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The Effect of Compensation and Work Environment on Employee Job Satisfaction at PT. PITS (Pembangunan Investasi Tangerang Selatan)

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ABSTRACT
This research examines the influence of Compensation and work environment on employee job satisfaction at PT. PITS. The background of this study is based on the importance of internal company factors, such as fair Compensation and a conducive work environment, in enhancing employee satisfaction. A quantitative associative approach was used, with data collected through questionnaires distributed to 50 employees. The research method employed path analysis using SPSS 25. The results revealed that compensation and work environment positively and significantly impact job satisfaction. These findings suggest that improving employee welfare through appropriate Compensation and a supportive work environment contributes to greater job satisfaction, which is critical to organizational success.

Keywords: *Compensation, Work Environment, Job Satisfaction, Employee Welfare, PT. PITS*

INTRODUCTION

Companies must optimize their internal resources to remain competitive and sustainable in increasingly dynamic business competition. One of the most vital internal aspects is employee job satisfaction, which directly influences productivity, morale, and organizational performance. Job satisfaction is closely tied to how well the company fulfils employee expectations, particularly regarding Compensation and the work environment.

Compensation refers to salaries and financial and non-financial rewards that employees receive in return for their contributions. A fair and competitive compensation system is expected to increase motivation, reduce turnover intentions, and promote loyalty. Meanwhile, the work environment includes physical, psychological, and social aspects influencing employee comfort and performance. A supportive and positive work atmosphere can enhance employee satisfaction, minimize stress, and create a sense of belonging.

Preliminary observations at PT. PITS reveal that several employees express dissatisfaction regarding certain aspects of their working conditions and reward systems. This issue raises concerns about the adequacy of Compensation and the conduciveness of the work environment provided by the company. Therefore, this study seeks to empirically investigate how Compensation and the work environment affect employee job satisfaction.

The objectives of this study are as follows:

1) To determine the influence of Compensation on employee job satisfaction at PT. PITS.
2) To examine the effect of the work environment on employee job satisfaction at PT. PITS.

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3) To evaluate the simultaneous effect of Compensation and work environment on employee job satisfaction.

LITERATURE REVIEW

Compensation

Compensation includes all forms of financial returns, tangible services, and benefits employees receive as part of an employment relationship. According to Mondy & Noe (2016), Compensation is a crucial element that affects employee satisfaction and performance. It can be categorized into direct financial Compensation (salaries, bonuses), indirect Compensation (benefits), and non-financial Compensation (recognition, promotion).

Indicators of Compensation:

1) Salary/wages
2) Incentives/bonuses
3) Allowances
4) Non-monetary benefits (e.g., recognition)

Work Environment

The work environment consists of the physical and psychological conditions under which employees perform their tasks. Sedarmayanti (2017) states that a good work environment provides comfort, safety, and supportive interpersonal interactions. It is classified into physical work environment (lighting, temperature, workspace) and non-physical environment (relationships, organizational culture).

Indicators of Work Environment:

1) Physical condition (cleanliness, lighting, layout)
2) Interpersonal relations
3) Safety and security
4) Organizational support

Job Satisfaction

Job satisfaction is an emotional state resulting from job experiences. According to Robbins and Judge (2016), satisfied employees will likely show better performance, lower absenteeism, and higher commitment. Herzberg's Two-Factor Theory also emphasizes the importance of intrinsic and extrinsic factors in job satisfaction.

Indicators of Job Satisfaction:

1) Satisfaction with Compensation
2) Satisfaction with work environment
3) Relationship with colleagues
4) Opportunities for growth

Table 1: Previous Research

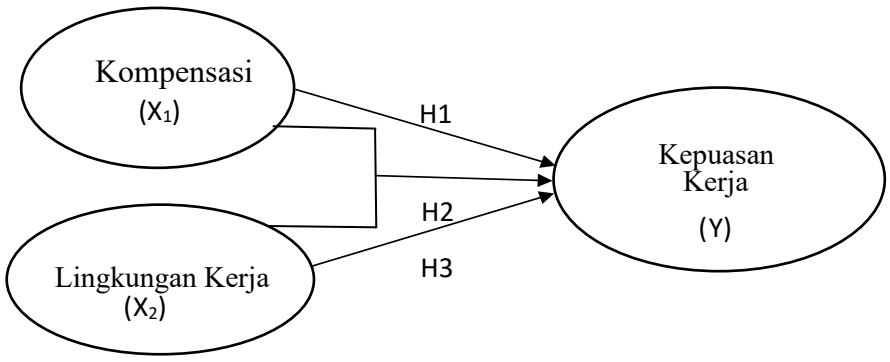
No	Name of Research (Year)	Research Title	Similarities	Differences	Research Results
1	Sulistyawati, Novia et al. (2022) Journal of Management and Organisation Studies	The Influence of Work Environment, Organisational Culture, and Transformational Leadership on	Organizational culture, leadership, and job satisfaction	Work environment	Organizational culture positively and significantly affects millennial employees' job satisfaction. Transformational

