

**WORK ENVIRONMENT AND FINANCIAL
COMPENSATION ON EMPLOYEE PERFORMANCE IS
MEDIATED BY JOB SATISFACTION AT THE BPJS
EMPLOYMENT OFFICE, MEDAN CITY BRANCH****Radiman*¹, Muhammad Zhurham²**Faculty of Economics and Business, Universitas Muhammadiyah Sumatera Utara
Jl. Captain Mukhtar Basri No. 3 Medan, North Sumatra, Indonesia*E-mail: radiman@umsu.ac.id**ABSTRACT**

The aim of this research is to determine the influence of social competence and work environment physique and compensation financial to performance employee Which mediated by satisfaction Work on office BPJS employment branch Medan city Good That directly or indirectly. This research uses a quantitative approach and statistical analysis, namely partial least squares – structural equation model (PLSSEM) which aims to carry out path analysis with latent variables. The research results show that social competence has a positive and significant effect on employee performance at the Medan City Branch of the BPJS Employment Office. Social competence has a positive and significant effect on job satisfaction at the BPJS Employment Office, Medan City Branch. The physical work environment has a positive and significant effect on employee performance at the BPJS Employment Office, Medan City Branch. Environment Work physique influential positive and significant to Satisfaction works at the BPJS Employment Office, Medan City Branch. Financial Compensation has a positive and significant effect on employee performance at the BPJS Employment Office, Medan City Branch. Financial Compensation has a positive effect and significant to Satisfaction Work on Office BPJS Employment Medan City Branch. Job satisfaction has no effect on employee performance at the BPJS Employment Office, Medan City Branch. Job satisfaction does not mediate the influence of social competence on employee performance at the Medan City Branch of the BPJS Employment Office. Job satisfaction does not mediate the influence of the physical work environment on employee performance at the BPJS Employment Office, Medan City Branch. Job satisfaction does not mediate the influence of Financial Compensation on employee performance at the BPJS Employment Office, Medan City Branch.

Keywords: Employee Performance, Financial Compensation, Job Satisfaction, Physical Work Environment, Social Competence.**INTRODUCTION**

A company is an organization consisting of a group of people, working to carry out various activities to achieve company goals. Human resources are a very important asset for a company to achieve its goals. The success of an organization or company depends on the existence of its human resources. Quality human resources will produce good performance for individuals and make a positive contribution to the company's progress. Human resources

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are an approach to managing people which is based on the principle that human resources are the most important asset that a company must have, therefore the success of a company, the success of an organization is largely determined by human speech (MSP Hasibuan, 2019). Employee performance is a work result that can be achieved by a person or group within an organization, in accordance with their respective authority and responsibilities in order to achieve organizational goals in accordance with morals and ethics (Lesmana & Farisi, 2021). Performance is the result of an employee's work both in terms of quality and quantity in carrying out and completing the tasks assigned to the employee by their superior or leader based on their role within the company (Jufrizen, 2017). Job satisfaction is something that is individual, because each individual has a different level of satisfaction according to the value system that applies to him. Job satisfaction is an evaluation that describes a person's feelings of being happy or unhappy, satisfied or dissatisfied at work (Jufrizen, 2017). Job satisfaction has an effect on the output of a process in the organization. High job satisfaction will be achieved if the factors that cause job satisfaction are well available. Job satisfaction is not an independent variable, but is influenced by various factors both originating from within the organization and originating from the employee himself (Harahap & Khair, 2019). Employees who have job satisfaction tend to have positive feelings and thoughts about the work they do, and vice versa, if employees feel dissatisfied with what they have done, they will think negatively about the work they do (Nasution, 2018). Job satisfaction is an important factor that has a big contribution to being able to facilitate the realization of the vision, mission and goals of an organization, because job satisfaction is a person's perception or emotional feeling towards their work so that someone who feels they have high job satisfaction tends to have high commitment. high towards their work, apart from that, someone who is satisfied at work will certainly show optimal performance in carrying out the tasks they carry out so that it will make it easier to realize the organization's ideals (Putra & Fitria, 2019).

