULTS AND DISCUSSION

Data Analysis Results

This research employments LISREL9.2 investigation. The hypothetical show that has been portrayed within the way graph will be analyzed based on the information gotten. External Show estimation is testing the relationship between pointers and inactive factors. The combination of auxiliary model testing and estimation permits analysts to test estimation blunder as an indistinguishable portion of LISREL9.2 and conduct factor investigation in conjunction with speculation testing. Assessment of Estimation Model in Table 1.

Table 1 Hypothesis test

Relationships Between Constructs	Estimates	T-Values	Remarks
Compensation -> Motivation	0.73	6.37	Significant Positive Effect
Work Environment -> Motivation	0.04	0.59	not significant
Motivation-> Employee Performance	0.12	1.01	not significant
Compensation -> Employee Performance	0.05	0.39	not significant
Work Environment ->Employee Performance	0.58	7.13	Significant Positive Effect

Source: Results of analysis using LISREL9.2

Hypothesis testing in this study based on table 1 is as follows:

1. There is a significant effect of compensation on motivation

Based on table 1, it is known that the t-Values = 6.37 > 1.96. The coefficient esteem is positive, meaning that the Stipend variable (X1) encompasses a noteworthy impact on the Inspiration variable (Z) by 0.73 or 73%. Hence the speculation H1 in this consider which states that "Recompense incorporates a critical impact on Worker Motivation" is acknowledged.

2. There is an insignificant effect of the work environment on motivation

Based on table 1, it is known that the t-Values = 0.59 > 1.96 with coefficient esteem, meaning that the Work Environment variable (X2) has no critical impact on the Motivation variable (Z) of 0.04 or 4%. Hence the speculation H2 in this think about which states that "Work Environment encompasses a noteworthy impact on Representative Motivation" is rejected.

3. There is an insignificant effect of motivation on employee performance

Based on table 1, it is known that the t-Values = 1.01 > 1.96. The coefficient esteem is positive, in spite of the fact that the t-value is very tall, it can be considered not critical, specifically 0.12 or 12%. Hence the theory H3 in this think about which states that "inspiration encompasses a critical impact on worker execution" is rejected.

4. There is an insignificant effect of compensation on employee performance

Based on table 1, it is known that the esteem of t-Values = 0.39 > 1.96. The coefficient esteem is positive that is equal to 0.05 or 5%. Hence the theory H4 in this ponder which states that "Remuneration incorporates a critical impact on Worker Performance (Y)" is rejected.

5. There is a significant influence of the work environment on employee performance

Based on table 4.9, it is known that the esteem of t-Values = 7.13 > 1.96. The coefficient esteem is positive, which is 0.58 or 58%. Hence the speculation H5 in this consider which states that "Work Environment incorporates a critical impact on Worker Performance" is acknowledged.

Indirect Effect Analysis

Table 2 Direct and Indirect Effects

Relationships Between Constructs		Estimates	T-Values	Remarks
Direct	Motivation-> Employee Performance	0.12	1.01	not significant
	Compensation -> Employee Performance	0.05	0.39	not significant
	Work Environment ->Employee Performance	0.58	7.13	Significant Positive Effect
Indirect	Compensation -> Motivation-> Employee Performance	0.31	2.43	Significant Positive Effect
	Work Environment ->Motivation -> Employee Performance	0.66	2.71	Significant Positive Effect

Based on Table 2 it can be interpreted as follows:

1. There is a Significant Effect of Compensation on Employee Performance through Employee Motivation

Based on table 4.10, it is known that the t-Values = 2.43 > 1.96. The coefficient value is positive, which is 0.31 or 31%. Thus the hypothesis H6 in this study which states that "Compensation has a significant effect on Employee Performance through Employee Motivation" is accepted.

2. There is a significant influence of the work environment on employee performance through employee motivation

Based on table 4.10, it is known that the value of t-Values = 2.71 > 1.96. The coefficient value is positive, which is 0.66 or 66%. Thus the hypothesis H7 in this study which states that "Environment significantly influences employee performance through employee motivation" is accepted.

V. CONCLUSION

The Impact of Remuneration on Worker Inspiration The investigate theory (H1) states that remuneration includes a coordinate positive and noteworthy effect on worker inspiration of PT Pegadaian (Persero. These comes about appear that emolument features a incredible impact in persuading workers to be able to contribute inside the company, this may be seen from the company's consideration to wellbeing protections for workers, particularly amid the Covid19 widespread which is happening in more than 1 (one) year so that representatives keep feeling secure and remain spurred in completing the work at hand. In other words, on the off chance that the remuneration gotten by representatives is suitable and considered suitable, worker inspiration will increment, such as the completion of vital activities that are still running concurring to the targets set since the starting of the year (average progress of completion of +50% as of the end of June 2021). The results of this study also confirm the results of research by Fridayanti (2018) and Widarti (2020).

