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THE INFLUENCE OF COMPENSATION, PHYSICAL WORK ENVIRONMENT, ORGANIZATIONAL CLIMATE ON PERFORMANCE WITH WORK MOTIVATION AS AN INTERVENING VARIABLE ON WORKERS IN DKI JAKARTA

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ABSTRACT

This research investigates the relationship between compensation, physical work environment, and organizational climate with the work motivation and performance of labor employees in DKI Jakarta. Using quantitative methods and a cross-sectional descriptive approach, data was collected from 340 respondents via an online questionnaire. The results of analysis using Structural Equation Modeling (SEM) show that the physical work environment and organizational climate have a significant positive influence on employee performance, while compensation does not have a significant influence. However, work motivation is proven to have a significant positive influence on employee performance. These results imply that it is important for companies to pay attention to the physical work environment, organizational climate, and work motivation to improve employee performance. Suggestions for further research include increasing exploration and adding mediating variables.

KEYWORDS *Compensation, Physical Work Environment, Organizational Climate, Work Motivation, Employee Performance.*

INTRODUCTION

Basically, every company demands maximum performance results from all employees. To achieve targets and goals, the company strives to carry out various methods to improve employee performance that is less than optimal so that they can work harder. Performance is the result that a person provides from all his work during a certain period or project when carrying out and completing tasks with various possibilities (Handayani & Daulay, 2021).

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The company also wants every employee to work seriously according to their abilities to achieve maximum work results so that they can achieve the targets given by the company. However, if employees do not provide maximum performance, it will be difficult to achieve the targets given by the company so that the company's goals are not achieved. Quality performance means having a mental attitude and behavior that has a quality perspective, such that each individual needs to provide maximum performance results and higher quality than has been given in the past; meaning that the resulting performance results must increase every day (Rattu et al., 2022).

Each employee will receive compensation from the company according to the performance results provided if their performance is in accordance with the standard quality and quantity provided by the company. The compensation that employees want is not only salary but also bonuses, allowances, and so on. So that compensation is matched with performance results, if employees receive high compensation then employees will be motivated to work better to achieve targets (Alfiansyah, 2021). Every employee definitely wants to get large compensation because the size of compensation can reflect status, recognition and also fulfill life's needs. If the compensation received is higher, the employee feels that his status has also increased, even being recognized and the needs he has received are increasing. However, the company's goal of providing compensation is to appreciate employee performance results, fairness among employees, maintaining employee loyalty and quality so that compensation can increase work motivation.

Apart from compensation, another factor that influences employee performance is the physical work environment. When employees have a good and comfortable physical work environment, it can support them during the work process so that employees have enthusiasm and comfort. Lighting, sound control, cleanliness of the workplace and safety in the workplace are things that can influence an employee when working so that having a good physical work environment can support someone when working, resulting in enthusiasm and comfort at work and can improve employee performance (Irma & Yusuf, 2020).

Organizational climate is also an important factor in improving employee performance. Organizational climate is a situation within a company where everyone interacts with each other, recognizes each other and even limits, and determines the results of development, efficiency and quality of work that has been provided. A good organizational climate must create a conducive environment so that every employee feels a comfortable working atmosphere so that it can increase enthusiasm for work.

This research also uses work motivation as a mediating variable. As a good basis for an organization, every employee must have good work motivation. Each individual must have a certain drive to trigger a sense of enthusiasm so that it can change the individual's attitudes and behavior in a better direction to encourage and provide enthusiasm to employees when working.

Every individual definitely has 2 types of motivation, both internal motivation and external motivation which arises from external influences to encourage someone to achieve their goals (Salam et al., 2020). Broadly speaking, work motivation is the drive that a person has so that someone acts in a certain way to

achieve their goals. Motivation can be increased by conducting training, getting rewards such as bonuses for employees who excel, taking approaches and carrying out special activities that can build kinship between employees and leaders.

Law Number 13 of 2003 Article 88 Paragraphs 1 and 2 states that every worker/laborer has the right to earn an income that meets humanitarian standards. The government is responsible for establishing wage policies to protect workers/laborers. Article 89 Paragraph 1 emphasizes that the minimum wage must be adjusted to the area where the individual works. The definition of labor according to the Big Indonesian Dictionary is an individual who works for another person in exchange for wages. Laborers are divided into several classifications, including daily, manual, seasonal, factory, mining, agricultural, skilled and trained workers. Labor performance is very important in human resource management, and the research will examine the influence of compensation, physical work environment, and organizational climate on labor performance in DKI Jakarta with work motivation as an intervening variable. This research aims to determine the factors that influence worker performance and the benefits for researchers, companies, other parties and the state in improving people's quality of life.

