

Effect of Compensation and Work Environment of Employee Performance Medicated by Job Satisfaction

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Abstract: This study aims to examine the influence of Compensation and Work Environment on Job Satisfaction and Employee Performance at PT Dreamsmart Sejahtera Makmur with SEM-PLS Method. This study uses Compensation and Work Environment as independent variable, Job Satisfaction as dependent variable and Employee Performance as intervening variable. Methods of data analysis of this study using quantitative data analysis, and using descriptive research. The primary data are collected by using the questionnaire distributed to respondents. The sample used 103 respondent with simple random sampling technique. Data analysis in this thesis using SEM-PLS method (Structural Equation Modeling-Partial Least Square) and processed with XLSTAT 2017 program. The results showed that the that compensation has a positive and significant effect on job satisfaction, compensation has a positive and insignificant effect on employee performance, the work environment has a positive and significant effect on job satisfaction, the work environment has a positive and significant effect on job satisfaction. Positive and insignificant on employee performance, job satisfaction has a positive and significant effect on employee performance at PT Dreamsmart Sejahtera Makmur.

Keyword: Compensation, Work Environment, Job Satisfaction and Employee Performance

1. Introduction

In facing the current globalization of human resources (HR) plays a very dominant role in company activities or activities. The success or failure of the company in achieving the goals previously set depends on the ability of human resources (employees) in carrying out the tasks assigned to them. Employee job satisfaction is the extent to which the employee's job can be fulfilled (Jayaweera 2015). Employees who feel more satisfied than expected can lead to a healthy workplace and employee welfare, while dissatisfaction has very negative results for the company (Halkos and Bousinakis 2017).

The success of employee performance can be seen from the quantity of work achieved, the quality of the work, attendance in the form of employee activities which are supported by high attendance and punctuality, and employees have the ability to work with other employees in completing work (Mathis and Jackson, 2006). With good performance, every employee can solve everything in the organization effectively and efficiently so that problems that occur in the organization can be resolved properly. Factors that drive company improvement besides performance are job satisfaction, job satisfaction that can assess performance because job satisfaction plays an important role in company development to improve employee performance and performance (Ahmed and Uddin, 2012: 101). Employees will feel satisfied in Work with the compensation provided by the company in accordance with expectations and all work facilities are complete and vice versa if the compensation is not as expected and the work facilities do not support it will certainly reduce employee job satisfaction. Research conducted by Mamik Eko (2009) which shows that it has a positive effect on job satisfaction.

According to Mathis and Jackson (2002: 118) the effort that must be made to improve employee performance is compensation, compensation is an important factor that affects how and why people work in an organization and not at other companies. Employers must be competitive enough with the types of compensation to support, maintain, and balance the performance of each individual in the organization. Therefore, if the financial compensation system is good and improving, it will lead to feelings of pleasure or satisfaction with work. If the company wants to get maximum performance, it must be able to create a conducive working atmosphere. It is very difficult to produce the best work in a work environment that does not support our activities. Creating an atmosphere that is very important to do in the work environment in order to produce productive and innovative performance. Fixed rules must be made but with the aim of producing quality performance, not with the aim of curbing employees (Santoso, 2015). The work environment is expected to increase enthusiasm for work. If employee morale increases, employee productivity will also increase.

PT Dreamsmart Sejahtera Makmur is a private company in Batam that is engaged in web services and software developers. Based on the results of interviews with employees of PT Dreamsmart Sejahtera Makmur, it was found that job satisfaction was considered low, the compensation provided by the company was deemed not in accordance with the job demands imposed on employees, a poor work environment in the company that affected job satisfaction and employee performance, and performance. fewer employees.

The remainder of the paper is organized as follows: Section 2 briefly discusses the relevant literature in terms of conceptual, theoretical and empirical reviews. The methodology and empirical models are described in Section 3. Section 4 presents the results and discussion, Section 5 discusses the implications of the empirical findings and conclusions, while Section 6 recommends policies that will improve the performance of corporate employees worldwide, based on our findings of improving work quality and performance. employees at companies in Indonesia.

