

The Effect of Compensation and Work Environment on Employee Performance with Job Satisfaction as Intervening Variable at PT Bank DKI

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ABSTRACT

The research conducted is related to how compensation, work environment and job satisfaction affect employee performance at PT Bank DKI. The purpose of this study is to determine the effect of compensation on employee performance, work environment on employee performance, job satisfaction on employee performance, the effect of compensation, the effect of leadership style, the effect of work environment and the effect of job satisfaction at PT Bank DKI. This study is a field research conducted using a quantitative approach to employees at PT Bank DKI. The research population is employees using saturated sampling, namely using the number of populations as the number of samples. The data obtained were analyzed using outer model analysis, inner model analysis & hypothesis testing using the Partial Least Square (PLS) method.

INTRODUCTION

Human Resources (HR) is one of the important assets for a company in achieving its goals and carrying out its vision and mission. HR is a living workforce involved in a company organization. While HR management can be interpreted as a process aimed at obtaining, training, assessing, compensating employees, paying attention to their work relationships including health and safety and justice issues experienced by these HR, (Panggabean, 2020). Bank DKI established and operating since April 11, 1961 is the first regional development bank born in Indonesia along with the formation of the city of Jakarta as the capital of Indonesia. PT Bank DKI experiences high employee turnover every year. The cause of the high employee turnover problem (based on the findings of several employees who filled out the Exit Interview form) shows that there are mixed opinions from employees who have resigned regarding the compensation provided by the company and the work environment that supports employee performance so that the job satisfaction felt by employees varies. This can cause intense employee turnover which is considered to have more negative impacts on employee performance so that it can have an impact on company performance.

Table 1. Number of Employees who Resigned January to December 2024

No	Position	Permanent Employees	Contract Employees
1	Teller	11	13
2	Customer Service	9	11
3	Relationship Manager	34	16
Total		54	40

PT Bank DKI's various efforts to provide employee welfare are one of them by providing compensation in the form of employee salaries, incentives for employees who excel and also welfare in health, but based on a survey of employees who conducted an exit meeting interview, namely the lack of compensation for employee welfare is still very lacking. Compensation is one element that may have an impact on employee performance. All payments or benefits given to employees as a result of their labor are referred to as compensation. Job satisfaction is strongly correlated with an effective pay plan. An appropriate pay plan improves employee performance in carrying out their duties and appropriately resolving issues they encounter, which in turn helps businesses remain resilient in a volatile environment. (Unaradjan, 2019).

Apart from providing compensation in the process of improving employee performance, PT Bank DKI also strives to create a comfortable work environment so that employees can feel satisfied and work effectively and efficiently, one of which is by providing internet in the workplace and providing laptops for employees who do not have. Improvements, additions, and repairs to existing facilities in the workplace are also carried out so that employees feel comfortable and have no difficulty in carrying out tasks at work. In addition, the company also arranged the workspace to build better communication between employees so as not to hinder work. Providing appropriate compensation and

improving the work environment has been done by PT Bank DKI to fix employee performance. In addition to factors such as compensation and work environment in influencing employee performance, there is a job satisfaction factor that connects these factors.

Each employee has unique features, so their level of job happiness must also vary. Job satisfaction is a significant factor that each employee owns. This is crucial because a high level of job satisfaction can boost employee performance and effectively support the achievement of corporate goals. Conversely, a low degree of job satisfaction poses a risk of swiftly or gradually destroying the organization or business. Based on some of the findings of earlier studies on pay, the workplace, job happiness, and how these factors affect employee performance including research (Suryawan & Salsabila, 2021), (Suswanto, Wandi & Adha, 2019) the results state that job satisfaction variables have an effect and are significant on employee performance, there is also research (Nabawi, 2019) that job satisfaction has an effect but is not significant. In addition, previous research with compensation (Siharis & Sobhirin, 2022) and research (Efendi & Sugiono, 2021) that compensation has a significant effect but in research (Pebrina & Marlius, 2022) and also research (Winarno & Rianda, 2022) that compensation has no significant effect on employee performance. Likewise, there is research on the work environment (Bagis & Solihatun, 2021) that the work environment has a positive and significant effect, besides that in research (Mahayasa & Kresmawan, 2021) compensation and work environment have a significant effect.