From previous research tables including Ingsiyah et al., 2019; Pangestuti, 2020; Sembiring et al., 2021, various studies have been conducted to understand the relationship between factors such as compensation, physical work environment, and organizational climate with work motivation and employee performance. This research combines these variables and was conducted on workers who work in DKI Jakarta. Based on this framework, the research hypothesis is proposed as follows: The first to third hypotheses state that compensation, physical work environment and organizational climate have a positive influence on employee performance. The fourth to sixth hypotheses state that compensation, physical work environment, and organizational climate have a positive influence on work motivation. The seventh hypothesis states that work motivation has a positive influence on employee performance. The eighth to tenth hypotheses state that compensation, physical work environment, and organizational climate have a positive influence on employee performance with work motivation as a mediating variable.

RESEARCH METHOD

This study uses a quantitative approach with descriptive methods and cross-sectional data collection techniques. In quantitative research, although many use online tools, traditional paper and pencil methods are still widely used (Sekaran & Bougie, 2020). This study also implements the Partial Least Square (PLS-SEM) structure for data analysis, which requires coding, input, and editing data from questionnaires distributed online. The main source of data is an electronic questionnaire sent to workers in DKI Jakarta. This questionnaire was designed with the Likert scale to measure respondents' responses regarding independent variables such as compensation, physical work environment, and organizational climate, as well as dependent variables such as employee performance, and mediating variables such as work motivation.

In terms of population and sample, this study focuses on labor workers in DKI Jakarta who are at least 18 years old, in accordance with Article 68 of Law of the

Republic of Indonesia Number 13 of 2003. The determination of the sample size refers to the formula suggested by Hair et al. (2014), which recommends that the sample size should be 5 or 10 times the number of variable indicators. With 34 indicators used, this study determined a maximum sample of 340 respondents. Sampling was carried out using the purposive sampling method to ensure that respondents met the relevant criteria. Data analysis was carried out using structural equation modeling (SEM) and the SmartPLS application, with validity and reliability testing that ensured that the research model used was valid and reliable.

RESULT AND DISCUSSION

Data analysis

Outer structural model and the inner model. The outer model consists of validity tests; and the inner model consists of r-square value and significance.

Outer Structural Model Testing

The purpose of measuring the model is to test the reliability and validity of the indicators that form the construct or latent variables. Validity testing is intended to test whether the indicators that make up the construct are valid or not. Furthermore, construct validity is divided into two, namely convergent and discriminant. Convergent validity aims to test the correlation between items/indicators to measure the construct, in other words convergent wants to confirm the measurement of the construct. Meanwhile, discriminant validity aims to test indicators of two constructs that should not be highly correlated.

Validity test

In this research, the validity of the outer model in convergent validity and discriminant validity was tested using factor loading and cross loading analysis.

a. Convergent Validity
   1. Early Models

The initial model in this research was composed of three exogenous variables and two endogenous variables. With variable compensation; physical work environment; and organizational climate as an exogenous variable. Meanwhile, work motivation and employee performance variables act as endogenous variables. The initial model was prepared with the aim of being tested so that it could be seen what valid constituent indicators were and a final model was formed for further testing. The following is the initial model in this research:

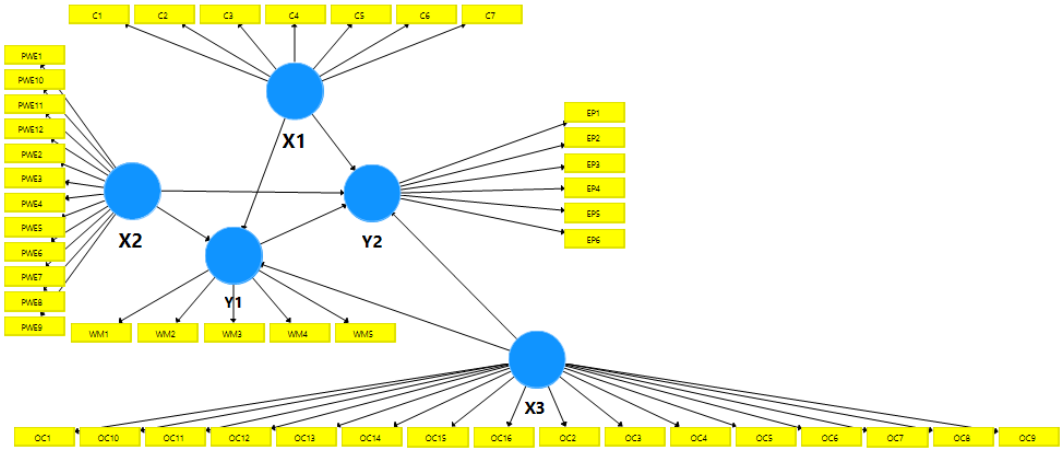

Figure 4.7 Initial Model

Source: Data processed by researchers using SMARTPLS 3.29

Table 4.9 *Outer Loading* – Early Models

Variables	Compensation	Physical Work Environment	Organizational Climate	Work motivation	Employee performance
C1	0.668				
C2	0.705				
C3	0.668				
C4	0.553				
C5	0.652				
C6	0.652				
C7	0.538				
EP1					0.622
EP2					0.545
EP3					0.604
EP4					0.589
EP5					0.533
EP6					0.604
OC1			0.617		
OC10			0.643		
OC11			0.619		
OC12			0.533		
OC13			0.505		
OC14			0.529		
OC15			0.426		
OC16			0.499		