1.1 Conceptual review

Compensation

According to (Yuniarsih, 2011), compensation is compensation for services or remuneration provided by the company to its workers, because these workers have contributed energy and thoughts for the progress of the company in order to achieve the stated goals. Each company has different indicators in the process of providing compensation for employees. According to (Sutrisno, 2009), in general there are several indicators of compensation, namely:

1. Salary
2. Wages
3. Bonuses
4. Incentives

Work environment

According to Soejipto (2008) the work environment is anything or elements that can affect directly or indirectly the organization or company that will have a good or bad impact on employee performance. According to Sedarmayanti (2012), states that the work environment is measured through indicators as follows:

- a. Lighting / lighting at work
- b. Temperature / air temperature at work
- c. Humidity at work
- d. Air circulation in the workplace
- e. Noise at work
- f. Color in the workplace
- g. Decoration at work
- h. Music at work

Job satisfaction

According to Umar (2008) job satisfaction is the feeling and assessment of a person for his job, especially regarding his working conditions, in relation to whether the job is able to meet his expectations, needs and desires. According to Rivai (2009), the factors that are usually used to measure the job satisfaction of an employee are:

1. Fill in the work
2. Supervision.
3. Organization and management.
4. Opportunities for advancement.
5. Salaries and incentives
6. Colleagues
7. Conditions of work

Employee performance

Employee performance as a behavior or activity carried out to achieve company goals (Motowidlo, Borman and Schmit, 1999). According to Mangkunegara (2010): Performance is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities assigned to him. (Mangkunegara, 2009) argues that the performance indicators, namely:

1. Quality: how well an employee does what should be done.
2. Work quantity: how long an employee works in one day. This work quantity can be seen from the work speed of each employee.
3. Implementation of duties: to what extent the employee is able to do his job accurately or without mistakes.
4. Responsibilities: awareness of employees' obligations to carry out the work given by the company.

1.2 Theoretical Review

This section provides a brief overview of the relevant theories that still exist about compensation, the work environment, in relation to its significance on job satisfaction and employee performance in private companies in Batam city.

Compensation

Compensation according to Simamora (1997: 540) is what employees receive in exchange for their contribution to the organization. Meanwhile, Handoko (2001: 98) argues that compensation is everything that employees receive in return for their work. What needs to be considered and considered in providing compensation is that the compensation must be appropriate, fair, acceptable, satisfying, motivating, rewarding, and in accordance with needs. Sigit (2003: 136) argues that compensation is any form of reward given by a company to its employees for the sacrifice of the employee concerned. Employee sacrifices can be in the form of work, performance services, costs, or the work spent to achieve certain goals set by the company. Compensation according to Lewa and Subowo (2005: 132) will provide benefits to both parties, both to the company as well as to the employees.

The compensation approach must be aligned internally with business structures and global strategies as well as organizational culture and national culture (López-Duarte et al., 2017). Bloom, Milkovich and Partners (2003) find that in some cases one approach works best while for others, multiple compensatory approaches, each tailored to a specific host country, are adopted for the successful alignment of organizational strategy.

Work Environment

The aspect that supports the implementation of employees in carrying out their work or activities is the state of their work environment. Because by looking at the conditions of a good work environment, it will support employees to be more enthusiastic in carrying out their activities. According to Nitisebito (2001: 39) the work environment is everything that is

around the workers that can influence him in carrying out assigned tasks. The definition of the work environment according to Komarudin (2001: 87) is the social, psychological and physical life in the organization that affects the work of employees in performing their duties. Meanwhile, Kartono in Arisona (2008: 33) states that the work environment is the material and psychological conditions that exist in the company where the employee works.

So it can be concluded that the work environment is the situation around the workers when the workers perform their duties, where this situation has an influence on the workers in the framework of carrying out company operations. According to Nitisemito (2001: 58) there are several factors that influence noise sound, and job security.