Based on the background of this research, the research can be concluded the formulation of the problem as follows:

1. Does compensation affect job satisfaction at PT Bank DKI?
2. Does the work environment affect job satisfaction at PT Bank DKI?
3. Does Compensation affect Employee Performance at PT Bank DKI?
4. Does Work Environment affect Employee Performance at PT Bank DKI?
5. Does Job Satisfaction affect Employee Performance at PT Bank DKI?
6. Does Compensation affect Employee Performance with Job Satisfaction as an Intervening variable at PT Bank DKI?
7. Does Work Environment affect Employee Performance with Job Satisfaction as an Intervening variable at PT Bank DKI?

LITERATURE REVIEW

Compensation

According to (Dessler, 2015: 401) states that compensation refers to any type of reimbursement or reward given to employees as a result of the work they do. According to Werther and Davis in (Kadarisman, 2014: 1) states that compensation refers to the rewards received by employees as a result of the work they do, either in the form of hourly wages or period salaries. The human resources department is generally responsible for designing and managing the employee compensation system.

According to (Dessler, 2015: 417) Direct financial payments, which include wages, salaries, commissions, incentives, and bonuses, and indirect financial payments, which include perks like insurance and vacation time, are the two main components of employee remuneration. Dessler in his book "Human Resource Management" highlights the importance of compensation in motivating employees. According to Dessler, fair and adequate compensation can increase employee motivation and job satisfaction. He recognizes that compensation includes not only salary and benefits, but also other factors such as career development opportunities and work-life balance.

Dessler also underscores the importance of compensation as a motivational tool in his book "Human Resource Management." According to him, a good compensation system can increase employee motivation and, consequently, their performance. Dessler notes that compensation includes not only salary and benefits, but also factors such as incentives, bonuses, and other benefits. He also highlights the importance of structuring an incentive system that matches the organization's goals (Dessler, 2015).

Robbins in his book "Organizational Behavior" provides a deep understanding of motivation and job satisfaction. He emphasizes that the relationship between compensation and job satisfaction is complex and influenced by factors such as fairness in pay, recognition, and development opportunities. Robbins also highlights the importance of understanding individual needs in the context of Maslow's needs theory and Herzberg's motivation theory. And Robbins discusses aspects of compensation and performance in the context of motivation theory in his book "Organizational Behavior." He highlights that compensation can serve as an extrinsic motivation tool, especially when it meets employees' basic needs in improving employee performance. Robbins also discusses motivational theories such as Maslow's needs theory and Herzberg's motivation theory which imply that adequate compensation can fulfill life needs and provide satisfaction at work (Robbins & Judge, 2023). Sedarmayanti Compensation Payment System (2017: 174) states that the compensation payment system that is often applied is the compensation time system, applying the amount, which is established by time standards like days, weeks, or months of salary administration, to both daily workers and permanent workers is very simple.. Then there is the result system, compensation is determined based on the unit produced by the employee, such as per amount, compensation that is done not on the length of time worked. The piecework system is a way of placing or calculating the amount of pay based on this method is extremely difficult, as is figuring out the quantity of services depending on the

length and volume of work for the length of work and how many tools are needed to complete it in the piecework system requires precise calculations to obtain reasonable compensation for quick calculations.

Work Environment

According to (Luthans, 2011: 32) suggests that the work environment refers to the place where employees carry out their daily activities. A conducive work atmosphere creates a sense of security and allows employees to operate optimally. Work environment conditions have the potential to affect employees' emotional feelings. According to (Robbins & Coulter, 2018) suggests that the work environment is a situation in which the organization can be affected by entities or factors.

Here are some elements of the relationship between work environment conditions and employee satisfaction and performance levels according to (Luthans, 2011), namely:

- a. **Organizational Socialization** Luthans underlines the importance of the organizational socialization process in shaping employee perceptions and attitudes towards the work environment. This process involves orienting, training, and familiarizing employees with organizational values, norms, and culture. A work environment that supports a positive socialization process can improve employee performance and integration in the organization.
- b. **Social Support and Leadership** In Luthans' view, social support from coworkers and leaders is critical in creating a supportive work environment. Employees who feel socially supported tend to have higher levels of satisfaction and performance. Support from leaders also plays a key role in shaping a positive organizational climate.
- c. **Motivation and Recognition** Luthans highlights the importance of motivation and recognition as factors in improving employee performance. A work environment that encourages recognition of achievements and provides motivating incentives can increase employees' intrinsic and extrinsic motivation, which in turn can improve performance.
- d. **Work Life Balance (Work and personal life balance)** Luthans recognizes the importance of achieving a balance between the professional life and personal life of employees. A work atmosphere that supports this balance can play a role in creating conditions that support optimal performance continuity.