Variables	Compensation	Physical Work Environment	Organizational Climate	Work motivation	Employee performance
OC2			0.521		
OC3			0.554		
OC4			0.523		
OC5			0.535		
OC6			0.510		
OC7			0.438		
OC8			0.556		
OC9			0.670		
PWE1		0.577			
PWE10		0.545			
PWE11		0.513			
PWE12		0.564			
PWE2		0.536			
PWE3		0.561			
PWE4		0.514			
PWE5		0.608			
PWE6		0.615			
PWE7		0.552			
PWE8		0.419			
PWE9		0.589			
WM1				0.684	
WM2				0.560	
WM3				0.590	
WM4				0.668	
WM5				0.586	

Source: Data processed by researchers using SMARTPLS 3.29

In table 4.9 it can be seen that some of the loading values for this factor have a value of >0.5 so that every indicator that has a value below 0.5 will be deleted because it is considered not able to represent the related variable (Ghozali, 2016). Output factor loading value for the compensation variable which has 7 measurement indicators, namely C1 with a value of 0.668; C2 with a value of 0.705; C3 with a value of 0.668; C4 with a value of 0.553; C5 with a value of 0.652; C6 with a value of 0.652; and C7 with a value of 0.538. The output factor loading value for the physical work environment variable which has 12 measurement indicators is PWE1 with a value of 0.577; PWE2 with a value of 0.536; PWE3 with a value of 0.561; PWE4 with a value of 0.514; PWE5 with a value of 0.608; PWE6 with a

value of 0.615; PWE7 with a value of 0.552; PWE8 with a value of 0.419; PWE9 with a value of 0.589; PWE10 with a value of 0.545; PWE11 with a value of 0.513; and PWE12 with a value of 0.564.

The output factor loading values for the organizational climate variable which has 16 measurement indicators are OC1 with a value of 0.617; OC2 with a value of 0.521; OC3 with a value of 0.554; OC4 with a value of 0.523; OC5 with a value of 0.35; OC6 with a value of 0.510; OC7 with a value of 0.438; OC8 with a value of 0.556; OC9 with a value of 0.670; OC10 with a value of 0.643; OC11 with a value of 0.619; OC12 with a value of 0.533; OC13 with a value of 0.505; OC14 with a value of 0.529; OC14 with a value of 0.529; OC15 with a value of 0.426; and OC16 with a value of 0.499. Output factor loading value for the work motivation variable which has 5 measurement indicators, namely WM1 with a value of 0.684; WM2 with a value of 0.560; WM3 with a value of 0.590; WM4 with a value of 0.668; and WM5 with a value of 0.586. Output factor loading values for employee performance variables which have 6 measurement indicators, namely EP1 with a value of 0.622; EP2 with a value of 0.545; EP3 with a value of 0.604; EP4 with a value of 0.589; EP5 with a value of 0.533; and EP6 with a value of 0.604. Indicators that do not meet are PWE8 with a value of 0.419; OC7 with a value of 0.438; OC15 with a value of 0.426; and OC16 with a value of 0.499. With these provisions, a final model is created.

2. Final Model

In the initial model, the researcher selected and deleted several indicators that were previously considered not representative of the variable in the initial model so that the outer loading value changed according to table 4.9 below.

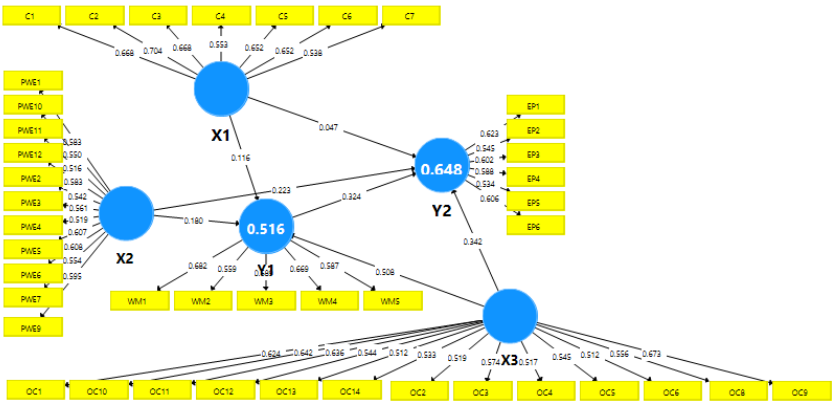

Figure 4.8 Final Model

Source: Data processed by researchers using SMARTPLS 3.29

Table 4.10 Outer Loading – Late Model

Variables	Compensation	Physical Work Environment	Organizational Climate	Work motivation	Employee performance
C1	0.668				
C2	0.705				