The level of job satisfaction and financial compensation in a company can be influenced by various factors including social competence, physical work environment and psychological contract. These factors can influence job satisfaction both directly and indirectly (Mulyana et al., 2019). Basically, social competence can influence employee job satisfaction. Social competence itself can be understood as a combination of skills, personal attributes, and knowledge which is reflected through performance behavior (job behavior) that can be observed, measured, and evaluated (Verayanti, 2014). Social competence is the ability to build and maintain cooperative relationships and interact with other people in carrying out social tasks as an effort to achieve personal and organizational goals (Aristarini et al., 2014). Social competence or ability is one aspect of emotional intelligence needed for social interaction in order to adopt moral values from culture and society, including honing interactions with older, younger people and peers (Nugraini & Ramdhani, 2016). The physical work environment can also influence employees' emotions, for example if employees like the environment in which they work, then employees will feel at home in their workplace to carry out activities, so that working time is used effectively and employee work performance is optimistic. The physical work environment includes work relationships

formed between fellow employees and work relationships between subordinates and superiors as well as the physical environment where employees work (Nabawi, 2019). By paying attention to a good physical work environment or creating working conditions that can provide motivation to work, it will have an influence on employee enthusiasm or enthusiasm for work (Rivai, 2019). Apart from financial compensation, a factor that can influence job satisfaction is the psychological contract. Financial Compensation is important in retaining and attracting quality human resources. Various organizations compete to obtain quality human resources, because the quality of work results is determined by the competence of their human resources. Financial Compensation is all income in the form of money, goods directly or indirectly as compensation for services provided by the company to its employees. Compensation is in the form of money, meaning that compensation is paid in cash to the employee concerned (Kristanti et al., 2024). Financial Compensation is all remuneration received by an employee for services provided or results to an organization or company. Rewards can be in the form of money or goods, either directly or indirectly, given by an organization or company to its workers (Arif et al., 2019).

LITERATURE REVIEW

The Influence of Social Competence on Employee Performance

Social competence has a positive and significant effect on employee performance. This is supported by the results of previous research conducted by (Rahayu et al., 2022) concluding that social competence has a positive and significant effect on employee performance. Subsequent research conducted by (Verayanti & Nuridja, 2019) concluded that the social competency variable had no significant effect on employee performance.

The Influence of Social Competence on Job Satisfaction

Social competence has a positive and significant effect on employee job satisfaction. This is supported by the results of previous research conducted by (Deswarta., 2017) concluding that social competence has a positive and significant effect on employee job satisfaction. Subsequent research conducted by (Suroto et al, 2018) concluded that the social competency variable had no significant effect on job satisfaction.

The Influence of the Physical Work Environment on Job Satisfaction

The physical work environment is an important work facility and infrastructure because it has a direct influence on every individual in the company. The more conducive the work environment is, the better the employee's performance will be. A work environment can be said to be good when employees are able to carry out optimal activities, are safe, healthy and comfortable. Included in the work environment is everything that can influence employees in carrying out their work, therefore a good physical work environment can influence a person's job satisfaction. In research conducted by (Irma & Yusuf, 2020) the physical work environment has a significant effect on job satisfaction. Meanwhile, research conducted by (Kurniati & Jaenab, 2020) revealed that the physical work environment has a positive and significant effect on job satisfaction.

The Effect of Financial Compensation on Employee Performance

Financial compensation is something that employees receive as compensation for their work. Providing compensation is also one of the most effective ways for companies to increase employee work performance, motivation and job satisfaction. Good compensation will be able to provide employee satisfaction and retain employees (Arianty et al., 2016). Based on research conducted by (Kusumawardani et al, 2020) it is stated that financial compensation has a significant effect on employee performance. Meanwhile, research conducted by (Juliana & Adnyani, 2017) states that financial compensation has a significant effect on employee performance.