Job Satisfaction

Job Satisfaction According to (Robbins & Coulter, 2018: 521) suggests that job satisfaction refers to the general attitude of employees towards their work. Although job satisfaction is attitudinal and not behavioral, it is the focus of many managers' attention because satisfied employees tend to be present at work, achieve better performance, and maintain affiliation with the organization. According to (Dessler, 2015) Job satisfaction is an element that needs to be considered by management as a strategy to maintain the level of performance expected from employees. According to (Robbins & Judge, 2023) suggests that

job satisfaction refers to a person's positive evaluation of his job, which comes from an assessment of the characteristics of satisfaction itself. Dessler, in his book "Human Resource Management," highlights the importance of job satisfaction as a key factor in improving employee performance. He argues that Employees who feel satisfaction with their jobs generally exhibit higher levels of morale, commitment, and productivity. Dessler also notes that job satisfaction can affect employee retention, reduce absenteeism, and improve the quality of work (Dessler, 2015).

Robbins, in his book "Organizational Behavior," discusses the relationship between job satisfaction and performance from an organizational behavior standpoint. He states that job satisfaction has the potential to have a positive impact on employee productivity and performance. Robbins also highlights that job satisfaction is influenced not only by intrinsic factors (e.g., the job itself), but also by extrinsic factors such as pay, recognition, and working conditions (Robbins & Judge, 2023).

Both agree that job satisfaction can create a positive cycle where satisfied employees are generally more likely to make positive contributions to the organization. Job satisfaction can motivate employees to try harder, increase creativity, and improve service quality. In their view, organizations that are able to increase employee job satisfaction are likely to experience improved performance and productivity.

Employee Performance

According to (Robbins & Coulter, 2018) suggests that performance is an evaluation of the desired work results with an optimal level. Employee performance is a concrete action shown by each individual as a result of the work produced in accordance with their role in the company.

According to mangkunegara in (Fransiska & Tupti, 2020) employee performance refers to work performance which is expressed through the results achieved by an employee, both in terms of quality and quantity, in accordance with the duties and responsibilities assigned to him. Employee performance is a factor that influences the extent to which they contribute to the organization, covering aspects such as:

- a. The quality of output refers to the extent to which the final result achieved is close to the level of perfection, which means achieving the goals expected by the company.
- b. Quantity of output describes the amount produced, which is expressed in work units or activity cycles related to how many products or services can be produced.
- c. Output timeframe, which explains the level of activity to complete the work at a predetermined time.
- d. Workplace attendance refers to the number of absences, tardiness, and years of service that have been performed by the individual employee.
- e. Cooperative attitude, which explains how each individual employee is, whether they help or hinder their coworkers.

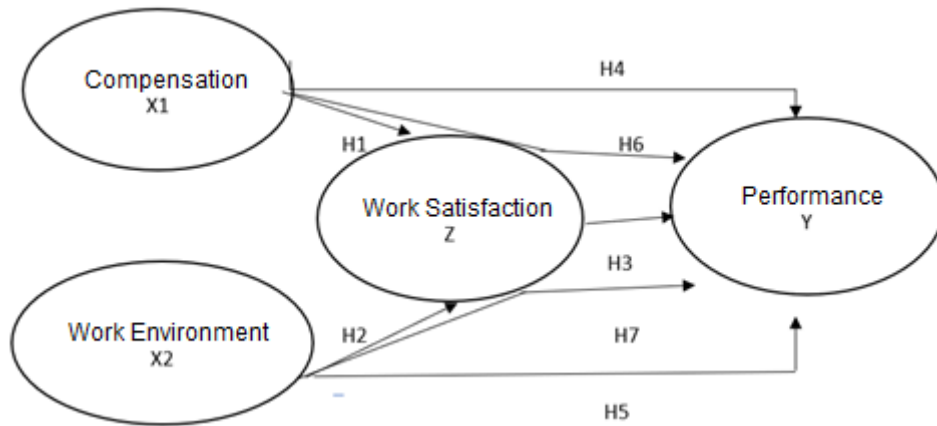


Figure 1. Conceptual Framework

Hypothesis

1. H1 : It is suspected that compensation has a significant effect on job satisfaction at PT Bank DKI
2. H2 : It is suspected that the work environment has a significant effect on job satisfaction at PT Bank DKI.
3. H3 : It is suspected that job satisfaction has a significant effect on employee performance at PT Bank DKI.
4. H4 : It is suspected that compensation has a significant effect on employee performance at PT Bank DKI
5. H5 : It is suspected that the environment has a significant effect on employee performance at PT Bank DKI
6. H6 : It is suspected that compensation through job satisfaction has a significant effect on employee performance at PT Bank DKI.
7. H7 : It is suspected that the work environment through job satisfaction has a significant effect on employee performance at PT Bank DKI.