Variables	Compensation	Physical Work Environment	Organizational Climate	Work motivation	Employee performance
C3	0.668				
C4	0.553				
C5	0.652				
C6	0.652				
C7	0.538				
EP1					0.622
EP2					0.545
EP3					0.604
EP4					0.589
EP5					0.533
EP6					0.604
OC1			0.617		
OC10			0.643		
OC11			0.619		
OC12			0.533		
OC13			0.505		
OC14			0.529		
OC2			0.521		
OC3			0.554		
OC4			0.523		
OC5			0.535		
OC6			0.510		
OC8			0.556		
OC9			0.670		
PWE1		0.577			
PWE10		0.545			
PWE11		0.513			
PWE12		0.564			
PWE2		0.536			
PWE3		0.561			
PWE4		0.514			
PWE5		0.608			
PWE6		0.615			
PWE7		0.552			
PWE9		0.589			

Variables	Compensation	Physical Work Environment	Organizational Climate	Work motivation	Employee performance
WM1				0.684	
WM2				0.560	
WM3				0.590	
WM4				0.668	
WM5				0.586	

Source: Data processed by researchers using SMARTPLS 3.29

By eliminating the outer loading value which is below 0.5, the final model has indicator results for the compensation variables, physical work environment, organizational climate, work motivation and employee performance which already have factor loading values above 0.5 so that the indicators are declared valid.

b. Discriminant Validity

An indicator is declared valid if the Cross Loadings value of an indicator for its variable is greater than for other variables. Based on the table below, it shows that all constructs in this study have met good discriminant validity as evidenced by the indicators showing larger numbers compared to the other variables.

Table 4.11 Compensation *Cross Loading Values*

Variables	Compensation	Physical Work Environment	Organizational Climate	Work motivation	Employee performance
C1	**668**	464	467	387	427
C2	**704**	455	406	393	329
C3	**668**	404	379	373	304
C4	**553**	310	446	387	416
C5	**652**	489	459	361	411
C6	**652**	433	379	252	402
C7	**538**	501	322	356	386

Source: Data processed by researchers using SMARTPLS 3.29

Based on table 4.11, it shows that the cross loading value on the compensation indicator has a higher value than the cross loading value on other variables.

Table 4.12 Physical Work Environment *Cross Loading Values*

Variables	Compensation	Physical Work Environment	Organizational Climate	Work motivation	Employee performance
PWE1	320	**583**	310	340	387
PWE10	373	**550**	352	362	447
PWE11	353	**516**	348	245	341
PWE12	378	**583**	353	256	316

PWE2	427	**542**	341	314	331
PWE3	413	**561**	311	380	330
PWE4	343	**519**	236	272	272
PWE5	454	**607**	304	355	347
PWE6	399	**608**	322	355	392
PWE7	371	**554**	374	261	375
PWE9	465	**595**	363	271	370

Source: Data processed by researchers using SMARTPLS 3.29

Based on table 4.12, it shows that the cross loading value on the physical work environment indicator has a higher value than the cross loading value on other variables.

Table 4.13 Organizational Climate *Cross Loading Values*

Variables	Compensation	Physical Work Environment	Organizational Climate	Work motivation	Employee performance
OC1	353	262	**624**	381	382
OC10	443	325	**642**	387	396
OC11	411	370	**636**	414	381
OC12	337	293	**544**	414	424
OC13	311	299	**512**	422	468
OC14	315	333	**533**	360	390
OC2	379	319	**519**	305	290
OC3	354	270	**574**	460	403
OC4	375	407	**517**	397	398
OC5	328	402	**545**	367	464
OC6	361	413	**512**	301	401
OC8	408	288	**556**	415	461
OC9	436	335	**673**	423	457

Source: Data processed by researchers using SMARTPLS 3.29

Based on table 4.13, it shows that the cross loading value on the organizational climate indicator has a higher value than the cross loading value on other variables.

Table 4.14 Work Motivation *Cross Loading Values*

Variables	Compensation	Physical Work Environment	Organizational Climate	Work motivation	Employee performance
WM1	431	417	427	**682**	483
WM2	342	356	381	**559**	407
WM3	362	266	417	**589**	434
WM4	361	337	442	**669**	429
WM5	262	335	460	**587**	440

Source: Data processed by researchers using SMARTPLS 3.29

Based on table 4.14, it shows that the cross loading value on the work motivation indicator has a higher value than the cross loading value on other variables.

Table 4.15 *Cross Loading Values* of Employee Performance

Variables	Compensation	Physical Work Environment	Organizational Climate	Work motivation	Employee performance
EP1	410	379	467	365	**623**
EP2	308	391	361	402	**545**
EP3	300	407	404	474	**602**
EP4	349	349	444	385	**588**
EP5	359	319	412	362	**534**
EP6	402	374	448	488	**606**

Source: Data processed by researchers using SMARTPLS 3.29

Based on table 4.15, it shows that the cross loading value on employee performance indicators has a higher value than the cross loading value on other variables.

Reliability Test

Table 4.16 Construct Reliability and Validity

Variables	*Cronbach's Alpha*	*Composite Reliability*
Compensation	0.752	0.825
Physical Work Environment	0.788	0.838
Organizational Climate	0.826	0.862
Work motivation	0.750	0.756
Employee performance	0.789	0.756

Source: Data processed by researchers using SMARTPLS 3.29

The results of Cronbach's Alpha and Composite Reliability values were used to determine the reliability test in this research. This research will be considered reliable if each variable has a Cronbach's Alpha value of more than 0.6 and a Composite Reliability value of more than 0.7. The table above shows the results of the Cronbach's Alpha and Composite Reliability values for each variable that meet the requirements so that the construct from this research can be declared valid and reliable.