Job Satisfaction

Job satisfaction is one of the most important factors to get optimal work results. Employees who feel satisfaction at work will certainly do their best with all their abilities to complete their work assignments. Job satisfaction is the key in increasing feelings fulfillment through promotion, recognition, salary, and achievement number of goals (Ausloos and Pekalski, 2007). Job satisfaction is the result of various factors, such as working conditions such as salary, the possibility of promotion, job security, and the work climate which greatly affect job satisfaction (Dalkrani and Dimitriadis, 2018).

Meanwhile, according to Robbins (2002: 36) job satisfaction is the general attitude of an individual to his job. A person with a high level of job satisfaction has a positive attitude towards his job. Meanwhile, job satisfaction according to As'ad (2004: 104) is a person's feelings about work. Blaauw et al., 2013 Job satisfaction is the degree of positive influence on employee feelings towards the company. This may be general satisfaction with the job or with certain dimensions of the job or workplace, such as promotions, payments, and relationships with coworkers (Blaauw *et al.*, 2013). This kind of conception of job satisfaction sees job satisfaction as a result of human interaction with the work environment. Job satisfaction can also be related to a person's feelings of pleasure towards.

Employee performance

According to Mangkunegara (2004: 67) employee performance is the result of work in quality and quantity achieved by an employee in carrying out his duties according to the responsibilities assigned to him. Meanwhile, according to Ivancevich, *et al.*, in Fattah (2014) performance is the desired result of behavior. The point is that employee performance is the result of performance in carrying out a job. According to Ainsworth, *et al.*, (2007) performance means an end result. Performance is the end point of certain people, resources and the environment that are put together with the intention of producing certain things, whether visible products or services that are less direct. Effectiveness at work, it is important to study the relationship between job performance, people, and situation factors. Job performance is a factor that greatly affects the profitability of any organization (Bevan, 2012). Performance is important for the company because employee performance leads to business success. In addition, performance is important for individuals, because task achievement can be a source of satisfaction (Muchhal, 2014). Job performance is a behavior or activity carried out to achieve organizational goals (Motowidlo, Borman and Schmit, 1999). This opinion emphasizes that employee performance is the result or output of a job assigned to an organization or company. Meanwhile, according to Helfert (1996) performance is a complete display of the state of the company during a certain period of time, is a result or achievement that is influenced by the company's operational activities in utilizing existing resources.

1.3 Prior Research

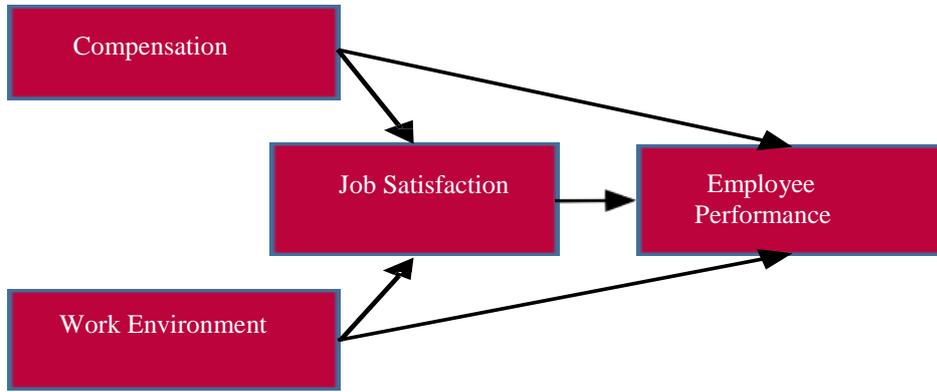
The research used as a reference is research conducted by Hidayat and Heryanto (2019) which aims to determine the effect of motivation, compensation and job satisfaction on employee performance. The population in this study amounted to 285 employees and a sample of 167 respondents. This research was conducted at the Engineering Department, PT. Semen Padang using primary data obtained through a questionnaire. The data analysis technique used is the Path Analysis technique and is operated through SPSS 16.0. The results showed that motivation had a significant effect on job satisfaction, compensation has a significant effect on job satisfaction, job satisfaction has a significant effect on employee performance, motivation and compensation have a significant direct effect on employee performance, job satisfaction has a significant effect on employee performance, compensation through job satisfaction has no significant effect on performance.

