Examining the Impact of Motivation on Employee Performance: A Comprehensive Analysis of Influential Factors

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ABSTRACT
Understanding the intricate factors influencing employee performance, encompassing the work environment, motivation, competencies, and compensation, is pivotal in effective human resource management. This comprehension aids companies in identifying areas for improvement, formulating robust human resource policies, fostering supportive work environments, and crafting compensation systems that optimally motivate employees, ensuring the organization's long-term success and sustainability. The primary objective of the study is a thorough investigation into the factors impacting employee performance, with motivation playing a key intermediary role. Employing a quantitative approach, the research utilizes Structural Equation Modelling (SEM) through Smart PLS version 3.0, focusing on personnel within the Public Relations Department of PT. XYZ. Findings reveal significant positive impacts of the work environment, competencies, and compensation on employee performance, with motivation exhibiting a significant negative influence. Interestingly, the study notes an insignificant negative impact of the work environment on motivation, contrasting with the positive effects of competencies and compensation on motivation. The study contributes theoretically by exploring motivation as an intervening factor in the real estate sector, offering practical insights for companies in the study location to make informed decisions about the work environment, competencies, compensation, and employee performance. Despite recognizing limitations, the study recommends future research to consider additional variables, enhancing the comprehensiveness of subsequent investigations.

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1. INTRODUCTION

Enterprises possess diverse forms of resources that serve as 'inputs' to be transformed into 'outputs' in the shape of products or services. These resources encompass capital or funds, technological infrastructure for facilitating production, methodologies or tactics employed for operations, personnel, and more. Amidst this array of resources, individuals or human resources (HR) stand out as the most pivotal element. Overseeing, organizing, and regulating human resources necessitates a managerial instrument referred to as human resource management (HRM). HRM can be comprehended as an organizational procedure and simultaneously construed as a set of principles.

Human resources, in this case employees, are an important component in organizations and companies. Better employee skills lead to better organizational performance, while lower employee skills lead to poorer organizational performance. For effective organizational management, organizations need highly competent employees who can efficiently steer the organization towards its goals. Competence is related to the abilities possessed by a person. Competence represents a fundamental trait in an individual that shapes their thought processes, actions, and enduring patterns across various situations (Iskandar, 2017). This study reflects Stewart & Brown (2019) viewpoint, which posited that an individual's knowledge, skills, and abilities, along with their motivation, are influential factors impacting a company's performance. Competence plays a guiding role in shaping behavior, in turn, yields performance.

The issue of low employee performance represents a critical challenge that requires careful evaluation within every industry. This is crucial as employee performance significantly impacts both the quality and quantity of output within the industry, especially in the face of heightened competition and the dynamic growth trajectory of companies. Essentially, employee performance embodies the tangible manifestation of the attitudes and actions displayed by employees in their respective roles within the industry. It encompasses a spectrum of employee behaviors and dispositions, which collectively contribute, either positively or negatively, to the achievement of organizational objectives (Suwondo & Sutanto, 2015).
Public Relations, often referred to as "Humas" in Indonesian, encompasses various definitions. However, among the multitude of definitions, Public Relations fundamentally pertains to the field associated with managing the image and reputation of an individual or an institution as perceived by the public. Consequently, "Humas" is understood as all efforts and endeavors conducted with the aim of instilling perceptions and evaluative responses from others.

Within the realm of public relations performance, mass media plays a significant role. This substantial role arises from the fact that mass media can reach a broad audience. There exists a mutual dependence between public relations and mass media. This assertion holds true in practical terms, as in the day-to-day activities, mass media and public relations mutually rely on each other to fulfill their respective functions. To convey messages to the public, a public relations professional relies on mass media.

PT XYZ is one such company that necessitates the presence of public relations to uphold the human relations of the company. Public relations at PT XYZ encompasses multiple roles, extending beyond being mere communication facilitators. Among other responsibilities, public relations personnel are tasked with maintaining human relations, thereby serving as an iconic representation of the company, shaping its corporate image. The role involves not only fostering human relations among employees but also extending to relations with community organizations, stakeholders, consumers, and the media. Public relations professionals must possess effective communication skills, as they play a crucial role in bridging human relations. The employee performance at PT XYZ is currently suboptimal, as evidenced by shortcomings in the quality of work. Instances include incomplete tasks within stipulated deadlines, lack of punctuality among employees, and insufficient cooperation among colleagues, resulting in poor communication and disrupted coordination.

The phenomenon of work motivation among PT XYZ employees indicates a deficiency in motivational support from superiors, impacting task execution negatively. The absence of appreciation from supervisors contributes to diminishing employee motivation. Low motivation in the workplace is feared to reduce overall performance, consequently diminishing public satisfaction. While employees possess high work capabilities, the lack of motivation to complete tasks jeopardizes successful job outcomes. Tebay, (2021) said motivation is the force that drives an employee that causes and directs behavior. Luthans et al. (2021) emphasize that motivation derives from the Latin word "movere," signifying 'to move' or 'movement.' The meaning of motivation is as a person's need, desire, drive, impulse (Sulastri & Suhardi, 2017).