The Effect of Financial Compensation on Job Satisfaction

Financial Compensation is all income in the form of money, goods directly or indirectly as compensation for services provided by the company to its employees. Compensation is in the form of money, meaning that compensation is paid in cash to the employee concerned (Kristanti et al., 2024). Based on research conducted by (Astuti & Arini, 2018) it is stated that job satisfaction has a significant effect on employee performance. Meanwhile, research conducted by (Herison & Firdaus, 2022) states that job satisfaction has a significant effect on employee performance.

The Effect of Job Satisfaction on Employee Performance

Job satisfaction is a pleasant or unpleasant emotional state with which employees view their work (Paparang et al, 2021). Based on research conducted by Azhari et al, 2021) it is stated that job satisfaction has a significant effect on employee performance. Based on research conducted by (Azhari et al, 2021) it is stated that job satisfaction has a significant effect on employee performance.

The Influence of Social Competence on Employee Performance Through Job Satisfaction

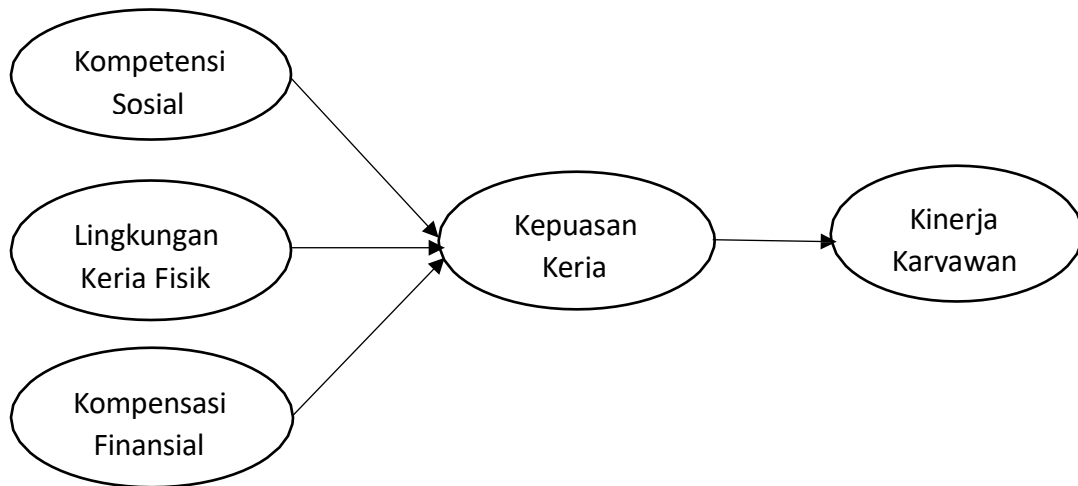
Based on research conducted by (Hidayat et al, 2020) social competence has a significant effect on employee performance through job satisfaction. Meanwhile, research conducted by (Suristya & Adi, 2021) shows that social competence has a significant effect on employee performance through job satisfaction.

The Influence of the Physical Work Environment on Employee Performance Through Job Satisfaction

Based on research conducted by (Kurniati & Jaenab, 2020) it is stated that the physical work environment has a significant effect on employee performance through job satisfaction. Meanwhile, research conducted by (Adhyasa, 2021) shows that the physical work environment has a significant effect on employee performance through job satisfaction.

The Effect of Financial Compensation on Employee Performance Through Job Satisfaction

Based on research conducted by (Muchran, 2021) it is stated that Financial Compensation has a significant effect on Employee Performance through Job Satisfaction. The relationship between Social Competence, Physical Work Environment and Financial



Compensation on Employee Performance through Job Satisfaction can be described as follows:

METHOD

This research was conducted using a quantitative research design. The survey instrument is a self-administered questionnaire consisting of four sections. The constructs include Social Competence, Physical Work Environment, Financial Compensation, Employee Performance and Job Satisfaction. Using a five-point Likert scale, all items were rated from 1 (strongly disagree) to 5 (strongly agree). Perception constructs from as suggested by previous research. The research sample was all employees of BPJS Employment Medan City branch with a total of 40 employees. Data collection was carried out by distributing survey questionnaires to employees. Data was collected through an online survey distributed on social media channels. Cluster analysis was carried out to group participants into groups based on age, education, marital status, employee status. Then it is represented in a path diagram and estimated using the PLS Structural Equation Modeling (SEM) technique.