Inner Structural Model Testing

Structural model analysis aims to show the contribution and relationship between the independent variables and the dependent variable. Several tests carried out at this stage include: R-Square, Q-Square predictive relevance, and hypothesis testing.

R-Square

Based on the results of the R-Square value in table 4.1 7, it shows that the work motivation variable obtained a value of 0.511, which means that the variability of work motivation can be explained by compensation variables, physical work environment, organizational climate and employee performance by 51.1%, the remaining 48.9% is explained by other variables. The employee performance variable obtained a value of 0.644, which means that employee performance variability can be explained by compensation variables, physical work environment, organizational climate and work motivation, amounting to 64.6%, the remaining 35.4% is explained by other variables. This figure shows that the model in this study is moderate, because it is greater than 50% and less than 75%.

Table 4.17 *R-Square*

Variables	R^2
Work motivation	0.511
Employee performance	0.644

Source: Data processed by researchers using SMARTPLS 3.29

Q-Square

Based on the results of the values Q^2in this study of 0.182 and 0.211, this shows that this research model has predictive relevance where the model has been reconstructed well because the value $Q^2$is greater than 0.

Table 4.18 *Q-Square*

Variables	**SSO**	**SSE**	Q^2
Compensation	2380,000	2380,000	
Physical Work Environment	3740,000	3740,000	
Organizational Climate	4420,000	4420,000	
Work motivation	1700,000	1390,579	0.182
Employee performance	2040,000	1609,995	0.211

Source: Data processed by researchers using SMARTPLS 3.29

F-Square

The f-square value is used to determine the effect of the predictor variable on the dependent variable. According to table 4.19, the F-Square test results are divided into three, namely: 0.02 is a weak influence, 0.15 is a moderate influence, and 0.35 is a strong influence (Sarwono, 2015; Wijaya & Cepat, n.d.). Values less than 0.02 can be ignored or considered to have no effect (Sarstedt et al., 2017). Based on the test results above, it can be seen that the F-Square value of compensation for the dependent variable can be ignored because it is less than 0.02. Furthermore, the variables Physical Work Environment, Organizational Climate, and Work Motivation all have a moderate influence on Employee Performance. Meanwhile, employee performance has a weak influence on work motivation and organizational climate also has a moderate influence on work motivation.

Table 4.19 *F-Square*

Variables	**Work motivation**	**Employee performance**

Compensation	0.012	0.003
Physical Work Environment	0.033	0.068
Organizational Climate	0.291	0.14
Work motivation		0.145
Employee performance		

Source: Data processed by researchers using SMARTPLS 3.29

Variance Inflation Factor (VIF)

Test is used to prove whether variable correlation is strong or weak to avoid multicollinearity. The correlation will be strong if you get a VIF value of more than 5.

Table 4.20 VIF Value

Indicator	VIF	Indicator	VIF	Indicator	VIF
C1	1,364	OC10	1,796	PWE11	1,271
C2	2,157	OC11	1,448	PWE12	1,413
C3	2,024	OC12	1,280	PWE2	1,306
C4	1,162	OC13	1,242	PWE3	1,291
C5	1,349	OC14	1,378	PWE4	1,345
C6	1,365	OC2	1,360	PWE5	1,386
C7	1,179	OC3	1,325	PWE6	1,421
EP1	1,263	OC4	1,261	PWE7	1,263
EP2	1,180	OC5	1,295	PWE9	1,400
EP3	1,222	OC6	1,340	WM1	1,240
EP4	1,235	OC8	1,297	WM2	1,191
EP5	1,128	OC9	1,845	WM3	1,190
EP6	1,473	PWE1	1,364	WM4	1,283
OC1	1,515	PWE10	1,237	WM5	1,163

Source: Data processed by researchers using SMARTPLS 3.29

Based on table 4.20, it can be seen that the VIF value of each indicator for all the indicators in this research is <5. Therefore, it can be concluded that this research does not have multicollinearity problems.

Direct Effects

Hypothesis Testing

Table 4.21 Path *Coefficient*

Variables	*Original Sample*	*T Statistics*	*P Values*	Conclusion
Compensation -> Employee Performance	0.047	0.742	0.458	Hypothesis Rejected
Physical Work Environment -> Employee Performance	0.223	3,529	0,000	Positive and significant
Organizational Climate -> Employee Performance	0.342	5,049	0,000	Positive and significant
Compensation -> Work Motivation	0.116	1,447	0.148	Hypothesis Rejected

Physical Work Environment -> Work Motivation	0.180	2,301	0.021	Positive and significant
Organizational Climate -> Work Motivation	0.342	5,049	0,000	Positive and significant
Work Motivation -> Employee Performance	0.324	4,362	0,000	Positive and significant