Motivation concerns the cultivation of work enthusiasm, urging individuals to willingly apply their optimal skills and expertise to attain organizational objectives. It holds significance as it fosters a desire among employees to exert dedicated and enthusiastic efforts, thereby promoting high levels of work performance. Consequently, when leaders provide the appropriate motivation and encouragement to influence their subordinates, it can elevate the overall morale of the organization, consequently leading to an enhancement in employee performance. The findings from Harahap & Hidayat (2016) and Chrisnanda (2017) research studies affirm that motivation yields a positive impact on employee performance.

Another significant phenomenon influencing the performance of employees at PT XYZ pertains to the work environment. This includes aspects of the physical environment, such as an unsupportive color composition, inadequate attention to the layout of workspaces characterized by disorderliness and closely situated desks, and a workspace design lacking privacy. Inefficacious air circulation in the workplace, inadequate attention to cleanliness, and persistent noise contribute to employees’ perceived disturbances. Additionally, in the non-physical environment, there is a prevalent lack of communication or collaboration among colleagues outside of work-related interactions. Consequently, the work environment surrounding employees in a particular workplace can significantly impact their performance in task execution.

In the analysis provided by Pranitasari (2019), the concept of the work environment is expounded upon, depicting it as a comprehensive milieu that encompasses not only the tangible or physical elements within the workplace, such as the conditions of work, the infrastructure in place, and the administrative setup, but also the intangible or non-physical aspects, like the interpersonal dynamics among the workers, the relationships within the workplace community, and the overall atmosphere in which the work is carried out. This explanation suggests that both the physical and non-physical dimensions of the work environment can significantly impact the performance of employees. Yanuari (2019) clarified that a positive and noteworthy impact on employee performance can be observed when the work environment is favorable. In a similar vein, Citraningtyas & Djastuti (2017) suggests that enhancing the work environment can lead to an enhancement in employee performance. However, in contrast, separate studies by Hanafi & Yohana (2017) and Sihaloho & Siregar (2020) have indicated that the work environment does not have a substantial impact on employee performance. Employee performance might be impacted by factors beyond the workplace setting, such as insufficient employee motivation. The term motivation or motive is very popular in an organization that demands great work performance. Because people who have great work motivation want to make every effort so that their work can be as successful as possible (Pangabean et al., 2022).

Improving employee performance both individually and in groups will provide competence for overall HR performance. Competence plays a significant role in determining performance, as individuals with the necessary skills can effectively fulfill their responsibilities and demonstrate accountability for their assigned tasks (Aprilia et al., 2019). Several factors contribute to HR achieving exceptional performance, thereby fostering
organizational success, and one of these pivotal factors is competence. Organizations can progress and endure when they have employees who excel in their respective fields and demonstrate proficiency in their tasks.

The insufficient competence of employees, particularly in the current digital era, is a serious concern in human resource development. Many young generations face challenges in cultivating skills that align with the dynamic demands of the evolving job market. One of the contributing factors is the limited access to education and training that corresponds to technological advancements. Numerous employees lack opportunities to acquire contemporary knowledge and skills essential in the modern workplace. Furthermore, the consumptive use of technology without a profound understanding of its management poses a problem. A significant portion of employees tends to use technology solely for entertainment purposes, without comprehending its substantial potential for personal and professional development. Dependence on social media and entertaining content often substitutes the time that should be allocated for learning and honing skills.

Zainal et al. (2019) highlight that competence encompasses the aspiration to affect others and the proficiency to sway and persuade through strategic influence. Further, Surisno (2019) outlines several key factors that contribute to the development of competence, including deeply ingrained beliefs and values, a diverse range of acquired skills, accumulated experience, the prevailing organizational culture, emotional intelligence, and intellectual capabilities. This multifaceted view of competence underscores the holistic nature of this attribute, demonstrating how it involves a combination of personal attributes, experiential learning, and the organizational environment.

The corporate landscape is dynamic, necessitating companies to foster optimal employee performance for their growth. Consequently, Human Resources play a pivotal role in gaining a competitive edge. This implies that organizations should strive to enhance future productivity. Compensation issues at PT. XYZ have also surfaced due to the company’s suboptimal implementation of reward policies. The distribution of compensation is not aligned with the workload, capabilities, and contributions provided by employees to the company, leading to dissatisfaction among the workforce. Consequently, employees perceive themselves as undervalued and may incur financial losses. The escalating cost of living compels them to seek additional employment or even incur debt. This misalignment in compensation policies poses a notable challenge to employee satisfaction and financial well-being within the organizational framework. Addressing these compensation-related concerns is imperative for fostering a motivated and content workforce in alignment with organizational goals. Compensation, as defined by Suparyadi (2015), embodies the comprehensive remuneration extended to employees as an acknowledgment of their contributions to the organization, encompassing both financial and non-financial aspects. Suseno et al. (2023) characterizes compensation as the remuneration offered by a company to its employees, whether in the form of monetary rewards or tangible goods, in exchange for their services. The absence of appropriate compensation can prompt existing employees to depart from the organization, leading to challenges in finding suitable replacements, particularly during the recruitment process.

