THE ROLE OF WORK MOTIVATION MEDIATES COMPENSATION AND THE WORKING ENVIRONMENT TO EMPLOYEE PERFORMANCE AT ROCK BAR THE AYANA RESORT AND SPA, BALI

Juli Marianto¹, Ida Bagus Ketut Surya²

¹²Faculty of Economics and Business
¹²Udayana University, Bali, Indonesia

Abstract: Employees performance is the biggest factor in determining the success of the company. To be able to provide good performance, employees need, among others, compensation, a good work environment and motivation. This study aims to analyze the effect of compensation on employee performance, the effect of work environment on employee performance and the effect of work motivation on employee performance. To analyze the effect of compensation on employee motivation and the effect of work environment on employee motivation. To analyze work motivation to mediate the effect of compensation on employee performance and to analyze work motivation to mediate the effect of the work environment on employee performance.

Respondents in this study were all 41 permanent employees (sensus) at Rock Bar The AYANA Resort and Spa, Bali, because during the Covid-19 Pandemic only they were still working and to lettle to be decreased. Methods of data collection by distributing questionnaires to employees and this study uses data analysis Partial Least Square (PLS). The results of this study indicate that compensation has a positive and significant effect on employee performance. The work environment has a positive and significant effect on performance. Motivation has a positive and significant effect on employee performance. Compensation has a positive and significant effect on employee motivation. The work environment has a positive and significant effect on motivation. The role of motivation to mediate partially (partial mediation) the effect of compensation on employee performance. And The role of motivation to mediate partially (partial mediation) the influence of the work environment on employee performance.

This research can be used as input to the company to pay attention to the factors that still need to be improved, namely training to improve employee competence, training for superiors and all employees how to correct mistakes in a good way, a sense of mutual help between employees, and all employees need to be reminded to always follow the existing procedures.

Keywords: compensation, work environment, work motivation, employee performance.

I. INTRODUCTION

Employee performance is one of the biggest factors in determining the success of the company. This performance can be seen from the quality of the product or service offered. If it is good, the company will be able to compete with other companies and vice versa. To be able to provide the best product or service, the main factor is the ability and expertise of employees or their performance to work according to existing procedures. To be able to provide good performance employees require many things, [33] employee performance is influenced by intrinsic and extrinsic factors of employees. Intrinsic factors that affect employee performance consist of education, experience, motivation, health, age, skills, emotion and spirituality. Meanwhile, extrinsic factors that affect employee performance consist of physical and non-physical environment, leadership, vertical and horizontal communication, compensation, control in the form of supervision, facilities, training, workload, work procedures, punishment system and so on. According to [77] states compensation provides a major contribution to the productivity of employee performance. Based on [18] asserted that
compensation has a significant direct effect on employee performance. According to [32] states that there is a significant effect of work environment and non-physical work environment together on employee performance. In addition, according to [39] it also explains further that a physical work environment and a good working relationship between colleagues and superiors can improve lecturer performance both directly and indirectly through work motivation. [24] stated that motivation has a significant effect on job performance. According to [44] states that the compensation policy that is managed effectively will directly affect the level of employee motivation. The effect of the work environment on motivation has been investigated by [62] which states that the work environment has an influence on employee motivation and involvement. This means that a good work environment can increase employee motivation and employee engagement. According to [25], there is a significant relationship between compensation and job satisfaction with nurse performance through motivation. Based on the results of research conducted by [46] states that work motivation as an intervening variable has a significant effect on work environment and employee performance. According to [11] states the same thing that motivation is the perfect mediation between work environment and performance. This means that motivation is able to explain the effect of the work environment on employee performance.