Source: Data processed by researchers using SMARTPLS 3.29

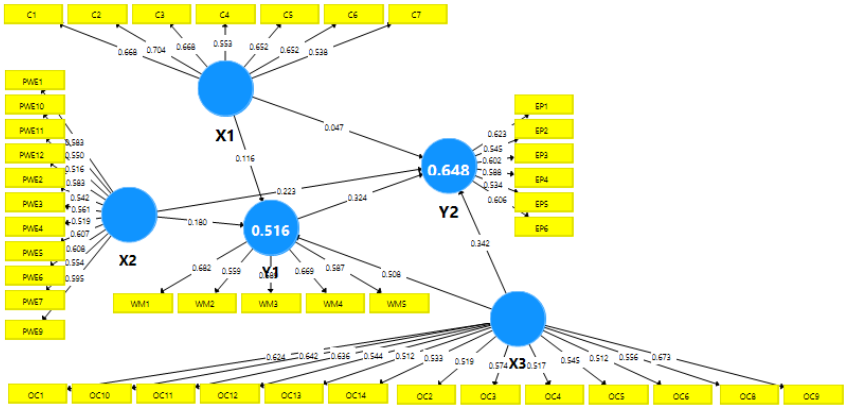

Figure 4.9 Boostraping

Source: Data processed by researchers using SMARTPLS 3.29

In this study, the first hypothesis investigates whether compensation affects employee performance. The Original Sample (O) value of compensation for employee performance is 0.047, the t-statistic is 0.742, and the p-value is 0.458. However, if compensation obtains a t-statistical value smaller than the t-table value, namely 1.96 and the p-value is greater than 0.05, it can be stated that the hypothesis is rejected.

In this study the second hypothesis investigates whether the physical work environment influences employee performance. The original sample (O) value of the physical work environment on employee performance was 0.223, the t-statistic was 3.529, and the p-value was 0.000. Based on these results, the physical work environment obtained a t-statistic value greater than the t-table value, namely 1.96 and the p-value was smaller than 0.05, so it can be stated that the hypothesis was accepted so it was positive and significant.

In this study, the third hypothesis investigates whether organizational climate influences employee performance. The results of the Original Sample (O) value of organizational climate on employee performance are 0.342, the t-statistic is 5.049, and the p-value is 0.000. Based on these results, the organizational climate obtained a t-statistical value greater than the t-table value, namely 1.96 and the p-value was smaller than 0.05, so it can be stated that the hypothesis was accepted so it was positive and significant.

In this study, the fourth hypothesis investigates whether compensation influences work motivation. The results of the Original Sample (O) compensation

value for work motivation are 0.116, the t-statistic is 1.447, and the p-value is 0.148. However, when compensation obtains a t-statistical value smaller than the t-table value, namely 1.96 and the p-value is greater than 0.05, it can be stated that the hypothesis is rejected.

In this study, the fifth hypothesis investigates whether the physical work environment influences work motivation. The Original Sample (O) value of the physical work environment on work motivation is 0.180, the t-statistic is 2.301, and the p-value is 0.021. Based on these results, the physical work environment obtained a t-statistic value greater than the t-table value, namely 1.96 and the p-value was smaller than 0.05, so it can be stated that the hypothesis was accepted so it was positive and significant.

In this study, the sixth hypothesis investigates whether organizational climate influences work motivation. The results of the Original Sample (O) value of organizational climate on work motivation are 0.342, the t-statistic is 5.049, and the p-value is 0.000. Based on these results, the organizational climate obtained a t-statistical value greater than the t-table value, namely 1.96 and the p-value was smaller than 0.05, so it can be stated that the hypothesis was accepted so it was positive and significant.

In this study, the seventh hypothesis investigates whether work motivation influences employee performance. The results of the Original Sample (O) value for work motivation on employee performance are 0.324, the t-statistic is 4.362, and the p-value is 0.000. Based on these results, work motivation obtains a t-statistic value greater than the t-table value, namely 1.96 and the p-value is smaller than 0.05, so it can be stated that the hypothesis is accepted so it is positive and significant.

Indirect Effects

Table 4.22 Special Indirect Effects

Hypothesis Description	Original Sample	T Statistics	P Values	Conclusion
Compensation -> Work Motivation -> Employee Performance	0.038	1,434	0.152	Hypothesis rejected
Physical Work Environment -> Work Motivation -> Employee Performance	0.058	1,992	0.046	Positive and significant
Organizational Climate -> Work Motivation -> Employee Performance	0.165	3,893	0,000	Positive and significant

Source: Data processed by researchers using SMARTPLS 3.29

Based on table 4.2 2 above, it can be concluded that in the eighth hypothesis the work motivation variable as a mediator between compensation and employee performance has a t-statistic value of 1.434 which is smaller than the t-table 1.96 and a p-value of 0.152 which is greater than 0.005 so it can be stated that Work motivation as a mediator between compensation and employee performance is rejected or has no significant effect.