Elevating employee performance can be achieved through offering competitive compensation, cultivating positive work attitudes, and attending to other factors impacting performance. Effectively determining suitable compensation plays a critical role in shaping the quality of the workforce, directly impacting the achievement of employee objectives, optimizing organizational budget efficiency, and ultimately influencing the organization’s ability to thrive in an ever more competitive business environment. When employees are not satisfied with their compensation, it directly influences their performance. In cases where compensation does not meet their expectations, this discontent can manifest as subtle resistance or, in more severe instances, escalate to open demonstrations (Dwianto et al., 2019).

Previous research on the motivation, work environment, competencies, and compensation concerning employee performance has been conducted, yielding diverse outcomes. Candradewi & Dewi (2019) research asserts that work motivation significantly affects performance, whereas Yuliana (2017) suggests otherwise, indicating an insignificant impact of work motivation on employee performance. Similarly, Kasyanto (2019) findings highlight the importance of competence for performance, while Meutia et al. (2016) suggest otherwise. Regarding compensation, Candradewi & Dewi (2019) find it to have a significant effect on performance, in contrast to Mundakir & Zainuri (2018), which concludes that compensation has no bearing on employee performance. Moreover, Sari & Aziz (2019) research emphasizes “the significant influence of the work environment on performance,” while Basori et al. (2017) suggest that the work environment has no impact on employee performance. Given these contrasting findings, researchers are keen to conduct a re-examination, incorporating additional variables to comprehensively understand the complexities of the relationship between these factors and employee performance. Kotera & Ting (2021) underscored that high motivation can drive employees to set higher targets and achieve better outcomes in their work. Additionally, Forner et al. (2020) emphasized the importance of intrinsic motivation, where employees are intrinsically driven by personal satisfaction in their job, positively affecting performance. Furthermore, the supportive work environment, which enhances employee comfort and productivity, has been substantiated by research. Roskams & Haynes (2021) found that improvements in the design of the work environment, such as good lighting, healthy air quality, and ergonomic workspace design, can reduce fatigue and enhance employee performance.
This study endeavors to amalgamate previously discussed factors, including motivation, work environment, competence, and compensation, with the objective of gaining a holistic understanding of employee performance. Furthermore, the research strives to investigate potential variations in these factors across diverse industry contexts, delve into cultural influences on motivation and compensation, and employ a longitudinal approach to detect evolving impacts of these factors over time. Consequently, this research aspires to offer a more profound and comprehensive insight into the intricate relationship between these factors and employee performance, which can hold significance for human resource management and organizational development in an era marked by dynamic change.

Figure 1. Research Framework

Hypothesis
H1: Work Environment has a positive and significant effect on Motivation
H2: Competence has a positive and significant effect on Motivation
H3: Compensation has a positive and significant effect on Motivation
H4: Work Environment has a positive and significant effect on Employee Performance
H5: Competence has a positive and significant effect on Employee Performance
H6: Compensation has a positive and significant effect on Employee Performance
H7: Motivation has a positive and significant effect on Employee Performance
H8: Motivation mediates Work Environment on Employee Performance
H9: Motivation mediates Competence on Employee Performance
H10: Motivation mediates Compensation on Employee Performance

2. METHOD

The research approach adopted for this study is quantitative research, which aims to examine the influence and relationship between the work environment, competence, compensation, and motivation as a mediating variable on the performance of employees at PT.XYZ. Quantitative research methods are rooted in the philosophy of positivism and are used to investigate specific populations or samples, with sampling techniques generally performed randomly. Data collection is carried out using research instruments, and the data analysis is quantitative or statistical in nature, with the aim of testing the established hypotheses (Sugiyono, 2017). This study seeks to understand the impact of independent variables, namely the work environment, competence, and compensation, on the dependent variable, namely performance, mediated by the motivation variable.

The population for this study comprises the personnel in the Public Relations Department of PT.XYZ. The selection of this population is based on their roles and positions as Public Relations personnel, who play a crucial role in creating a positive image for PT.XYZ and communicating various forms of information to both internal and external stakeholders. A saturated sampling technique is employed in this study, which is a non-probability sampling method, resulting in a total sample size of 42 individuals.

Data collection methods in this research include questionnaires, interviews, and observations. Closed-ended questionnaires are used, allowing respondents to select answers from provided options. The Likert scale is utilized for measurement in this study, with responses scored as SS (Strongly Agree) with a score of 4, S (Agree) with a score of 3, TS (Disagree) with a score of 2, and STS (Strongly Disagree) with a score of 1. Additionally, interviews are conducted during the initial observation or data collection phase. Observations are non-participatory, with the researcher acting as an independent observer. Information is gathered from previous research, the internet, websites, and social media platforms used by Public Relations personnel to disseminate information. This information is then recorded, analyzed, and used to draw conclusions regarding the performance
of Public Relations personnel. The instruments used in this research are based on primary data collected through questionnaires.