METHODOLOGY

In this study the authors used a quantitative approach. According to Sugiono (2022: 16) examining particular populations or samples by random sampling, instrument-assisted data collecting, and analysis of statistical data is known as the quantitative approach. According to (Setyadi, 2022: 14), explaining that the process of gathering and evaluating numerical data is referred to as quantitative research design. Quantitative research designs are generally used to find patterns, averages, predictions, and cause-and-effect relationships between the variables being studied. The unit of analysis in research is a certain unit that is taken into account as a research subject. According to (et al, Morrisian, 2017: 166), states that the unit of analysis is the whole thing studied to get a concise explanation of the entire unit being analyzed, this unit of analysis is usually also referred to as the unit of observation. Meanwhile, the observation unit is a unit that will be the source of data and is collected. For the unit of analysis in this study are employees of PT Bank DKI.

According to (Sugiyono, 2022: 126), population is a category for generalization made up of items or people with specific amounts and attributes chosen by researchers for analysis before conclusions are made. According to (Leon et al., 2023: 88), that population is a group of people, events or everything that has certain characteristics. According to (Unaradjan, 2019: 110), that A population is an item or subject that exists in a region and satisfies specific requirements associated with research issues. Judging from the above opinion, the population that will be used in this study are 172 employees at PT Bank DKI. The sampling technique used in this study is nonprobability sampling with conditional sampling techniques (purposive sampling). Sugiyono (2022: 130) said that non-probability sampling is a sampling method that fails to give every component or individual in the population an equal chance of being chosen as a sample. The slovin formula is used to find a representative sample of the total 172 population so that the sample size obtained is around 120 people.

According to (Sugiyono, 2022: 199), that a questionnaire is a method of gathering data in which participants are provided with a series of questions or statements in writing to complete. According to (Unaradjan, 2019: 132), when viewed from how to answer the questionnaire (questionnaire) can be divided into two types, namely open questionnaires and closed questionnaires. The questionnaire used by researchers is a closed (structured) questionnaire, according to (Unaradjan, 2019: 133), suggesting that a closed questionnaire is one that is constructed so that the respondent can select only one response that best fits his attributes by giving a cross (x) or checklist sign (√). This questionnaire is addressed to employees of PT Bank DKI to find out the perceptions of respondents (employees) about compensation, work environment, job satisfaction and employee performance. SmartPLS SEM software was used for the analysis of data in this investigation. PLS is capable of performing analyses in a single test and explaining the link among variables. PLS is used to assist researchers in verifying the hypothesis and elucidating the existence of a link between latent variables.

Table 2. Research Object

Characteristics	Description	Number	%
Gender	Male	44	36,67%
	Female	76	63,33%
	Total	120	100,00%
Period of Employment	<1 year	22	18,33%
	1-2 years	6	5,00%
	2-3 years	21	17,50%
	3-4 years	16	13,33%
	4-5 years	14	11,67%
	> 5 years	41	34,17%
	Total	120	100,00%
Age	22-25 years old	36	30,00%
	25 - 28 years old	3	2,50%
	28 - 30 years	21	17,50%
	30 - 35 years	34	28,33%
	> 35 years	26	21,67%
	Total	120	100,00%

RESULTS AND DISCUSSION

Convergent Validity

Hair et al. (2021) states that convergent validity measures the extent to which a set of indicators that measure a latent construct are truly strongly correlated and represent the same dimension of the construct. Indicator loadings (outer loadings) indicate the strength of the relationship between indicators and their latent constructs. Hair et al. (2021) provides guidance on the threshold value of indicator loadings ≥ 0.7 because it is considered ideal and shows a strong relationship between indicators and constructs.