	Vol. 3, No. 1 (April 2022)	Millennial Employees' Job Satisfaction			leadership also has a positive and significant effect on their job satisfaction.
2	Imam et al. (2024) Nuansa Journal: Publication of Sharia Economic and Management Science Vol. 2, No. 4 (December 2024)	The Influence of Organisational Culture and Work Environment on Employee Job Satisfaction	Organizational culture and job satisfaction	Work environment	Organizational culture has a significant positive effect on employee job satisfaction.
3	Faisal Anwar, Ade Irawan, Sugeng Riyanto Scientific Journal of ReflectionE: Economics, Accounting, Management and Business Vol. 7, No. 4 (October 2024)	The Influence of Compensation on Employee Job Satisfaction at Berkah Mandiri Sejahtera Cooperative in Tanjung Sari, Bogor	Compensation and job satisfaction	Work environment	The study shows that Compensation positively and significantly affects employee job satisfaction.

Framework and Hypothesis

The framework in this study is the relationship between work motivation, job satisfaction, and employee performance. Work motivation and job satisfaction are independent variables, while employee performance is the dependent variable. This framework illustrates that increasing work motivation and job satisfaction will positively impact employee performance.

Figure 1 Framework



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Based on Figure 1, the conceptual framework can be explained as follows:
X1 = Compensation Variable (Independent Variable)
X2 = Work Environment Variable (Independent Variable)
Y = Job Satisfaction Variable (Dependent Variable)
Based on the explanation above, it can be concluded that both Compensation (X1) and work environment (X2) have a significant influence on job satisfaction (Y). Employees who receive appropriate Compensation tend to feel more valued and motivated in their roles, which increases their overall job satisfaction. Likewise, a supportive and conducive work environment improves employee morale and comfort, further contributing to satisfaction. Therefore, organisations must enhance compensation systems and create a positive work environment to improve job satisfaction.

Hypothesis
According to Sugiyono (2019), a hypothesis is a temporary answer to the research problem derived from relevant theories and requires empirical Testing. Hypotheses play a crucial role in research, guiding the data analysis process to determine whether the proposed relationships can be supported or rejected. Based on the theoretical framework and problem formulation, the hypotheses of this study are as follows:

- **H1**: Compensation has a significant and positive effect on employee job satisfaction.
- **H2**: The Work environment significantly and positively affects employee job satisfaction.
- **H3**: Compensation and work environment simultaneously significantly affect employee job satisfaction.

RESEARCH METHOD

This research employs a quantitative associative approach, utilizing primary data obtained through questionnaires distributed to 50 employees of PT. PITS. The sampling technique is saturated sampling, where all population members are included as respondents. Before analysis, the research instrument was tested for validity and reliability to ensure the accuracy and consistency of the data collected.

The analytical method used in this study is path analysis, a form of multiple regression analysis used to assess the direct effects of the independent variables, Compensation and work environment, on the dependent variable, job satisfaction. Classical assumption tests, such as normality, multicollinearity, and heteroscedasticity, were also conducted to support the analysis. Data were processed and analyzed using SPSS version 25.

RESULTS AND DISCUSSION

This study examines the influence of Compensation and work environment on employee job satisfaction at PT. PITS uses path analysis as the statistical method. Before conducting the regression analysis, several prerequisite tests were performed, including validity, reliability, and classical assumption testing to ensure that the data met the necessary statistical standards.