Compared to other contributions of expatriate research, research on strategic approaches to expatriate compensation is rare and poorly understood (Gupta and Shaw, 2014; López-Duarte et al., 2017). compensation is defined as total rewards, which is a collection of interrelated rewards (Tornikoski, 2011).

Research conducted by Raziqa and Maulabakhsha (2015) analyzed the impact of the work environment on employee job satisfaction. This research uses quantitative methods. Data were collected through a self-administered survey questionnaire. The questionnaire was adopted from a previously validated survey. The target population consists of educational institutions, the banking and telecommunications sector industry operating in the city of Quetta, Pakistan. A simple random sample was used for data collection from 210 employees. The results showed a positive relationship between work environment and employee job satisfaction. The study concluded with a few brief prospects that businesses need to realize the importance of a good work environment to maximize job satisfaction level. This paper can benefit society by encouraging people to contribute more to their work and can assist them in their personal growth and development. Therefore, it is important for organizations to motivate their employees to work hard to achieve organizational goals and objectives.

Research conducted by George Kafui Agbozo1, Isaac Sakyi Owusu, Mabel A. Hoedoafia, Yaw Boateng Atakorah with the aim of ascertaining the impact of the physical and mental environment on employees. performance, knowing the overall level of employee satisfaction in the bank and studying whether physical, social and psychological work environments affect job satisfaction. Stratified sampling technique is adopted to select samples for study. The questionnaire was used as a research instrument and analyzed by SPSS. The results of the study show that most staff at the bank are satisfied with their work environment, especially their physical atmosphere. The environment has a significant effect on employee satisfaction. The findings of this paper emphasize the need for management to improve employee work environments to increase productivity.

Framework of thinking



Hypothesis

- H₁: Compensation has a positive and significant effect on job satisfaction
- H₂: Compensation has a positive and significant effect on employee performance
- H₃: The work environment has a positive and significant effect on job satisfaction
- H₄: The work environment has a positive and significant effect on employee performance
- H₅: Job satisfaction has a positive and significant effect on employee performance

2. Methodology

2.1 Research Design, Data Nature and Source

Test results of the instrument validity against the validity test to determine the accuracy of the statement items on the instrument against 103 respondents and All items of the instrument questions were declared valid and feasible to be used for further processing in this study. It is known that the value of r table for a sample of 103 at a significant level of 0.05 is 0.199. Pearson correlation value (r arithmetic) obtained from all items of questions on the variable compensation, work environment, job satisfaction and employee performance is greater than the value of r table, then all the question items are declared valid.

2.2 Model Specification and Estimation Technique

Data collection techniques in this study are two data sources, namely primary data sources and secondary data. The tool used in data collection in this study is a list of questions or statements (questionnaire), namely by distributing a list of statements (questionnaires) to the respondents, it does not require the presence of researchers, but is represented by a carefully compiled list of statements (questionnaires).

SEM analysis with XLSTAT

The use of SEM PLS in this study is to use the data analysis method using XLSTAT software. PLS-SEM analysis usually consists of two sub-models, namely the measurement model or often called the outer model and the structural model or often called the inner model. The measurement model shows how the manifest or observed variable represents the latent variable to be measured. While the structural model shows the strength of the estimation between latent and construct variables (Ghozali and Latent, 2015).

3. Results and Discussion

3.1 Preliminary Tests

The general description of the respondents can be tabulated as follows:

Table 1: Respondent Identification

Gender			Higher education		
Classification	Frequency	Percent	Classification	Frequency	Percent
Male	73	70.90%	SMA/equivalent	58	56.30%
Female	30	29.10%	Academic / Strata S1	11	10.70%
			S1	34	33%
Age			Length of work		
Classification	Frequency	Percent	Classification	Frequency	Percent
17 - 20 year	37	35.90%	1 - 2 year	40	38.80%
21 - 30 year	58	56.30%	3 - 4 year	49	47.60%
31 - 40 year	8	7.80%	>5 year	14	13.60%

Test Indicator / Outer Model

Outer model is a specification of the relationship between latent variables and their indicators or what is called the indicator test. To get valid results, three tests were carried out using XLSTAT 2017. The results of the third indicator test can be seen in table 2. The results of the third test show that all indicators of the four variables are declared valid. This test is declared valid if all the Discriminant Validity values for each indicator in each loading value variable must be above 0.60 and declared valid. In Average Variance Extracted (AVE) and Communnality there is a valid value because the value is more than 0.50 research criteria. Meanwhile, for Cronbachs Alpha and Composite Reliability, all variables are declared reliable because the value is above 0.70.