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RESULTS

Respondent Characteristics

Data in the tables below This shows the identity of the respondent consisting of gender and age.

Table 1. Data Identity Respondent Based on Type Sex

Identity	Number of Respondents	Percentage
1. Woman	24	60%
2. Man - Man	16	40%

Source: Results Processing Questionnaire (2024)

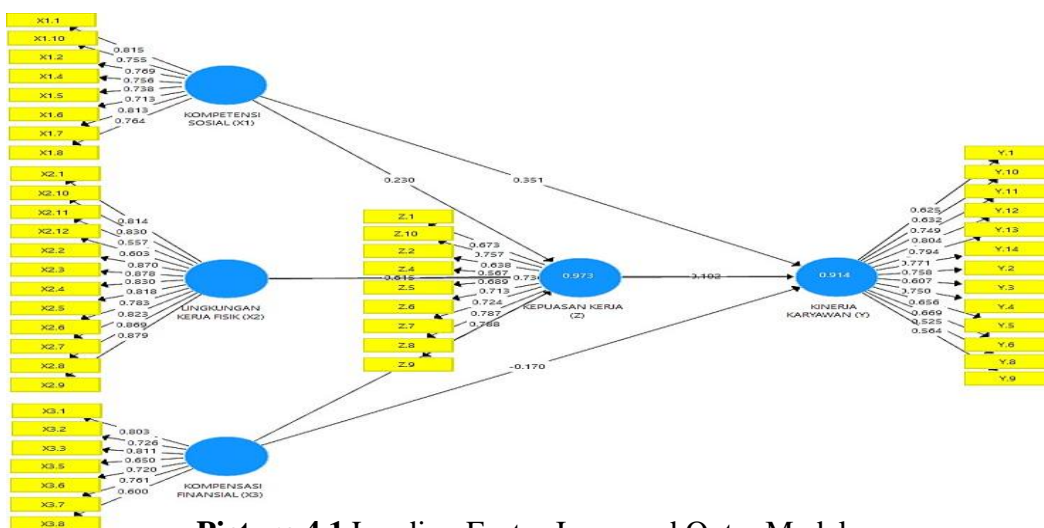
Table 2. Data Identity Respondent By Age

Identity	Number of Respondents	Percentage
20 – 29	15	37.5%
30 – 39	10	25%
40 – 49	10	25%
50 - 59	5	12.5%

Source: Results Processing Questionnaire (2024)

Measurement Model Analysis (Outer Model)

Convergent validity of a measurement model with a reflective indicator model is assessed based on the correlation between the item score or component score and the construct score on the loading factor calculated using PLS. A reflective measure is said to be high if it correlates more than 0.5 with the construct to be measured. The following is an image of the SEM PLS model calculation results.



Picture 4.1 Loading Factor Inner and Outer Model

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Average Variance Extracted (AVE)

Average Variance Extracted (AVE) describes the amount of variance that can be explained by items compared to the variance caused by measurement error. The standard is if the AVE value is above 0.5 then it can be said that the construct has good convergent validity. This means that the latent variable can explain on average more than half of the variance of the indicators.

Table 3. Results Average Variance Extracted (AVE)

	<i>Average Variance Extracted</i>
Satisfaction Work (Z)	0.500
Performance Employee (Y)	0.500
Compensation Financial (X3)	0.530
Competence Social (X1)	0.587
Environment Work Physique (X2)	0.644

Source: Smart-PLS 3 data processing results (2024)

Conclusion testing *Average Variance Extracted* is as following: Variables Satisfaction Work is reliable, because mark AVE Satisfaction Work is $0.500 > 0.5$. Variable Performance Employee is reliable, because mark AVE Performance Employees are $0.500 > 0.5$. The Financial Compensation variable is reliable, because the AVE value of Financial Compensation is $0.530 > 0.5$. Variable Competence Social is reliable, because mark AVE Social Competence is $0.587 > 0.5$. Variable Environment Work Physique is reliable, because mark Physical Work Environment AVE is $0.644 > 0.5$.