Instrument Test Data

Table 2: Job Compensation Validity Test Results

Instrumnet	r-calculated	r-tabel	Description
1	0,630	0.254	Valid
2	0,748	0.254	Valid
3	0,681	0.254	Valid
4	0,668	0.254	Valid
5	0,668	0.254	Valid
6	0,674	0.254	Valid
7	0.744	0.254	Valid
8	0.767	0.254	Valid
9	0.633	0.254	Valid

Source: Data processed by SPSS 20

Table 3: Job Work Environment Validity Test Results

Instrumnet	r-calculated	r-tabel	Description
1	0,781	0.254	Valid
2	0,785	0.254	Valid
3	0,780	0.254	Valid
4	0,708	0.254	Valid
5	0,725	0.254	Valid
6	0,772	0.254	Valid
7	0,849	0.254	Valid
8	0,813	0.254	Valid
9	0,787	0.254	Valid
10	0,797	0.254	Valid
11	0,758	0.254	Valid
12	0,577	0.254	Valid
13	0.772	0.254	Valid
14	0.461	0.254	Valid

Source: Data processed by SPSS 20

Table 4: Compensation and Work Validity Test Results

Instrumnet	r-calculated	r-tabel	Description
1	0.781	0.254	Valid
2	0.785	0.254	Valid
3	0.780	0.254	Valid
4	0.708	0.254	Valid
5	0.725	0.254	Valid
6	0.772	0.254	Valid
7	0.849	0.254	Valid
8	0.813	0.254	Valid

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9	0.787	0.254	Valid
10	0.797	0.254	Valid
11	0.758	0.254	Valid

Source: Data processed by SPSS 20

All statements are valid based on the results of tables 2 to 4 above. This is because all statements have r count> r table 0.279

Table 5 Instrument Reliability Test Results

Variabel	Cronbach's Alpha > 0.600	Description
X1 (Compensation)	0.861	Reliable
X2 (Work environment)	0.937	Reliable
Y(Compensation and work)	0.875	Reliable

Source: Data processed by SPSS 20

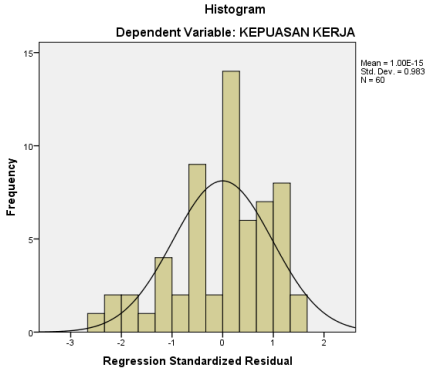
The reliability test results show that all variables have a Cronbach's Alpha value above 0.7, namely 0.861 for Compensation (X1), 0.937 for Work Environment (X2), and 0.875 for Job Satisfaction (Y). These values indicate that all research instruments are reliable and can be consistently used to measure each variable in this study.

Classical Assumption Test

Normality Test

The normality test is to see whether the residual value is distributed normally. A good regression model has a normally distributed residual value. So the normality test is not carried out on each variable but on the residual value. The test is carried out using a standard probability plot curve, provided that if the points on the graph spread and are squeezed around the diagonal line, the data used is usually distributed.

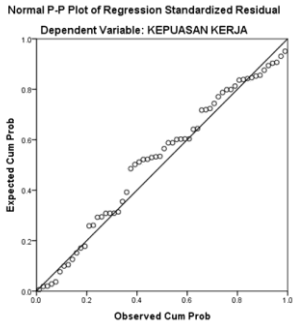
Figure 2: Histogram Graph Normality Test Results



Source: Data processed by SPSS 20

Based on the histogram above, it can be observed that the residual distribution forms a pattern resembling a standard bell-shaped curve, with most of the data concentrated around the value of zero. This indicates that the residuals are symmetrically distributed and approximate a normal distribution.
In addition, the mean value of 1.00E-15, which is very close to zero, and a standard deviation of 0.983 further support the fulfilment of the normality assumption. Therefore, it can be concluded that the residuals in this regression model are normally distributed, indicating that the classical assumption of normality has been met.

Figure 3: Normal P-Plots Graph Normality Test Results



Source: Data processed by SPSS 20

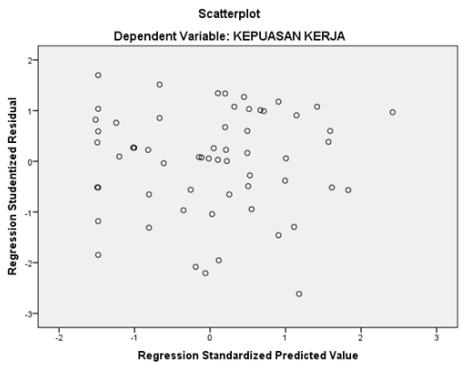
Based on the figure above, which presents the Normal P–P Plot of Regression Standardised Residuals, it can be seen that the points on the graph are relatively aligned and closely follow the diagonal line. This indicates that the residual or error values of the regression model are normally distributed.