Table 2: Indicator Test

Discriminant Validity							
Cross Loading							
compensation		work environment		job satisfaction		employee performance	
X _{1,1}	0.901	X _{2,3}	0.641	Y ₁	0.741	Z ₂	0.7
X _{1,2}	0.941	X _{2,5}	0.661	Y ₂	0.729	Z ₅	0.9
X _{1,7}	0.901	X _{2,7}	0.869	Y ₃	0.913	Z ₆	0.9
X _{1,8}	0.941	X _{2,8}	0.823	Y ₄	0.694	Z ₇	0.8
		X _{2,9}	0.775	Y ₇	0.732	Z ₈	0.9
		X _{2,10}	0.647	Y ₁₀	0.866		
		X _{2,11}	0.747	Y ₁₁	0.923		
		X _{2,12}	0.683	Y ₁₂	0.923		
		X _{2,13}	0.695	Y ₁₄	0.741		
		X _{2,14}	0.866				
		X _{2,15}	0.815				
		X _{2,16}	0.641				
Convergent Validity							
Average Variance Extracted (AVE)							
compensation (X ₁)				0.848		Valid	
work environment (X ₂)				0.566		Valid	
job satisfaction (Y)				0.673		Valid	
employee performance (Z)				0.82		Valid	
Communnality							
compensation (X ₁)				0.848		Valid	
work environment (X ₂)				0.566		Valid	
job satisfaction (Y)				0.673		Valid	
employee performance (Z)				0.82		Valid	
Cronbachs Alpha							
compensation (X ₁)				0,939		Reliable	
work environment (X ₂)				0,918			
job satisfaction (Y)				0,930			
employee performance (Z)				0,943			
Composite Reliability							
compensation (X ₁)				0,959		Reliable	
work environment (X ₂)				0,937			
job satisfaction (Y)				0,947			
employee performance (Z)				0,959			

Structural / Inner Model Test

Inner model is to test the effect of one latent variable with other latent variables, both exogenous and endogenous. This analysis is used in conjunction to determine the amount or percentage of the influence of the independent variable relationship which simultaneously or jointly gives effect to the dependent variable. So the number coefficient shown shows the extent to which the model formed can explain the actual conditions. For the coefficient of determination (R^2) (Table 3), the following results are obtained:

Table 3: Coefficient of Determination R^2

Testing	Test Result	Status
job satisfaction	0.807	Good
employee performance	0.939	Good

Coefficient of Determination R^2

1. It shows that job satisfaction is influenced by compensation and the work environment is 80.7% and the remaining 19.3% is influenced by other factors not included in the model. This means that the job satisfaction of PT Dreamsmart Sejahtera Makmur is influenced by compensation and the work environment by 80.7% while 19.3% is influenced by other variables which are not researched or not included in this study.
2. While employee performance is influenced by compensation, work environment and job satisfaction of 93.9% and the remaining 6.1% is influenced by other factors. This means that employee performance is influenced by compensation, work

environment and work weariness by 93.9% and the remaining 6.1% is influenced by other variables that are not researched or not included in this study.

Then in addition to seeing the effect between each latent variable of the existing R^2 value, we can also see how good the model in this study is by calculating the Q-square Predictive Relevance or Q^2 , while the calculations are as follows:

$$\begin{aligned} Q^2 &= 1 - (1 - R_1) (1 - R_2) \\ &= 1 - (1 - 0,807) (1 - 0,939) \\ &= 1 - (0,193) (0,061) \\ &= 1 - 0,012 \\ &= 0,988 \end{aligned}$$

From the results of the above calculations we get a Q^2 value of 0.988 or >0 means that the observation value generated by the model in this test is categorized as good because the results of the calculation of Q^2 are close to number 1.