Discriminant Validity

Discriminant validity is the extent to which a construct is truly different from other constructs (the construct is unique). The best new measurement criterion is to look at the heretroit-monotrait ratic (HTMT) value. If the HTMT value is < 0.90 then a construct has good discriminant validity (Juliandi, 2018).

Table 4. Results Discriminant Validity

<i>Discriminant Validity</i>				
Job Satisfac tion (Z)	Performan ce Employee s (Y)	Financial Compensatio n (X3)	Social Competenc e (X1)	Environmen t Work Physic al (X2)
Satisfaction Work (Z)				
Performance Employees (Y)	0.777			

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Financial Compensation (X3)	0.684	0.900		
Competence Social (X1)	0.759	0.898	0.660	
Physical Work Environment (X2)	0.900	0.889	0.768	0.677

Source: Results processing data using Smart-PLS 3 (2024)

The conclusion of the heretroit - monotroit ratio (HTMT) test is as follows: The variable Job Satisfaction with Employee Performance has an htmt value of $0.777 < 0.90$, meaning that the discriminant validity is good, or is really different from other constructs (the construct is unique). The variable Job Satisfaction on Financial Compensation has a value of htmt $0.684 < 0.90$, meaning that the discriminant validity is good, or is really different from other constructs (the construct is unique). The Job Satisfaction variable for Social Competence has a value of htmt $0.759 < 0.90$, meaning that the discriminant validity is good, or is really different from other constructs (the construct is unique). The variable Job Satisfaction with the Physical Work Environment has a value of htmt $0.900 < 0.90$, meaning that the discriminant validity is good, or is really different from other constructs (the construct is unique). The Employee Performance variable on Financial Compensation has an HMT value of $0.900 < 0.90$, meaning that the discriminant validity is good, or is really different from other constructs (the construct is unique). The Employee Performance variable on Social Competence has a htmt value of $0.898 < 0.90$, meaning that the discriminant validity is good, or is really different from other constructs (the construct is unique). The Employee Performance Variable on the Physical Work Environment has a htmt value of $0.889 < 0.90$, meaning that the discriminant validity is good, or is really different from other constructs (the construct is unique). The Social Compensation variable for Social Competence has an HMT value of $0.660 < 0.90$, meaning that the discriminant validity is good, or is really different from other constructs (the construct is unique). The Social Compensation Variable for the Physical Work Environment has an htmt value of $0.768 < 0.90$, meaning that the discriminant validity is good, or is really different from other constructs (the construct is unique). The Social Competence variable for the Physical Work Environment has a htmt value of $0.677 < 0.90$, meaning that the discriminant validity is good, or is really different from other constructs (the construct is unique).

R- Square

Table 5. R-Square

	<i>R-Square</i>	<i>R-Square Adjusted</i>
Satisfaction Work (Z)	0.973	0.973
Performance Employee (Y)	0.914	0.911

Source: Results processing data using Smart-PLS 3 (2024)

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Variable Y (Employee Performance) has an Adjusted R-Square value of 0.973, meaning that the ability of variables X1 (Social Competence), X2 (Physical Work Environment) and X3 (Financial Compensation) in explaining variable Y (Employee Performance) is 97.3% with Thus the model is classified as a substantial (strong) model. Variable Z (Job Satisfaction) has an Adjusted R-Square value of 0.911, meaning that the ability of variables X1 (Social Competence), X2 (Physical Work Environment) and X3 (Financial Compensation) in explaining variable Z (Job Satisfaction) is 91.1% Thus the model is classified as a substantial (strong) model.