Based on these empirical facts and supported by the results of previous studies, it can be concluded that the research hypothesis (H1) can be accepted that compensation has a positive and significant direct effect on employee motivation.

The Impact of Work Environment on Worker Inspiration The test comes about with SEM show that the work environment influences emphatically, but not altogether on worker inspiration, this could be seen from the t-value of 0.56, and the evaluated esteem of 0.04 or 4.0% its impact. These results demonstrate that the work environment is one of the variables that impact worker inspiration at work, but since the work environment is in understanding with the standards wherever workers work, it is not as well significant in arrange to extend worker inspiration. The comes about of this consider are distinctive from those of Widarti (2020) and Warouw (2017). Based on these experimental truths and upheld by the comes about of past considers, it can be concluded that the investigate speculation (H2) can be rejected that the work environment includes a positive and not noteworthy coordinate impact on representative inspiration.

The Impact of Inspiration on Worker Execution The investigate theory (H3) states that inspiration includes a noteworthy impact on worker execution. The test comes about with SEM show that inspiration includes a positive but not critical impact on the execution of a worker, this may be seen from the t-value of 1.01 with an estimated value of 0.12 or 12% of the effect. These results show that inspiration isn't a supreme figure for a representative to supply great execution for the company, this can be proved by the company's great execution being kept up indeed in spite of the fact that workers feel propelled or not. The comes about of this consider are distinctive from the comes about of research from Fridayanti (2018) and Widarti (2020). Based on these observational actualities and bolstered by the comes about of past thinks, it can be concluded that the inquire about speculation (H3) can be rejected that inspiration has no noteworthy impact on worker execution.

The Effect of Compensation on Employee Performance The research hypothesis (H4) states that compensation does not have a direct significant effect on employee performance. This can be seen from the t-value of 0.39 with an estimated value of 0.05 or 5% of the effect. These results indicate that compensation is not an absolute factor that directly affects performance, although it still has an influence. The results of this study are different from the results of research from Fridayanti (2018) and Widarti (2020). Based on these empirical facts and supported by the results of previous studies, it can be concluded that the research hypothesis (H4) can be rejected that compensation has a positive but not direct significant effect on employee performance.

The Effect of Work Environment on Employee Performance The research hypothesis (H5) states that the work environment has a significant direct effect on employee performance. This can be seen from the t-value of 7.13 with an estimated value of 0.58 or 58% of the effect. These results indicate that a good work environment has a direct effect on

employee performance because employees in carrying out daily activities are strongly supported by the things that employees need properly and proportionally. The results of this study also confirm the results of research from Djamil MZ (2018) but differ from the results of research from Widarti (2020). Based on these empirical facts and supported by the results of previous studies, it can be concluded that the research hypothesis (H5) can be accepted that the work environment has a positive and significant direct effect on employee performance.

The Effect of Compensation on Employee Performance through Motivation The research hypothesis (H6) states that compensation has a significant indirect effect on employee performance through motivation. This can be seen from the t-value of 2.43 with an estimated value of 0.31 or 31% of the effect. These results indicate that compensation which has a significant effect on motivation can indirectly have a significant effect on employee performance. The results of this study also confirm the results of research from Widarti (2020). Based on these empirical facts and supported by the results of previous research, it can be concluded that the research hypothesis (H6) can be accepted that compensation has a positive and significant indirect effect on employee performance through employee motivation.

The Effect of Work Environment on Employee Performance through Motivation The research hypothesis (H7) states that the work environment has a significant indirect effect on employee performance through motivation. This can be seen from the t-value of 2.43 with an estimated value of 0.31 or 31% of the effect. These results indicate that a good work environment has a significant effect on motivation and can indirectly significantly affect employee performance. The results of this study also confirm the results of research from Widarti (2020). Based on these empirical facts and supported by the results of previous studies, it can be concluded that the research hypothesis (H7) can be accepted that the work environment has a positive and significant indirect effect on employee performance through employee motivation.

Compensation has a significant effect on the motivation of an employee, this is indicated by the magnitude of the effect that is equal to 73%. This is due to the existence of a clear system of income, bonuses, and benefits by differentiating each employee's grade level so that employees are motivated to improve their performance to achieve a higher grade.

The work environment does not have a significant influence on employee motivation, with only a 4% effect, this is shown during covid-19 because in their daily life many employees work from home or more commonly known as work from home.

Employee motivation has no significant effect on employee performance, although the effect is quite large, namely as much as 12%, it is not the main factor in improving employee performance, especially employees who already have a high work ethic and a high level of belonging.

Compensation has no significant effect on employee performance with an estimated value of 5%, this is due to other factors that are considered important by many employees to be able to improve their performance.

The work environment has a significant influence on employee performance, this shows that a conducive work environment that supports employees' daily work can support the level of employee performance.

Compensation has a significant influence on employee performance through motivation, this shows that increased motivation due to the provision of appropriate compensation for employees, can indirectly significantly affect the performance of pawnshop employees.

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