Furthermore, in the ninth hypothesis, the work motivation variable as a mediator between the physical work environment and employee performance has a t-statistic value of 1.992 which is smaller than the t-table 1.96 and a p-value of 0.046 which is smaller than 0.005 so it can be stated that work motivation is a mediation between the environment. physical work and employee performance are accepted or have a significant effect.

In the tenth hypothesis, the work motivation variable as a mediator between organizational climate and employee performance has a t-statistic value of 3.893 which is greater than the t-table 1.96 and a p-value of 0.000 which is smaller than 0.005 so it can be stated that work motivation is a mediation between organizational climate and employee performance is accepted or has a significant effect.

Analysis of Mediation Effects

In this research, there are three indirect relationships tested with the work motivation variable as a mediating variable on compensation on employee performance through work motivation, the physical work environment on employee performance through work motivation, organizational climate on employee performance through work motivation. Based on the results of the indirect relationship hypothesis test, only the tenth hypothesis, namely organizational climate on employee performance through work motivation, was accepted and stated to have a positive and significant influence, while there were two indirect relationships which were rejected. However, in the direct influence hypothesis test, only the influence of compensation on employee performance was rejected, while the influence of the physical work environment and organizational climate on employee performance was stated to have a positive and significant influence.

This shows that the existence of work motivation as a mediating variable has a relationship between the physical work environment and employee performance through changing work motivation so that the influence of the physical work environment on employee performance is rejected. So it can be stated that the physical work environment is only able to influence employee performance directly and not through the mediating variable, namely work motivation. A good physical work environment does not affect employee work motivation but does influence increased employee performance.

The compensation variable on employee performance through work motivation and organizational climate on employee performance through work motivation does not change the influence of compensation and organizational climate directly on employee performance. So the mediating variable, namely work motivation, does not increase the influence of compensation and organizational climate on employee performance.

Discussion

Compensation Has a Positive Influence on Employee Performance

H1: Compensation has a positive effect on employee performance.

Proposing the first hypothesis, the compensation construct has a positive and insignificant influence on employee performance. The resulting value of O is 0.047 and shows a positive construct. The t-statistic value of 0.742 is smaller than the t-

table, namely 1.96 with a *p-value* of 0.458 which is greater than 0.05. Thus, it can be concluded that the first hypothesis in this research is rejected and states that compensation has no effect on employee performance. This is similar and supports research conducted by Nengah Sandi and Ni Made (2023) which shows that low compensation does not reduce employee performance results which can be seen from employee attitudes.

Physical Work Environment Has a Positive Influence on Employee Performance

H2: The physical work environment has a positive effect on employee performance

Proposing the second hypothesis, the physical work environment construct has a positive and significant influence on employee performance. The resulting value of O is 0.223 and shows a positive construct. The t-statistic value of 3.529 is greater than the t-table, namely 1.96 with a *p-value* of 0.000, which is smaller than 0.05. Thus, it can be concluded that the second hypothesis in this research is accepted and it is stated that the physical work environment has a positive effect on employee performance. This is similar and supports research conducted by Vani Kenanga (2020) which shows that a physical work environment can improve employee performance.

Organizational Climate Has a Positive Influence on Employee Performance

H3: Organizational climate has a positive effect on employee performance

Proposing the third hypothesis, the organizational climate construct has a positive and significant influence on employee performance. The resulting value of O is 0.342 and shows a positive construct. The t-statistic value of 5.049 is greater than the t-table, namely 1.96 with a *p-value* of 0.000, which is smaller than 0.05. Thus, it can be concluded that the third hypothesis in this research is accepted and it is stated that organizational climate has a positive effect on employee performance. This is similar and supports research conducted by Prayugo and Sjahril (2020) which shows that organizational climate can improve employee performance.

Compensation has a positive influence on work motivation

H4: Compensation has a positive effect on work motivation

Proposing the fourth hypothesis, the compensation construct has a positive and insignificant influence on work motivation. The resulting value of O is 0.116 and shows a positive construct. The t-statistic value of 1.447 is smaller than the t-table, namely 1.96 with a *p-value* of 0.147 which is greater than 0.05. Thus, it can be concluded that the fourth hypothesis in this research is rejected and states that compensation has no effect on work motivation. This is similar and supports research conducted by Amjad et al (2022) which shows that high compensation will not affect employee motivation.

Physical Work Environment Has a Positive Influence on Work Motivation

H5: The physical work environment has a positive effect on work motivation

Proposing the fifth hypothesis, the physical work environment construct has a positive and significant influence on work motivation. The resulting value of O is 0.180 and shows a positive construct. The resulting t-statistical value of 2.301 is greater than the t-table, namely 1.96 with a *p-value* of 0.021, smaller than 0.05. Thus, it can be concluded that the fifth hypothesis in this research is accepted and it is stated that the physical work environment has a positive effect on work motivation. This is similar and supports research conducted by Heni Ingsiyah (2018) which shows that a physical work environment can increase work motivation.