Therefore, the data in this study meet the assumption of normality, which is one of the key requirements in linear regression analysis. Fulfilling the normality assumption of residuals is essential to ensure that the estimated regression parameters are valid and reliable for making inferences about the population.

Heteroscedasticity Test

In this study, the heteroscedasticity test was carried out using the Scatter Plot graph to detect the presence or absence of a particular pattern between SRESID and ZPRED. The following are the results of the heteroscedasticity test:

Figure 4: Heteroscedasticity Test Results



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Source: Data processed by SPSS 20

Based on the figure above, it can be observed that the points on the scatterplot are randomly distributed and do not form any clear or specific pattern. The points are also scattered above and below the value of 0 on the Y-axis (Regression Studentized Residual). This indicates that the regression model in this

Study does not suffer from heteroscedasticity. In other words, the residual variance is constant (homoscedastic), thus fulfilling the classical assumption of homoscedasticity. Therefore, the regression analysis results can be considered valid and reliable.

Multicollinearity Test

The multicollinearity test is a test that examines the existence of a linear relationship between independent variables in the regression model. The test can be used to check the results of the variance inflation factor (VIF) and tolerance. If the Tolerance value> 0.10 and VIF < 10, the regression model does not have a Multicollinearity problem.

Table 6 Multicollinearity Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	57.004	5.183		10.998	.000		
	KOMPENSASI	-.232	.249	-.223	-.932	.356	.293	3.416
	LINGKUNGAN KERJA	.011	.134	.019	.080	.937	.293	3.416

a. Dependent Variable: KEPUASAN KERJA

Source: Data processed by SPSS 20

Based on Table 6, the Variance Inflation Factor (VIF) value for the Work Motivation and Job Satisfaction variables is 3.316, below the general threshold of 10. Meanwhile, the Tolerance value of 0.302 is greater than the limit of 0.10. This indicates no multicollinearity between the independent variables in the regression model. In other words, there is no high or near-perfect linear relationship between Work Motivation and Job Satisfaction, so the regression model has met the assumption of being free from multicollinearity. Therefore, the model is suitable for use in further analysis.

Data Analysis Method

Multiple Linear Regression Analysis

This multiple linear regression analysis is carried out to determine the effect of independent variables, namely Motivation (X1) and Job Satisfaction

(X2), as a whole on the dependent variable, namely Employee Performance (Y).

Table 7: Regression Analysis Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	57.004	5.183		10.998	.000
	KOMPENSASI	-.232	.249	-.223	-.932	.356
	LINGKUNGAN KERJA	.011	.134	.019	.080	.937

a. Dependent Variable: KEPUASAN KERJA

Source: Data processed by SPSS 20

Based on Table 7 above, the regression equation is obtained as follows:

$$Y = 57.004 - 0.232\ X_1 + 0.011\ X_2$$

Based on the results of the regression analysis for the variables Compensation (X1), Work Environment (X2), and Job Satisfaction (Y), the explanation of the calculation is as follows:

1. Constant (α) = 57.004. This value indicates that if both Compensation (X_1) and Work Environment (X_2) are zero, the predicted value of Job Satisfaction (Y) is 57.004. In other words, this is the baseline level of job satisfaction when there is no contribution from the independent variables.
2. Coefficient of Compensation (X_1) = –0.232. The regression coefficient for Compensation is –0.232, suggesting that a one-unit increase in Compensation is predicted to decrease job satisfaction by 0.232 units, assuming the work environment remains constant. However, the significance value is 0.356 (greater than 0.05), indicating that this effect is not statistically significant.
3. Coefficient of Work Environment (X_2) = 0.011. The regression coefficient for Work Environment is 0.011, meaning that a one-unit increase in work environment score will increase job satisfaction by 0.011 units, assuming Compensation remains unchanged. The significance value is 0.937 (much greater than 0.05), indicating that this variable has no statistically significant effect on job satisfaction.

Table 8: Coefficient of Determination Results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.207[a]	.043	.009	4.64801

a. Predictors: (Constant), LINGKUNGAN KERJA, KOMPENSASI

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Source: Data processed by SPSS 20

Based on Table 8, the R Square value of 0.043 indicates that only 4.3% of the variation in the Job Satisfaction variable can be explained by the Compensation and Work Environment variables simultaneously. The remaining 95.7% is influenced by other factors not examined in this study, such as leadership style, job design, work stress, or organizational culture.

The Adjusted R Square value of 0.009 suggests that after accounting for the number of independent variables, the model's explanatory power remains very low. This indicates that the model's predictive accuracy is limited and may not generalize well beyond this sample at PT. PITS.