Direct Effect

Table 6. Direct Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STERR)	P- Value
Satisfaction Work (Z) -> Performance Employees (Y)	0.102	0.075	0.217	0.469	0.640
Compensation Financial (X3) -> Satisfaction Work (Z)	0.213	0.216	0.105	2,036	0.044
Compensation Financial (X3) -> Employee Performance (Y)	0.170	0.152	0.154	1,104	0.002
Competence Social (X1) -> Job Satisfaction (Z)	0.230	0.230	0.087	2,652	0.009
Competence Social (X1) -> Employee Performance (Y)	0.351	0.352	0.130	2,697	0.008
Environment Physical Work (X2) -> Satisfaction Work (Z)	0.615	0.612	0.045	13,558	0,000
Physical Work Environment (X2) - > Performance Employees (Y)	0.736	0.745	0.147	5,009	0,000

Source: Results processing data using Smart-PLS 3 (2024)

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Conclusion from mark direct effect on table in on is as follows: the Job Satisfaction variable on Employee Performance has a path coefficient value of 0.102 and a P-Value of 0.640 (<0.05), meaning it has no effect. The Financial Compensation variable on Job Satisfaction has a path coefficient value of 0.213 and a P-Value of 0.044 (<0.05), meaning it has a positive and significant influence. The Financial Compensation variable on Employee Performance has a path coefficient value of 0.170 and a P-Value of 0.002 (<0.05), meaning it has a positive and significant influence. Social Competence variable towards Satisfaction Work has a path coefficient value 0.230 And P-Value 0.009 (<0.05), It means own influence Which positive and significant. The Social Competence variable on Employee Performance has a path coefficient value of 0.351 and a P-Value of 0.008 (<0.05), meaning it has a positive and significant influence. The Physical Work Environment variable on Job Satisfaction has a path coefficient value of 0.615 and a P-Value of 0.000 (<0.05), meaning it has a positive and significant influence.

Indirect Effect

Indirect effect analysis is useful for testing the hypothesis of the indirect influence of an influencing variable (exogenous) on the influenced variable (endogenous) which is mediated/mediated by an intervening variable (mediator variable). The criteria:

Table 7. Indirect Effect

	Origin al Sampl e (0)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (0/STERR)	P- Value
Financial Compensation (X3) -> Job Satisfaction (Z) -> Employee performance (Y)	0.022	0.014	0.050	0.437	0.437
Competence Social (X1) -> Job Satisfaction (Z) -> Employee Performance (Y)	0.023	0.017	0.056	0.416	0.416
Environment Physical Work (X2) -> Job Satisfaction (Z) -> Employee performance (Y)	0.062	0.048	0.132	0.472	0.472

Source: Results processing data use Smart-PLS 3 (2024)

Conclusion mark indirect effect on table in on is as following: Indirect influence of Financial Compensation variables on Employee Performance through Satisfaction Work is 0.022 with P-Value $0.437 < 0.05$, then Job Satisfaction does not mediate the influence of Social Competence on Employee Performance. Indirect influence of the Social Competence variable on Employee Performance through Satisfaction Work is 0.023 with P-Value $0.416 < 0.05$, then Job Satisfaction does not mediate the influence of Social Competence on Employee Performance. Indirect influence of Physical Work Environment variables on Employee Performance through Satisfaction Work is 0.062 with P-Value $0.472 < 0.05$, then Job Satisfaction does not mediate the influence of the Physical Work Environment on Employee Performance. The Physical Work Environment variable on Employee Performance has a path coefficient value of 0.736 and a P-Value of 0.000 (< 0.05), meaning it has a positive and significant influence.

DISCUSSION

The Influence of Social Competence on Employee Performance

Based on the results of the Direct Effect test carried out on the variable Social Competence on Job Satisfaction, it has a path coefficient value of 0.230 and a P-Value of 0.009 (< 0.05), meaning it has a positive and significant influence.

Influence Competence Social To Satisfaction Work

Based on the results of the Direct Effect test carried out on the variable Social Competence on Job Satisfaction, it has a path coefficient value of 0.396 and P-Value 0.000 (< 0.05), It means own influence Which positive And significant.