Organizational Climate Has a Positive Influence on Work Motivation

H6: Organizational climate has a positive effect on work motivation

Proposing the sixth hypothesis, the organizational climate construct has a positive and significant influence on work motivation. The resulting value of O is 0.342 and shows a positive construct. The t-statistic value of 5.049 is greater than the t-table, namely 1.96 with a *p-value* of 0.000, which is smaller than 0.05. Thus, it can be concluded that the sixth hypothesis in this research is accepted and it is stated that organizational climate has a positive effect on work motivation. This is similar and supports research conducted by Putu Evi and Ida Bagus (2022) which shows that organizational climate can increase work motivation.

Work Motivation Has a Positive Influence on Employee Performance

H7: Work motivation has a positive effect on employee performance

Proposing the seventh hypothesis, the construct of work motivation has a positive and significant influence on employee performance. The resulting value of O is 0.324 and shows a positive construct. The t-statistic value of 4.362 is greater than the t-table, namely 1.96 with a *p-value* of 0.000, which is smaller than 0.05. Thus, it can be concluded that the second hypothesis in this research is accepted and it is stated that work motivation has a positive effect on employee performance. This is similar and supports research conducted by Nelly & Erdiansyah, (2022) which shows that work motivation can improve employee performance.

Compensation has a positive influence on employee performance with work motivation as an intervening variable.

H8: Compensation has a positive effect on employee performance with work motivation as an intervening variable

Proposing the eighth hypothesis, the compensation construct has a positive but not significant effect on employee performance with work motivation as a mediating variable. The resulting value of O is 0.038 and shows a positive construct. The t-statistic value of 1.434 is smaller than the t-table, namely 1.96 with a *p-value* of 0.152 which is greater than 0.05. Thus, it can be concluded that the eighth hypothesis in this research is rejected and it is stated that compensation has no effect on employee performance with work motivation as an *intervening variable* .

Physical Work Environment Has a Positive Influence on Employee Performance with Work Motivation as an Intervening Variable.

H9: The physical work environment has a positive effect on employee performance with work motivation as an intervening variable

Proposing the ninth hypothesis, the physical work environment construct has a positive but not significant effect on employee performance with work motivation as a mediating variable. The resulting value of O is 0.058 and shows a positive construct. The t-statistic value of 1.992 is greater than the t-table, namely 1.96 with a *p-value* of 0.046, which is smaller than 0.05. Thus, it can be concluded that the ninth hypothesis in this study is rejected and it is stated that the physical work environment has no effect on employee performance with work motivation as an *intervening variable* .

Organizational Climate Has a Positive Influence on Employee Performance with Work Motivation as an Intervening Variable.

H10: Organizational climate has a positive effect on employee performance with work motivation as an intervening variable

Proposing the tenth hypothesis, the organizational climate construct has a positive and significant effect on employee performance with work motivation as a mediating variable. The resulting value of O is 0.165 and shows a positive construct. The t-statistic value of 3.893 is greater than the t-table, namely 1.96 with a *p-value* of 0.000, which is smaller than 0.05. Thus, it can be concluded that the tenth hypothesis in this research is accepted and it is stated that organizational climate has a positive effect on employee performance with work motivation as an *intervening variable* .

Research Problem Conclusion

The conclusion of this research is to improve employee performance by increasing compensation, a conducive physical work environment, a supportive organizational climate through work motivation. However, compensation does not really have an effect on employee performance, even through work motivation, perhaps because there are different regulations for each company policy.

Theoretical Implications

Compensation theoretically has an impact on employee performance according to previous research conducted by Amjad et al (2022) which states that compensation has an influence; However, in this study, compensation did not have an impact on employee performance. The physical work environment has a positive and significant impact on employee performance. This result is supported by previous research from Heni Ingsiyah (2018) which states that the physical work environment has an effect on employee performance. The organizational climate variable also has a positive and significant impact on employee performance. This is supported by research from Prayugo and Sjahril (2020) which states that a supportive organizational climate can improve employee performance.

Policy Implications

Based on the results of this research, it can be concluded that all hypotheses in this research have been proven and can be accepted, so these results can be used as advice to all workers working in DKI Jakarta to improve performance. Employee performance in this study consists of four variables, namely compensation, physical work environment, organizational climate and work motivation. Based on the test results, the physical work environment, organizational climate and work motivation influence performance. In connection with this research, workers who work in DKI Jakarta can pay more attention to the surrounding environment, including the work environment, organizational climate and self-motivation. If you have an adequate work environment it will improve performance, also having a supportive organizational climate can improve performance, and high motivation provides maximum performance.

CONCLUSION

In conclusion, this research highlights the factors that influence employee performance, such as compensation, physical work environment, and organizational climate. Although compensation does not significantly affect employee performance, the physical work environment and organizational climate play an important role. Work motivation has also been proven to have a significant effect on employee performance. Suggestions for future research include increased exploration, use of a larger sample, and addition of mediating variables. For workers in DKI Jakarta, it is recommended to focus on their performance by paying attention to aspects such as compensation, work environment, organizational climate and work motivation. Companies also need to pay attention to this input to improve the quality of employee performance by providing adequate facilities and paying attention to the safety and comfort needs of employees.

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