This study employs the path analysis technique and utilizes PLS (Partial Least Squares) version 3.0 software for analysis, as per Abdillah & Hartono (2015). The Structural Equation Model (SEM) consists of several stages, including:

a. Measurement Model (Outer Model):
   The evaluation of the measurement model, or the outer model, is conducted to assess the validity and reliability of the model. The outer model with reflective indicators is assessed for convergent and discriminant validity of the indicators that constitute the latent constructs, as well as composite reliability and Cronbach's alpha for the indicator block (I Ghozali & Latan, 2015). The measurement model is used to test the validity and reliability of the constructs. Convergent validity in PLS is assessed based on the loading factor, which represents the correlation between item scores/component scores and construct scores. The rule of thumb for convergent validity is that the outer loading should be greater than 0.70, and the Average Variance Extracted (AVE) should be greater than 0.5 (Hair Jr et al., 2021). However, according to Hair Jr et al. (2021), an outer loading greater than 0.50 is considered significant in practical terms. Therefore, this study uses a minimum threshold of 0.5. Reliability testing in PLS can be carried out using two methods: Cronbach's Alpha and Composite Reliability. According to Abdillah & Hartono (2015), Cronbach's Alpha is used to measure the lower limit of the reliability of a construct, while composite reliability is used to measure the actual reliability of a construct. The rule of thumb for alpha or composite reliability is that it should be greater than 0.7, although a value of 0.6 is still acceptable.

b. Structural Model (Inner Model):
   The inner model analysis, also known as structural model analysis, aims to predict the relationships between latent variables (I Ghozali & Latan, 2015). The evaluation of the inner model can be observed through several indicators. The inner model analysis is recognized as a structural analysis method, which aims to predict the relationships between latent variables (I Ghozali & Latan, 2015). The structural model in PLS is evaluated using R-squared (R2) for dependent constructs. The path coefficient values or t-values for each path are used to test the significance between constructs in the structural model. The value of R2 is used to measure the degree of variation in independent variables explained by the dependent variable. A higher R2 value implies a better predictive model from the proposed research model. For example, if R2 is equal to 0.7, it means that 70% of the variation in the dependent variable can be explained by the independent variable, while the rest is explained by variables outside the proposed model.

   The path coefficient values in the inner model indicate the level of significance in hypothesis testing. This is determined by t-statistics, with values greater than 1.96 for two-tailed hypotheses and greater than 1.64 for one-tailed hypotheses being considered significant.

c. Hypothesis Testing:
   Hypothesis testing is used to explain the direction of the relationship between independent and dependent variables. Hypothesis testing is conducted by examining the values of probability (p-values) and their respective t-statistics (I Ghozali & Latan, 2015). The correlation results between constructs are measured using path coefficients to determine the significance of the influence of exogenous variables on endogenous variables, both partially and simultaneously. The basis for decision-making (I Ghozali & Latan, 2015) involves comparing the p-value and t-table value (α = 0.05).
   - If p-value > 0.05, H0 is rejected, and H1 is accepted.
   - If p-value ≤ 0.05, H0 is accepted, and H1 is rejected.

Independent Variables
Independent variables are factors that have the capacity to elucidate or exert an influence on other variables. In this research, three distinct independent variables are employed, specifically the Work Environment, Competence, and Compensation.

1. Work Environment
   The indicators used to measure the work environment are: (Siagian, 2008) 1) Workplace building; 2) Adequate work equipment; 3) Facilities; 4) Relationship between coworkers at the same level; 5) Relationship between superiors and subordinates; and 6) Cooperation between employees.

2. Competence
   Indicators according to (Dulewicz, 1994) as follows: 1) Intellectual ability; 2) Interpersonal ability; 3) Adaptability; and 4) Result-oriented ability.

3. Compensation
   The indicators that can be used to measure compensation according to Kaswan (2012) as follows: 1) Salary; 2) Incentives; and 3) Allowances.
**Dependent Variable**

The dependent variable, within the framework of research and statistical analysis, is the key factor that is subject to explanation or influence as a result of the changes and variations in independent variables.

1. Employee Performance

The criteria utilized to measure and evaluate performance in this research align with the parameters specified by Bernardin & Russel (2003). These criteria encompass several essential dimensions, including the quality of work output, the quantity of tasks completed, adherence to timelines, cost-effectiveness in task execution, the level of supervision required, and the interpersonal influence and impact on the work environment. By employing this comprehensive set of performance metrics, the study aims to provide a well-rounded evaluation of various facets of performance, enabling a more thorough understanding of the subject under investigation.

**Intervening Variables**

Intervening variables, often referred to as mediator variables, are theoretical factors that are believed to influence the connection between the independent variable and the dependent variable in an indirect manner. They are positioned between the independent variable and the dependent variable, serving as a bridge that prevents the direct impact of the independent variable on changes or occurrences in the dependent variable. Despite their significance in explaining the underlying mechanisms of a relationship, intervening variables cannot be directly measured or observed.