Table 3. Outer Loading

	satisfaction	performance	compensation	work environment
X1.10			0,890	
X1.11			0,793	
X1.12			0,792	
X1.2			0,716	
X1.3			0,869	
X1.4			0,802	
X1.5			0,896	
X1.6			0,773	
X1.7			0,872	
X1.8			0,884	
X1.9			0,864	
X2.1				0,882
X2.2				0,842
X2.3				0,835
X2.4				0,831
X2.6				0,830
X2.7				0,753
X2.8				0,713
Y1.1	0,821			
Y1.10	0,866			
Y1.2	0,841			
Y1.3	0,847			
Y1.4	0,720			
Y1.5	0,848			
Y1.6	0,749			
Y1.9	0,812			
Y2.1		0,779		
Y2.10		0,861		
Y2.2		0,724		
Y2.4		0,817		
Y2.6		0,802		
Y2.7		0,828		
Y2.8		0,722		

Y2.9		0,861		
x1.1			0,865	

All indicators have a loading factor above 0.7 which tells that every indicators got a strong contribution to construct

Discriminant Validity

Discriminant validity refers to the extent to which a construct in an empirical measurement model is truly different or distinguishable from other constructs. In other words, discriminant validity indicates that indicators of one construct do not have a high correlation with other theoretically different constructs. According to Hair et al. (2021), discriminant validity is important to ensure that the constructs in the model do not measure the same thing (concept redundancy). If discriminant validity is not met, then there can be problems in the interpretation of structural results, because constructs that should be different become overlapping. The main approach to testing discriminant validity in the context of PLS-SEM, namely:

Table 4. Fornell-Larcker Criterion

	Satisfacti on	Performan ce	Compensati on	Work Environment
Satisfaction	0,926			
Performance	0,911	0,918		
Compensation	0,813	0,798	0,837	
Work Environment	0,871	0,862	0,731	0,913

This criterion compares the square root of the AVE (Average Variance Extracted) for each construct with the correlation between other constructs in the model. The square root value of AVE for a construct must be greater than the correlation of the construct with other constructs. If the square root value of the AVE is above the correlation value between constructs, then discriminant validity is met.

The diagonal value (eg Satisfaction = 0.926) is higher than the correlation with other constructs (eg Satisfaction-Performance = 0.911), which indicates that discriminant validity is met.

Table 5. HTMT

	satisfaction	performance	compensation	work environment
satisfaction				
performance	0,866			
compensation	0,846	0,841		
work environment	0,822	0,800	0,766	

HTMT is the ratio of the correlation between indicators measuring different constructs (heterotrait-heteromethod) to the correlation of indicators within the same construct (monotrait-heteromethod). $HTMT \leq 0.90 \rightarrow$ discriminant validity is met; $HTMT \leq 0.85 \rightarrow$ a more conservative criterion; if $HTMT > 0.90$, then there is a discriminant problem (the indicator does not distinguish the construct well enough).

All HTMT values < 0.90 . performance-satisfaction = 0.866; compensation-satisfaction = 0.846; work environment-compensation = 0.766. Then there is no discriminant validity problem between constructs.

Construct Reliability and Validity

Construct reliability and validity is the process of testing the internal consistency and validity of measurements in a PLS-SEM-based structural model. The aim is to ensure that each latent construct (variable that is not directly observed) is actually measured precisely and consistently by its indicators

Table 6 Reliability and Validity Test

	Cronbach's Alpha	Rho_A	Composite Reliability	Average Variance Extracted (AVE)
Satisfaction	0,933	0,934	0,945	0,682
Performance	0,923	0,925	0,937	0,652
Compensation	0,961	0,965	0,965	0,700
Work Environment	0,914	0,916	0,932	0,661

All Cronbach's Alpha and CR values > 0.70 indicate good reliability, all AVE values > 0.50 indicate good convergent validity. Thus, construct reliability and validity have been met for all constructs

R-Square

Table 7. R-Square

	R Square	R Square Adjusted
Satisfaction	0,825	0,822
Performance	0,858	0,854

R-Square measures how much the independent variable is able to explain the dependent variable. Hair et al. criteria, (2021): $R^2 = 0.75 \rightarrow$ substantial (strong); $R^2 = 0.50 \rightarrow$ moderate; $R^2 = 0.25 \rightarrow$ weak. The higher the R^2 value, the greater the independent variable explains the dependent variable.

The R^2 value of satisfaction and performance is above 0.75 which shows a substantial influence. For example, performance $R^2 = 0.858$ means that 85.8% of performance variability is explained by the exogenous constructs in the model.