Statistical Hypothesis Test

Partial Testing (t-test)

In this test, the t-test is used to test whether or not there is a partially significant effect of each independent variable (X), namely Motivation and Job Satisfaction, on the dependent variable (Y), namely Employee Performance.

Table 9 Partial test results (t-test)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	57.004	5.183		10.998	.000
	KOMPENSASI	-.232	.249	-.223	-.932	.356
	LINGKUNGAN KERJA	.011	.134	.019	.080	.937

a. Dependent Variable: KEPUASAN KERJA

Source: Data processed by SPSS 20

1) The Effect of Compensation (X_1) on Job Satisfaction (Y):
   Based on the t-test results shown in the table above, the t value for the Compensation variable is –0.932, which is lower than the critical t-table value of 1.676 (with df = 47 and α = 0.05). In addition, the significance (Sig.) value is 0.356, which is greater than 0.05. This indicates that the null hypothesis (H_0) does not rejected and the alternative hypothesis (H_1) is rejected, meaning that Compensation does not significantly affect Job Satisfaction at PT. PITS.
2) The Effect of Work Environment (X_2) on Job Satisfaction (Y):
   The t value for the Work Environment variable is 0.080, which is also lower than the t-table value of 1.676. The significance value is 0.937, which is far above the 0.05 threshold. Therefore, the null hypothesis (H_0) does not rejected and the alternative hypothesis (H_2) is rejected, indicating that the Work Environment also does not significantly influence Job Satisfaction among employees of PT. PITS.

Simultaneous Testing (F-Test)

The F test is also known as the simultaneous, model, or ANOVA test. This test determines whether all independent variables significantly affect the dependent variable. In other words, the F test aims to test whether the regression model built is feasible or significant.

The basis for decision making in the F test is as follows:

1) If the significance value (p-value) <0.05, then it can be concluded that the independent variable simultaneously significantly affects the dependent variable.
2) Conversely, if the significance value> 0.05, the independent variable simultaneously has no significant effect on the dependent variable.

The significance level used in this test is 5% (0.05). The degrees of freedom used are:

1) df1 = (k - 1), namely the number of independent variables minus one
2) df2 = (n - k - 1), which is the total number of observations minus the number of independent variables and one.

Information:
n = number of observations
k = number of independent variables.

By testing SPSS 20 for Windows software, the test results are obtained in Table 8 as follows:

Table 10: Simultaneous test results (F test)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	55.306	2	27.653	1.280	.286[b]
	Residual	1231.428	57	21.604		
	Total	1286.733	59			

a. Dependent Variable: KEPUASAN KERJA

b. Predictors: (Constant), LINGKUNGAN KERJA, KOMPENSASI

Source: Data processed by SPSS 20

Based on the F test results in the table above, the calculated F value is 1.280. This value is smaller than the F table value at the 5% significance level with degrees of freedom df_1 = two and df_2 = 57, which is approximately 3.16. Additionally, the significance value (Sig.) is 0.286, which is greater than 0.05 (0.286 > 0.05).

Therefore, the null hypothesis (H_0) does not rejected and the alternative hypothesis (H_a) is rejected, meaning that Compensation and Work Environment do not simultaneously have a significant effect on Job Satisfaction at PT. PITS.

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CONCLUSION

Based on the findings and the results of data analysis, the following conclusions can be drawn:

1) Compensation (X1) does not significantly influence employee job satisfaction (Y) at PT. PITS. This is indicated by a significance value of 0.356, greater than 0.05.
2) The Work Environment (X2) also does not significantly influence employee job satisfaction (Y) at PT. PITS. This is supported by a significance value of 0.937, greater than 0.05.
3) Compensation and Work Environment (X1 and X2) do not simultaneously have a significant effect on employee job satisfaction (Y) at PT. PITS. This is evidenced by an F-calculated value of 1.280, smaller than the F-table value (approx. 3.16), and a significance value of 0.286, greater than 0.05.
4) The coefficient of determination (R Square) of 0.043 indicates that only 4.3% of the variation in Job Satisfaction can be explained by Compensation and Work Environment. The remaining 95.7% is influenced by other factors not examined in this study.

The results of this study reinforce the theory of Robbins (2016) and Mangkunegara (2017) that motivation and job satisfaction are key factors that influence employee performance. Companies that can facilitate employee needs, provide rewards, create a comfortable work environment, and maintain interpersonal relationships will maximize work performance.

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