1. Motivation

The indicators used to measure motivation according to Alderfer (1969) are: 1) The need for circumstances; 2) Need for affiliation; and 3) The need for growth.

**3. RESULT AND DISCUSSION**

**Validity and Reliability Test**

Convergent validity is assessed by ensuring that a set of indicators effectively represents a single underlying latent variable. To evaluate convergent validity, the loading factor or outer loading value of an indicator is employed, and it should confirm that the indicator aligns with the latent variable. Reliability is measured by the composite reliability of the indicator block used to assess a construct. If the composite reliability surpasses 0.70, the construct is considered reliable. Additionally, reliability can be tested using Cronbach's alpha, which is considered good in the context of PLS if it's ≥ 0.5 and sufficient if ≥ 0.3. Meeting these criteria suggests that the construct is reliable. (Tsai & Lydia Wen, 2005) provided these reliability and validity guidelines.

**Table 1. Validity and Reliability Test**

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Cronbach's Alpha</th>
<th>Composite Reliability</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation</td>
<td>0.633</td>
<td>0.799</td>
<td>0.570</td>
</tr>
<tr>
<td>Motivation</td>
<td>0.842</td>
<td>0.904</td>
<td>0.759</td>
</tr>
<tr>
<td>Employee Performance</td>
<td>0.874</td>
<td>0.904</td>
<td>0.508</td>
</tr>
<tr>
<td>Competence</td>
<td>0.715</td>
<td>0.825</td>
<td>0.545</td>
</tr>
<tr>
<td>Work Environment</td>
<td>0.813</td>
<td>0.858</td>
<td>0.612</td>
</tr>
</tbody>
</table>

The AVE for each research variable is greater than 0.5, meeting the recommended criteria for effective research constructs. Additionally, the Cronbach's Alpha value is above 0.60, signifying acceptable reliability, and the Composite Reliability value exceeds 0.70, further confirming the reliability of these research variables.

**Coefficient of determination (R-Square)**

**Table 2. Coefficient of determination (R-Square)**

<table>
<thead>
<tr>
<th></th>
<th>R Square</th>
<th>R Square Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivation</td>
<td>0.708</td>
<td>0.677</td>
</tr>
<tr>
<td>Employee Performance</td>
<td>0.803</td>
<td>0.788</td>
</tr>
</tbody>
</table>

The R² for the employee performance variable construct stands at 0.708, signifying that 70.8% of the variation in employee performance is explained by the constructs within the research model, while 29.2% is attributed to external variables not considered in the study. This R² value is classified as good, given that it exceeds 0.67. Similarly, the motivation variable has an R² value of 0.803, indicating that 80.3% of motivation can be accounted for by variables beyond the study's scope, with 19.7% remaining unexplained. This R² value is also categorized as good due to its value surpassing 0.67.
**Q-square Predictive Relevance**

Q\(^2\) predictive relevance analysis assesses how well a model generates observed values and parameter estimates. Q\(^2\) values above 0 indicate the model's predictive relevance, while values below 0 suggest a lack of predictive relevance.

\[
Q^2 = 1 - (1 - R^2) x (1 - R'^2)
\]

\[
= 1 - (1 - 0.708) (1 - 0.677)
\]

\[
= 1 - (0.292) (0.323)
\]

\[
= 1 - 0.094
\]

\[
= 0.906
\]

The calculations reveal a Q\(^2\) value of 0.906 for the employee performance variable. Since this value is greater than zero, it indicates that the research model for employee performance demonstrates good predictive relevance.

\[
Q^2 = 1 - (1 - R^2) x (1 - R'^2)
\]

\[
= 1 - (1 - 0.803) (1 - 0.788)
\]

\[
= 1 - (0.197) (0.212)
\]

\[
= 1 - 0.041
\]

\[
= 0.959
\]

The calculations indicate a Q\(^2\) value of 0.959 for the motivation variable. As this value is greater than zero, it signifies that the employee performance research model exhibits strong predictive relevance.

**T-Test (T-Statistic)**

To ascertain significance, researchers compare the p-value or t statistic to a critical value from the t-table (Imam Ghozali, 2014). If the p-value or t statistic exceeds this critical value, the relationship between variables is deemed significant.

**Figure 2. Path Analysis Results**

**Table 3. Path coefficient values**

<table>
<thead>
<tr>
<th>Description</th>
<th>Original Sample (O)</th>
<th>Sample Mean (M)</th>
<th>Standard Deviation (STDEV)</th>
<th>T Statistics (O/STDEV)</th>
<th>P Values</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work Environment -&gt; Motivation</td>
<td>-0.088</td>
<td>-0.094</td>
<td>0.084</td>
<td>1.049</td>
<td>0.295</td>
<td>Rejected</td>
</tr>
<tr>
<td>Competence -&gt; Motivation</td>
<td>0.476</td>
<td>0.471</td>
<td>0.136</td>
<td>3.509</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>Compensation -&gt; Motivation</td>
<td>0.536</td>
<td>0.553</td>
<td>0.116</td>
<td>2.651</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>Work Environment -&gt;</td>
<td>0.300</td>
<td>0.290</td>
<td>0.108</td>
<td>2.779</td>
<td>0.006</td>
<td>Accepted</td>
</tr>
</tbody>
</table>
Employee Performance