The Influence of the Physical Work Environment on Employee Performance

Based on the results of the Direct Effect test carried out on the Physical Work Environment variable on Employee Performance, it has a path coefficient value of 0.736 and a P-Value of 0.000 (< 0.05), meaning it has a positive and significant influence.

The Effect of Financial Compensation on Employee Performance

Based on the results of the Direct Effect test carried out on the variable Financial Compensation on Employee Performance, it has a path coefficient value of 0.170 and a P-Value of 0.002 (< 0.05), meaning it has a positive and significant influence.

The Effect of Financial Compensation on Employee Performance

Based on the results of the Direct Effect test carried out on the variable Financial Compensation on Job Satisfaction, it has a path coefficient value of 0.213 and a P-Value of 0.044 (< 0.05), meaning it has a positive and significant influence.

The Effect of Job Satisfaction on Employee Performance

Based on Job Satisfaction on Employee Performance, it has a path coefficient value of 0.102 and a P-Value of 0.640 (>0.05), meaning it has no effect.

The Influence of Social Competence on Employee Performance Through Job Satisfaction

The indirect effect of the Social Competence variable on Employee Performance through Job Satisfaction is 0.023 with a P-Value of $0.416 > 0.05$, so Job Satisfaction does not mediate the influence of Social Competence on Employee Performance.

The Influence of the Physical Work Environment on Employee Performance Through Job Satisfaction

The indirect effect of the Physical Work Environment variable on Employee Performance through Job Satisfaction is 0.062 with a P-Value of $0.472 > 0.05$, so Job Satisfaction does not mediate the influence of the Physical Work Environment on Employee Performance.

The Influence of the Physical Work Environment on Employee Performance Through Job Satisfaction

The indirect effect of the Financial Compensation variable on Employee Performance through Job Satisfaction is 0.022 with a P-Value of $0.437 > 0.05$, so Job Satisfaction does not mediate the influence of Social Competence on Employee Performance.

CONCLUSION

Based on data obtained in research regarding the Influence of Social Competence, Physical Work Environment and Financial Compensation on Employee Performance Mediated by Job Satisfaction at the Bpjs Employment Office, Medan City Branch. The number of respondents in this study was 40 respondents, then after analysis it can be concluded as follows: Social competence has a positive and significant effect on employee performance at the Bpjs Employment Office, Medan City Branch. This means that if employees have good social competence, employees will help each other and improve employee performance. Social competence has a positive and significant effect on job satisfaction at the BPJS Employment Office, Medan City Branch. This means that if employees have good social competence, employees will help each other and increase job satisfaction. The physical work environment has a positive and significant effect on employee performance at the BPJS Employment Office, Medan City Branch. This means that if the physical work environment is good it will improve employee performance. The physical work environment has a positive and significant effect on job satisfaction at the BPJS Employment Office, Medan City Branch. This means that if the physical work environment is clean and comfortable, it will increase job satisfaction. Financial Compensation has a positive and significant effect on employee performance at the BPJS

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Employment Office, Medan City Branch. If the financial compensation provided by the company is appropriate, it will improve employee performance. Financial Compensation has a positive and significant effect on job satisfaction at the BPJS Employment Office, Medan City Branch. If the financial compensation provided by the company is appropriate, it will increase employee job satisfaction. Job satisfaction has no effect on employee performance at the BPJS Employment Office, Medan City Branch. This means that if employee job satisfaction increases, it does not affect employee performance. Job satisfaction does not mediate the influence of social competence on employee performance at the Medan City Branch of the BPJS Employment Office. This means that if employee job satisfaction increases, it will not affect social competence on employee performance. Job satisfaction does not mediate the influence of the physical work environment on employee performance at the BPJS Employment Office, Medan City Branch. This means that if employee job satisfaction increases, it will not affect the physical work environment on employee performance. Job satisfaction does not mediate the influence of Financial Compensation on employee performance at the Bpjs Employment Office, Medan City Branch. This means that if employee job satisfaction increases, it will not affect the physical work environment on employee performance.

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