F-Square

Table 8. F-Square

	Satisfacti on	Performan ce	Compensati on	Work Environment
Satisfaction		0,375		
Performance				
Compensation	0,380	0,255		
Work Environment	0,946	0,322		

F2 measures the contribution of an exogenous construct to a particular endogenous construct in the context of R². F2 Used to see whether or not the influence of an independent construct on the dependent construct in the model is important. Criteria $f^2 = 0.02 \rightarrow$ small effect; $f^2 = 0.15 \rightarrow$ medium effect; $f^2 = 0.35 \rightarrow$ large effect.

All effects show in the medium - large criteria. Work environment \rightarrow satisfaction: 0.946 indicates a large effect; compensation \rightarrow satisfaction: 0.380 indicates a large effect; satisfaction \rightarrow performance: 0.375 indicates a large effect; work environment \rightarrow performance: 0.322 indicates a medium-large effect; compensation \rightarrow performance: 0.255 indicates a medium effect.

Q-Square

Table 9. Q-Square

	SSO	SSE	Q ² (=1-SSE/SSO)
Satisfaction	960,000	393,731	0,590
Performance	960,000	433,081	0,549
Compensation	1440,000	540,675	0,625
Work Environment	840,000	387,010	0,539

Q2 Measures the predictive ability of the model on new data using a blindfolding procedure with the criteria $Q^2 > 0 \rightarrow$ Indicates the predictive relevance of the construct to the dependent variable. Q² value: 0.02 = small; 0.15 = medium; 0.35 = large. The larger the Q², the better the model's ability to predict out-of-sample data.

All Q² values > 0 so that it shows good predictive relevance of the construct. For example, the Q2 value of job satisfaction (0.590) indicates high predictive relevance, the Q2 value of performance (0.549) indicates high predictive relevance

Hypothesis Test

Table 10. Hypothesis Test

	Original Sample (O) B	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Satisfaction -> Performance	0,553	0,481	0,151	3,660	0,000
Compensation -> Satisfaction	0,378	0,464	0,242	2,562	0,038
Compensation -> Performance	0,152	0,203	0,134	2,135	0,029
Work Environment -> Satisfaction	0,595	0,511	0,222	2,676	0,008
Work Environment -> Performance	0,269	0,289	0,130	2,064	0,041
Compensation -> Satisfaction -> Performance	0,209	0,203	0,099	2,113	0,037
Work Environment -> Satisfaction -> Performance	0,329	0,264	0,150	2,198	0,030

Effect of Compensation on Job Satisfaction (H1)

Compensation has a positive and significant effect on job satisfaction as evidenced by the t-statistic value ($2.562 > 1.96$) and p-value ($0.038 < 0.05$). The coefficient of 0.378 shows a positive influence. This indicates that the better the compensation provided by the organization-be it salary, benefits, or other incentives-the higher the level of employee job satisfaction (H1) is accepted. This result strengthens the concept of justice and motivation theory which emphasizes the importance of compensation as a driver of satisfaction.

Effect of Work Environment on Job Satisfaction (H2)

The work environment has a positive and significant effect on job satisfaction as evidenced by the t-statistic ($2.676 > 1.96$) and p-value ($0.008 < 0.05$). The coefficient of 0.595 shows a positive influence. This means that the better the work environment, the better employee job satisfaction (H2) is accepted. The work environment, both physically and psychologically, is one of the dominant factors in shaping employee job satisfaction, a conducive, safe, and supportive work environment is very important to increase employee comfort and engagement.

Effect of Job Satisfaction on Performance (H3)

Job satisfaction has a positive and significant effect on employee performance as evidenced by the t-statistic value ($3.660 > 1.96$) and p-value ($0.000 < 0.05$). The coefficient of 0.553 shows a positive influence. This means that the higher the level of job satisfaction felt by employees, the higher the performance displayed (H3) is accepted. This is consistent with the theory of organizational

behavior which states that satisfied employees will be more motivated, loyal, and productive in carrying out their duties.

Effect of Compensation on Performance (H4)

There is a positive and significant direct effect of compensation on performance as evidenced by the t-statistic value ($2.135 > 1.96$) and p-value ($0.029 < 0.05$). The coefficient of 0.152 shows a positive influence. This means that the better the compensation provided, the better the performance displayed (H4) is accepted. These results indicate that competitive compensation can encourage performance improvement even though the effect is relatively moderate.

The Effect of Work Environment on Performance (H5)

The work environment has a positive and significant direct effect on performance as evidenced by the t-statistic ($2.064 > 1.96$) and p-value ($0.041 < 0.05$). The coefficient of 0.269 shows a positive influence. This means that the better the work environment, the better the performance displayed (H5) is accepted. In addition to increasing satisfaction, a good work environment can also directly affect work behavior, such as work productivity and effectiveness.