To see the significance value between one latent variable and other latent variables, both exogenous and endogenous, we will perform bootstrapping calculations on XL Stat and the results of the calculations :

1. The compensation variable has a significant effect on job satisfaction (T-count > T-table) = 4.666 > 1.984.
2. The compensation variable has no significant effect on employee performance (T-count < T-table) = -0,118 < 1,984.
3. Work environment variables have a significant effect on job satisfaction (T-count > T-table) = 9.221 > 1.984.
4. Work environment variables have no significant effect on employee performance (T-count < T-table) = -0.217 < 1,984.
5. Job satisfaction variables have a significant effect on employee performance (T-count > T-table) = 17.210 > 1.984.

4. Implication of the Findings and Conclusion

Based on the results of testing in this study, it can be seen that the effect of compensation and work environment on job satisfaction and employee performance at PT Dreamsmart Sejahtera Makmur with the SEM-PLS method has been proven, here is a discussion of each variable influence can be explained as follows:

The effect of compensation on job satisfaction

The results of this study indicate that there is an effect of compensation on job satisfaction at PT Dreamsmart Sejahtera Makmur with the result of the coefficient of determination or r-square on the job satisfaction variable of 0.807, and it means that the compensation variable was found to have a positive influence and relationship on the job satisfaction variable. Then for the t-count result on the compensation variable is 4.666 while the t-table value is 1.984, and it means that the compensation variable has a significant effect on job satisfaction.

This is in line with previous research supported by Salisuet *et al.*, (2015) who concluded that compensation (X_1) has an effect on satisfaction. Similar opinion was also conveyed by Chandrasekar (2011) suggests that organizations need to pay attention to creating a good work environment to increase the ability of employees to be more productive in order to increase profits for the organization. According to Malik, *et al.*, (2012) that compensation has a positive and significant effect on job satisfaction. According to Tulenan (2015) that compensation has a positive and insignificant effect on employee performance.

Effect of compensation on employee performance

The results of this study indicate that there is an effect of compensation on employee performance at PT Dreamsmart Sejahtera Makmur with the result of the coefficient of determination or r-square on the job satisfaction variable of 0.939, and it means that the compensation variable was found to have a significant influence and relationship positive on employee performance variables. Then for the t-count result on the compensation variable is -0.118 while the t table value is 1.984, and it means that the compensation variable has no significant effect on employee performance. This happens because compensation is not the only factor that can improve performance and because there are indications that are not optimal, namely that the company has established a compensation system in accordance with regulations so that employees cannot receive more compensation than what has been determined. This is in line with previous research supported by Riansari, (2012) who concluded that compensation (X_1) has the influence on employee performance (Z) is positive and insignificant. Similar opinion was also conveyed by Januarty, Edward, Pakpahan and Purba (2020) who concluded that Compensation has a positive and significant effect on the performance of employees of PT. Putra Sejahtera Mandiri Vulkanisir through job satisfaction.

Effect of work environment on job satisfaction

The results of this study indicate that there is an influence of the work environment on job satisfaction at PT Dreamsmart Sejahtera Makmur with the result of the coefficient of determination or r-square on the job satisfaction variable of 0.807, and it means that the compensation variable was found to have a positive influence and relationship on the job satisfaction variable. Then for the t-count result on the work environment variable is 9.221 while the t-table value is 1.984, and it means that the work environment variable has a significant effect on job satisfaction.

This is in line with previous research supported by Raziq and Maulabakhsh, (2015) who concluded that the work environment (X_2) has a positive and significant effect on job satisfaction (Y). Research conducted by Pitaloka and Sofia, (2014) who concluded that the work environment (X_2) has a positive and significant effect on job satisfaction (Y). Similar opinion was also conveyed by Agbozo, Owusu, Hoedoafia, and Atakorah (2017) who concluded that the environment has a significant effect on employees' satisfaction. Different factors in the work environment such as wages, working hours, autonomy granted to employees, organizational structure and communication between employees & management can affect job satisfaction (Lane, Esser, Holte, & Anne, 2010). According to (Raziq and Maulabakhsh, 2015) that the work environment has a positive and significant effect on job satisfaction.