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Original Sample Mean (O)</th>
<th>Sample Mean (M)</th>
<th>Standard Deviation (STDEV)</th>
<th>T Statistics (O/STDEV)</th>
<th>P Values</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competence -&gt; Employee Performance</td>
<td>0.552</td>
<td>0.602</td>
<td>0.235</td>
<td>2.349</td>
<td>0.019</td>
<td>Accepted</td>
</tr>
<tr>
<td>Compensation -&gt; Motivation</td>
<td>0.543</td>
<td>0.530</td>
<td>0.205</td>
<td>2.651</td>
<td>0.008</td>
<td>Accepted</td>
</tr>
<tr>
<td>Work Environment -&gt; Employee</td>
<td>-0.422</td>
<td>-0.452</td>
<td>0.177</td>
<td>2.382</td>
<td>0.018</td>
<td>Rejected</td>
</tr>
<tr>
<td>Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motivation -&gt; Employee Performance</td>
<td>0.037</td>
<td>0.043</td>
<td>0.049</td>
<td>0.579</td>
<td>0.448</td>
<td>Rejected</td>
</tr>
<tr>
<td>Competence -&gt; Employee Performance</td>
<td>-0.201</td>
<td>-0.219</td>
<td>0.127</td>
<td>1.586</td>
<td>0.113</td>
<td>Rejected</td>
</tr>
<tr>
<td>Compensation -&gt; Motivation</td>
<td>-0.226</td>
<td>-0.236</td>
<td>0.101</td>
<td>2.242</td>
<td>0.025</td>
<td>Accepted</td>
</tr>
<tr>
<td>Motivation -&gt; Employee Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the results presented, the p-values for the respective variables are compared with a significance level of 5%. The findings suggest that the work environment demonstrates a positive influence of 30%, competency shows a positive influence of 55.2%, and compensation reveals a positive influence of 54.3% on employee performance, consequently accepting these hypotheses. However, the influence of motivation, although initially assumed to be negative at -42.2%, did not meet the significance level of 5%, leading to the rejection of the hypothesis.

Additionally, the relationships between the work environment and motivation (-8%), competency and motivation (47.6%), and compensation and motivation (53.6%) are all accepted due to their respective p-values meeting the significance level. Conversely, the hypotheses regarding the relationships between compensation and motivation (3% and -20%) and compensation and employee performance (-22%) are rejected due to their p-values exceeding the significance level.

Effect of Work Environment on Motivation

The analysis findings suggest that the work environment does not influence work motivation. This is thought to be because most public relations personnel are only additional duties, not a structural position. Public Relations personnel are administrative personnel, who receive additional public relations duties. So that according to human nature which has a tendency to something they tend to choose to focus on their main duties, namely as lecturers and administrative staff. So with good working environment conditions with various facilities available, it will increase their focus on doing their main duties as lecturers and administrative staff. It may be different when HUMAS (Public Relations) personnel only focus on taking care of HUMAS tasks. This supports research that has been conducted by (Astuti, 2020; Sanny & Kristanti, 2012).

Effect of Competence on Motivation

As employees perceive higher compensation, their performance likewise tends to increase. Conversely, when compensation is perceived as lower, employee performance tends to decrease. Therefore, it is reasonable to conclude that the first hypothesis can be confirmed or accepted. These results indicate that a compensation policy that is appropriate and accepted by employees will improve employee performance. Such as the issue of direct compensation, among others, which includes salary / wages and incentive pay. If compensation payments are not on time, it will result in decreased employee discipline, morale and work passion. The company should recognize that employees and their families rely on compensation to fulfill immediate needs that cannot be delayed, such as providing for essential necessities like food. A well-structured compensation policy, encompassing aspects like the amount, composition, and timing of payment, has the potential to ignite and fuel employees' enthusiasm and motivation to achieve peak performance, thereby contributing to the attainment of company objectives. The findings of this research correspond with (Dwiyanti et al., 2019; Pariesti & Christa, 2022; Riyanto & Anto, 2022).

Effect of Compensation on Motivation

The favorable outcomes of the analysis suggest that increased company-provided compensation positively impacts employee work motivation. The analysis findings suggest that the work environment does not influence work motivation. One effective managerial approach for enhancing employee job satisfaction and performance involves the use of compensation, as proposed by Stone et al. (2020). In its simplest form, compensation represents the remuneration employees receive in exchange for their work. Imbron & Pamungkas
(2021) emphasizes the critical role of financial compensation in meeting employees' immediate needs, particularly those of a physiological nature. However, employees also expect their compensation to reflect the non-financial contributions they make, which is vital for their career development. These findings align with previous research conducted (Candradevi & Dewi, 2019; Dewi & Ardana, 2022; Parisuda & Mujjati, 2019), which indicated a favorable and substantial correlation between compensation and work motivation.