Indirect Effect of Compensation on Performance through Job Satisfaction (H6)

There is a positive and significant indirect effect of compensation on performance through job satisfaction as evidenced by the t-statistic value ($2.113 > 1.96$) and p-value ($0.037 < 0.05$). The coefficient of 0.209 shows a positive influence. This means that compensation not only plays a direct role, but can also improve performance through increased satisfaction (H6) is accepted. This confirms that job satisfaction plays a partial mediating role in the relationship.

Indirect Effect of Work Environment on Performance through Job Satisfaction (H7)

Work environment has a positive and significant indirect effect on performance through job satisfaction as evidenced by the t-statistic ($2.198 > 1.96$) and p-value ($0.030 < 0.05$). The coefficient of 0.329 shows a positive influence. Job satisfaction is proven to mediate the relationship between work environment and performance (H7) is accepted. Employees who work in a supportive environment are more likely to feel satisfied, and ultimately improve their work performance.

CONCLUSION AND RECOMMENDATION

1. The Better the Compensation System, the Higher the Job Satisfaction of PT Bank DKI Employees

Teller or CS are given service incentives or quarterly bonuses according to transaction targets or customer feedback so that they feel valued. Incentives are paid on time and fairly based on performance, increasing their job satisfaction. RMs earn fees for selling credit/microcredit or savings products with a transparent commission structure, especially if target achievement is rewarded with additional bonuses or individual recognition. Managers or supervisors are given branch performance-based allowances and bonuses that are realistic and proportionate to their responsibilities, thus increasing motivation and satisfaction with the institution.

2. The Better the Work Environment, the Higher the Job Satisfaction of PT Bank DKI Employees

Teller and CS work in a clean, neat, air-conditioned space, and have a well-managed customer queue, so they can work more comfortably. Coupled with colleagues helping each other when the load increases, the level of satisfaction also increases. RMs are given data support from the analyst team and are not burdened with excessive administrative reports to focus more on building relationships with customers. The open and supportive work environment makes them more satisfied and at home. Supervisors and managers work with a team that adheres to SOPs, respects each other, and has two-way communication with the central supervisor, creating a professional and pleasant environment.

3. The Better the Job Satisfaction, the Higher the Employee Performance of PT Bank DKI

Teller and CS are satisfied because regular work schedules, balanced workloads, and fair shift work systems tend to be more thorough and fast in serving customers. Tellers are also appreciated by their superiors for their work accuracy and alertness in dealing with long lines so that they show high loyalty and rarely make transaction errors. RMs given clarity of targets, flexibility in field duties, and given the freedom to manage customer portfolios feel more satisfied, and this is reflected in an increase in the value of lending or investment products. Supervisors & Managers are given role recognition by management for team achievements, and given space to make operational decisions, so they tend to be more actively involved in team monitoring and monthly target evaluation, resulting in increased work unit achievements.

4. The Better The Compensation System, The Higher The Employee Performance Of PT Bank DKI

Teller knows that every transaction error will affect the performance allowance, therefore they work more carefully. To increase motivation, CS are incentivized for every savings account opening or promoting e-banking so that they are more active in offering products to customers. RMs knowing that achieving monthly targets has a direct impact on monthly bonuses are more active in canvassing potential customers, even outside office hours. Supervisors & Managers to get compensation linked to unit achievements, encouraging them to develop more efficient work strategies and ensuring all their staff contribute optimally to branch targets.

5. The Better the Work Environment System, the Higher the Employee Performance of PT Bank DKI

Teller has worked in a branch environment with good IT system support and clear coordination so that it is faster and more precise in completing transactions. CS also has a backup team when the queue is full so as to maintain service quality. RMs work in a supportive work environment - such as quick access to the approval system, supervisor support when debtor problems occur - so that they are more agile in handling clients and monthly targets are easier to achieve. Branch managers work in PT Bank DKI offices with a collaborative work culture, minimal horizontal conflict, and a smooth reporting system so that they can respond more quickly to team needs and make strategic decisions.