The influence of the work environment on employee performance

The results of this study indicate that there is an influence of the work environment on employee performance at PT Dreamsmart Sejahtera Makmur with the result of the coefficient of determination or r-square on the job satisfaction variable of 0.939, and it means that the compensation variable was found to have a positive influence and relationship on the employee performance variable. Then for the t-count result on the compensation variable is -0.217 while the t-table value is 1.984, and it means that the compensation variable has no significant effect on employee performance. This happens because most of the company's employees live near the company or the place where they work, so that whatever conditions or work environment does not affect their performance. And there are indications that are not optimal, namely, the lack of harmonious relationships between fellow employees and a lack of solidarity in completing work together.

This is in line with previous research supported by Rismawati, (2016) who concluded that the work environment (X_2) has an influence on employee performance (Z) is positive and significant. Similar opinion was also conveyed by Buhai, Cottini, and Nielseny (2008) Findings from research in Denmark indicate that a company can increase its productivity through increasing the physical dimension of the work environment (internal climate) and may have a positive impact on company productivity. Similar opinion was also conveyed by Agbozo, Owusu, Hoedoafia, and Atakorah (2017) who concluded that the environment has a significant effect on employees' satisfaction. According to Rismawati (2016) that the work environment has a positive and insignificant effect on employee performance.

The effect of job satisfaction on employee performance

The results of this study indicate that there is an influence of the work environment on employee performance at PT Dreamsmart Sejahtera Makmur with the result of the coefficient of determination or r-square on the job satisfaction variable of 0.939, and it means that the compensation variable was found to have a positive influence and relationship on the employee performance variable. Then for the t-count result on the compensation variable is 17.210 while the t-table value is 1.984, and it means that the compensation variable has a significant effect on employee performance. This is in line with previous research supported by Shmailan, (2016) who concluded that job satisfaction (Y) has an influence on employee performance (Z) simultaneously. positive and significant. Similar opinion was also conveyed by Januaryy, Edward, Pakpahan and Purba (2020) who concluded that Job satisfaction has a significant positive effect on employee. Positive and insignificant on employee performance, job satisfaction has a positive and significant effect on employee performance at PT Dreamsmart Sejahtera Makmur. Job satisfaction is the key to increasing fulfillment through promotion, recognition, salary, and job performance (Ausloos and Pekalski, 2007).

Based on the results of the research and discussion described by the author in the previous chapter, it can be concluded that compensation has a positive and significant effect on job satisfaction, compensation has a positive and insignificant effect on employee performance, the work environment has a positive and significant effect on job satisfaction, the work environment has a positive and significant effect on job satisfaction. positive and insignificant on employee performance, job satisfaction has a positive and significant effect on employee performance at PT Dreamsmart Sejahtera Makmur. According to Amin (2015) that job satisfaction has a positive and significant effect on employee performance.

5. Policy Recommendations

Based on the findings of this study, companies are encouraged to:

The theoretical and managerial contributions of this study are twofold. First, by formulating a comprehensive model of work environment factors, this paper contributes to theory and practice. The study's findings have the potential to provide input to policy makers in private companies engaged in software services in Indonesia, helping them to realize their work environment and development. This study extends research in the area of compensation and job satisfaction and offers a set of measures to assess these variables, helping researchers and practitioners to develop empirical studies and measures that explore more deeply the proposed effects.

Second, the hypothesis supported by this study can practically help managers of commercial private service companies to improve job satisfaction and compensation. The study underlined that work environment factors (such as job insecurity) and lower work motivation (such as external regulations) lead to lower job satisfaction. Therefore, if the existing scenario (job insecurity and low work motivation) persists and remains unresolved in private service companies in Indonesia, it could lead to a disappointing work environment and serious employee job stress problems. In addition, it can determine disruptions in employee job satisfaction.

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