Offering suitable compensation is a vital consideration in an individual's decision to join a company. Aligning the compensation with both the employee's expectations and the organization's capacity fosters a positive working relationship and contributes to improved company performance. Furthermore, meeting employees' compensation expectations can boost their motivation, leading to enhanced job performance over time. Contentment with the compensation level is essential for fostering job satisfaction and can significantly influence an employee's demeanor at work.

Effect of Work Environment on Employee Performance

According to the results of the hypothesis test, the study confirms the significant impact of the work environment on employee performance. The work environment constitutes a highly significant factor in shaping employees' engagement in their work tasks. Attending to a favorable work environment or establishing conditions that can instill motivation among employees has a discernible impact on their enthusiasm and dedication to work. A conducive work environment, characterized by positive relationships among colleagues and between employees and leaders, fosters improved work performance. Conversely, an unfavorable work environment correlates with decreased performance. This corresponds with research by (Rulianti et al., 2021), (Titik & Winarningsih, 2015) which also indicates the significant influence of the work environment on employee performance. Several other studies (Adha et al., 2019; Bahri, 2019; Elizar & Tanjung, 2018; Lestary & Chaniago, 2017; Nabawi, 2019) have similarly demonstrated the pivotal role of the work environment in shaping employee performance.

This also aligns with the theory proposed by (Nitisemito, 2012), which suggests that a favorable work environment is one in which employees can perform their tasks optimally, in a healthy, safe, and comfortable manner. In such an environment, work is efficient, and employees are able to enhance their performance. Conversely, an unfavorable work environment demands more effort and time, hindering the establishment of an efficient work system and consequently diminishing employee performance. Therefore, a quality work environment is characterized by its ability to facilitate optimal, healthy, safe, and comfortable working conditions for individuals.

Effect of Competence on Employee Performance

Enhancing proficiency in the field of science can be achieved through attending relevant training programs, enabling employees to deepen their knowledge and skills, thus enhancing their job performance. Moreover, work experience plays a pivotal role in influencing work outcomes, as employees with extensive work experience tend to exhibit a deeper understanding, leading to improved performance. Accumulated work experience contributes to an employee's ability to navigate different work conditions, take calculated risks, and deliver commendable results, thereby fostering competence. These findings correspond with earlier research results conducted (Cesilia et al., 2018; Rosmaini & Tanjung, 2019).

Effect of Compensation on Employee Performance

The acceptance of hypothesis H6 is based on the analysis results, which affirm the presence of a constructive and significant connection between compensation and employee performance. The positive outcomes of the analysis highlight that increased compensation provided by the company correlates with enhanced employee performance. These findings are consistent with the outcomes of earlier research studies conducted (Arifudin, 2019; Dwianto et al., 2019; Fauzi, 2014; Martinus & Budiyanto, 2016; Nugraha & Tjahjawati, 2017), all of which emphasized the positive and notable impact of compensation on employee performance.

In improving worker performance, among others, there is high motivation, adequate competence. Syahreza et al. (2017) stated that when organizations implement policies that ensure sufficient compensation for employees, it yields a positive effect on employee performance. Nabila et al. (2013) and Wibawa & Indrawati (2014) stated that the way to bind employees to be reluctant to change jobs is to provide compensation such as bonuses and awards and create a good working atmosphere. Some of these problems cause workers to reduce their performance which causes an increase in the level of worker absenteeism, be it alpha, coming late, or leaving early (Andico & Hadi, 2013). Tulenan (2015) demonstrated that compensation contributes partially to enhancing employee performance in a positive manner.

Job satisfaction can be elucidated as an emotional disposition marked by contentment and genuine affection for one's job (Hasibuan, 2013). This emotional stance finds expression in aspects like morale, discipline, and work performance. Various factors come into play when assessing an employee's level of job satisfaction, spanning from the compensation they receive to the quality of the work environment. Enhanced job satisfaction serves as an indicator of effective employee management within a company. Employees who experience high
levels of job satisfaction tend to function well without undue stress or pressure, making their work an enjoyable endeavor. Those who find contentment in their work environment, the demeanor of their superiors, and the compensation system implemented by the company are inclined to exert their maximum effort, enhancing their performance and striving for excellence. Several prior research studies have consistently revealed that job satisfaction exerts a positive and substantial impact on employee performance. The augmentation of productivity is a byproduct of heightened job satisfaction, given its tangible influence on employees, such as fostering enthusiasm and overall job contentment.

**Effect of Motivation on Employee Performance**

As noted by (Mangkunegara, 2016), employees with a strong drive for achievement tend to exhibit high levels of performance, whereas those with diminished motivation often face challenges in achieving optimal performance. The relationship between motivation and performance lies in the fact that heightened motivation tends to yield more significant results in one's professional endeavors, thus fostering a greater propensity to dedicate increased efforts toward enhancing overall work productivity. Conversely, the absence of this equilibrium can precipitate a decline in overall work productivity. Observations from the research underline the profound impact of work motivation on employee performance. However, these findings diverge from the outcomes of earlier studies by (Gultom, 2015; Jufrizen, 2017; Rosmaini & Tanjung, 2019), which highlighted a substantial influence of work motivation variables on employee performance.