6. Mediation of Job Satisfaction is Proven to Improve the Relationship Between Compensation and Employee Performance of PT Bank DKI

Teller or CS feels that the service incentives received are worth it and fair, making this sense of satisfaction affect their work enthusiasm. They become more enthusiastic in serving customers and reduce the level of complaints. RMs also feel that the fees received are fair and in line with achievements, such satisfaction has an impact on increasing productivity and enthusiasm for proactively seeking new clients. Supervisors & Managers are satisfied with their remuneration packages, making them psychologically calmer and more focused on directing their teams and improving work unit performance.

7. Mediation of Job Satisfaction is Proven to Improve the Relationship Between Work Environment and Employee Performance of PT Bank DKI

Teller has worked in a work environment that is clean, quiet, and has SOPs that have an impact on work enthusiasm and speed of customer service. Relationship Managers feel that the work environment supports the flexibility of field mobility and has good internal communication, so they are more active in reaching the market. Supervisors & Managers working in a cooperative team, not blaming each other, and supporting each other in achieving branch targets feel more satisfied and actively involved in coaching staff and improving work systems

Statement X1.2 ("I believe that my performance is recognized and valued in determining salary") received the lowest score (4.21). Although still classified as good, this relatively lower score indicates the doubts of a small number of employees about the direct link between performance and salary adjustments, the need for increased transparency in the performance appraisal system, the potential mismatch of perceptions between management and employees about the parameters of performance recognition. Recommendations that can be taken are to maintain aspects of compensation that are already working well, such as bonuses and performance-based rewards, because they are proven to be effective in motivating employees, increase transparency in performance appraisal and wage mechanisms (for example through clearer policy socialization) and evaluate the incentive system to ensure that all employees, including those in non-target positions, feel encouraged to increase productivity.

Statement X2.8 ("The existing work equipment is sufficient") received the lowest score (4.14). Issue specific although still positive, this lower score indicates 12.5% of respondents (15 people) chose Disagree. Possible shortcomings include outdated hardware/software, unstable internet bandwidth, limited number of specialized work tools (such as scanners/printers). 3 respondents explicitly chose Disagree (TS), indicating real complaints from some staff. Equipment limitations can cause delays in task completion, employee frustration (especially in technology-dependent back-office divisions), hidden costs for workarounds. Recommendations include a technology audit to identify the most frequently complained about equipment, allocate funds for equipment replacement using and create a dedicated channel to report equipment issues.

Statement Y1.4 ("The company provides fair compensation for my skills and experience.") received the lowest score (4.24). 2.5% of respondents (3 people) chose STS/TS, indicating real dissatisfaction. 5% of respondents (6 people) were neutral (KS), indicating doubt about the fairness of compensation. Although this problem is very small and the majority of employees already have high job satisfaction, it still needs to be considered, especially the discrepancy between individual qualifications and salary structure, unclear skill/experience-based salary adjustment criteria and inter-divisional gaps (for example: front-office vs back-office) because although small there is still the potential to cause demotivation of highly skilled employees and selective turnover of key talent. Recommendations include benchmarking compensation against competitors, implementing a transparent salary grading system based on technical skills, relevant certifications, and work experience, and socializing policies through employee forums.

The lowest score is found in statement Y2.8 ("I feel that I can carry out my duties and responsibilities at work effectively.") with a score of (4.08). The problem area is that 20 employees (16.67%) stated Disagree, especially in the IT Support and Back Office Operations divisions. There are still statements of employees who get tasks outside the job description, limited access to the core banking system during peak hours and time-consuming multilayer approval procedures. Recommendations include conducting job analysis to clarify job descriptions, upgrading IT infrastructure (especially core banking servers) and simplifying workflows using lean management methods.

FUTHER STUDY

1. Expand Research Object

This research was only conducted in one organization, PT Bank DKI, so the results have limited generalizability. Although these findings are very relevant to the conditions in regional development banks, the results may not necessarily be fully applicable to other banking sectors such as national banks, Islamic banks, or private banks with different organizational cultures and compensation systems.

2. Expand the Respondents

Respondents in this study were dominated by employees with the positions of Teller, Customer Service, Relationship Manager, Supervisor, and Manager. Other functional positions such as internal auditors, compliance staff, legal, and IT teams were not explicitly studied, so the dynamics of non-service or back-office work have not been fully represented in the analysis.

3. Use Data Other than Quantitative and Self-Report Data

All data is collected using a closed questionnaire, so the results obtained are self-report and are prone to be influenced by respondents' perception biases, such as the desire to provide socially desirable answers (social desirability bias). The absence of data triangulation methods (e.g. direct observation or in-depth interviews) is also a limitation in exploring the deeper meaning of the variables studied.

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