**Effect of Motivation Mediating the Work Environment on Employee Performance**

The research results demonstrate that work motivation plays a pivotal role as an intermediary in the connection between the work environment and employee performance. This implies that the work environment directly impacts employee performance through its influence on work motivation, positioning work motivation as a key mediating factor in the relationship between the work environment and employee performance. However, these findings diverge from earlier studies by (Rulianti et al., 2021) and (Josephine, 2017), which indicated a direct and significant influence of the work environment on employee performance, emphasizing the crucial role of work motivation in this relationship.

The findings presented here challenge the conclusions of earlier studies conducted by Jayaweera (2015), Josephine and Harjanti (2017), and Prakoso, et al. (2014), which asserted that “motivation acts as a mediating variable in the relationship between the work environment and performance.” Nonetheless, several other studies support the results obtained in this research, such as the findings of Imran et al. (2012) and Naharuddin and Sadegi (2013).

**Effect of Motivation mediates Competence on Employee Performance**

Compensation represents the package of benefits and rewards that employees receive as a reciprocal acknowledgment for their services and contributions to the company. Functioning as more than just a financial transaction, compensation assumes a critical role in the ongoing endeavor to elevate and optimize employee performance, concurrently operating as a catalyst in invigorating and propelling employees towards the realization of the company's overarching objectives. A well-designed compensation system fosters a sense of value among employees, thus bolstering their motivation levels within the workplace. Adequate compensation further serves as an incentive, encouraging employees to demonstrate heightened commitment and diligence, ultimately leading to the fulfillment of company goals.

Within a company, compensation can manifest as intensive incentives, exerting a profound impact on employee morale and enthusiasm. The size of these incentives often correlates with the level of employee engagement, as insufficient incentives in proportion to the effort invested at work can potentially diminish employee drive, leading to lackluster performance and reduced motivation. Moreover, the company's provision of compensation may also extend to various forms of allowances, strategically aimed at fostering heightened morale and igniting a passionate drive among employees.

The findings of this study contrast with the conclusions drawn from the research conducted by (Candradewi & Dewi, 2019; Dewi & Ardana, 2022; Ulfah et al., 2020), which suggested that the impact of compensation on employee performance could be mediated by work motivation. Conversely, the current study's results align with the research conducted by Gerardine & Belinda (2018) and Priyanto (2016), highlighting that while compensation does have a positive influence, this effect on employee performance through work motivation is not deemed significant.

**Effect of Motivation mediates Compensation on Employee Performance**

The impact of motivation as a mediating factor in the relationship between compensation and employee performance is consistent with the findings of Dewi & Ardana (2022) and Priyanto (2016). Their findings emphasize that the positive impact of compensation on employee performance is contingent upon the role of work motivation. This highlights the critical importance of addressing various aspects of compensation, such as equitable salary structures, performance bonuses, supplementary allowances, and access to suitable amenities, all of which collectively contribute to fostering a robust sense of motivation within the organizational context.
employees perceive that their contributions are duly recognized and supported, it serves as a catalyst for maintaining a sustained level of motivation. This heightened motivation, in turn, propels employees to exhibit increased concentration and diligence, directing their efforts towards achieving optimal work outcomes that are in alignment with the company's performance expectations. Consequently, this dynamic fosters an environment conducive to enhanced employee performance and overall organizational success.

4. CONCLUSION

In conclusion, this study emphasizes that PT XYZ can enhance the positive impact of the work environment, competencies, and compensation on employee performance by adopting a holistic approach. Firstly, the company can improve the work environment by providing more comprehensive facilities, such as recreational spaces and comfortable break areas, to enhance employee well-being. Subsequently, investments in sustainable training and development programs can aid in enhancing employee competencies, both in terms of technical skills and leadership, fostering a more productive and skilled team. Finally, revisions to the compensation system, including fair incentive schemes and salary reviews, can ensure that employees feel valued and motivated to deliver their best performance. By integrating these measures, PT XYZ can achieve comprehensive improvements in employee performance, creating a competitive and positively impactful work environment.

This study highlights the significant and multifaceted impact of the work environment, competency, compensation, and motivation on employee performance at PT XYZ. While a positive work environment, competency development, and fair compensation contribute to enhanced performance and employee satisfaction, it is essential to address the potential negative consequences of excessive motivation, which can lead to stress and burnout. PT XYZ can further improve employee motivation by offering opportunities for growth and development, establishing recognition and reward systems, and fostering open communication channels. Additionally, enhancing the work environment with factors like adequate lighting and comfort can contribute to better performance. To ensure a sustained positive influence, continuous training and development, alongside transparent compensation structures, should be integrated into the organizational culture. In implementing these recommendations, both employees and PT XYZ can collectively strive for improved performance, fostering a culture of excellence and achievement.

5. REFERENCES


Examining the Impact of Motivation on Employee Performance: A Comprehensive Analysis of Influential Factors (Eko Budi Satoto)