II. RESEARCH METHODS

This study used a descriptive design with quantitative research methods. The population of this study were all employees of Rock Bar The AYANA Resort and Spa, Bali, part of the FB Service and Bar with permanent employment status, both men and women in 41 people. Data collection was carried out in several ways to distribute questionnaires. A questionnaire is a set of pre-formulated written questions, in which respondents write or record their answers, generally in several alternatives that have been determined in advance [60]. Descriptive statistics used are a frequency table that describes the distribution of respondents’ answers for each indicator and the average score obtained. This study uses Partial Least Square (PLS-3) [13] as a general method to estimate the path model using a latent construct with multiple indicators. Hypothesis testing (β, γ, and λ) was carried out by using the bootstrap resampling method [13]. The test statistic used is t statistic or t test. If the results of hypothesis testing on the outer model are significant, this indicates that the indicator can be used as an instrument to measure latent variables. Meanwhile, if the test results on the inner model are significant, it means that there is a significant effect of the latent variable on other latent variables. Testing the mediating variables in this study using the VAF formula.

III. RESULT AND DISCUSSION

Exogenous variables are declared significant in their endogenous variables if the t-statistic results are greater than t table 1.68 (Significant level of 5 percent). The t statistic results for each variable can be seen in Table 1 as follows:

<table>
<thead>
<tr>
<th>Path Coefficient</th>
<th>T-Statistic</th>
<th>P-Values</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation (X1) → Employee Performance (Y2)</td>
<td>0.281</td>
<td>2.477</td>
<td>0.001</td>
</tr>
<tr>
<td>Work Environment (X2) → Employee Performance (Y2)</td>
<td>0.261</td>
<td>2.057</td>
<td>0.000</td>
</tr>
<tr>
<td>Motivation (Y1) → Employee Performance (Y2)</td>
<td>0.356</td>
<td>2.981</td>
<td>0.003</td>
</tr>
<tr>
<td>Compensation (X1) → Motivation (Y1)</td>
<td>0.329</td>
<td>3.057</td>
<td>0.002</td>
</tr>
<tr>
<td>Work Environment (X2) → Motivation (Y1)</td>
<td>0.282</td>
<td>2.765</td>
<td>0.006</td>
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</tbody>
</table>

Source: Data processed, 2020
Hypothesis testing is done by using t-statistics and looking at p-values. If p value <0.05, the hypothesis is accepted. The results of testing the indirect effect can be presented in Table 2.

**Table 2: Direct Effect, Indirect Effect, Total Effect, and VAF**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Direct Effect</th>
<th>Indirect Effect</th>
<th>Total Effect</th>
<th>VAF Result</th>
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<tbody>
<tr>
<td></td>
<td>Coefficient</td>
<td>T-Statistic</td>
<td>P-Values</td>
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<td>Compensation (X1) → Employee Performance (Y2)</td>
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<td></td>
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<td>VAF (H₆)</td>
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<td>44.7 %</td>
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<td>0.472</td>
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</table>

Source: Data processed, 2020

The next step is testing of job satisfaction as a mediating variable by calculating the value of the Variance Accounted For (VAF). Calculation of Variance Accounted For (VAF) requires the value of the coefficient of indirect effect and the coefficient of total effect. The calculation result of the VAF value is 0.471, which means that the role of motivation as a mediating variable is 47.1 percent. These results indicate that motivation has a role as partial mediation in the relationship between compensation and employee performance. The VAF value is 0.447, which means that the role of motivation as a mediating variable is 44.7 percent. These results indicate that motivation has a role as partial mediation in the relationship between work environment and employee performance.

The direct effect test results show that the coefficient value of the compensation variable on employee performance is 0.281 with a t-statistic value of 2.477. The addition of the motivation variable as a mediating variable has a different effect on the direct relationship of the compensation variable to employee performance. The direct effect test results show that the coefficient value between work environment variables on employee performance is 0.261 with a t-statistic value of 2.057. The addition of the motivation variable as a mediating variable has a different effect on the direct relationship between work environment variables and employee performance.
The Effect of Compensation on Employee Performance

The results of data analysis indicate that compensation has a positive and significant effect on employee performance. This means that the better the compensation the company provides to employees, the better the employee's performance will be. This is because compensation has a significant positive effect on performance. This implies that good compensation will improve employee performance [51]. This study is in line with previous research conducted by [77] which states that compensation provides a major contribution to employee performance productivity. Other empirical evidence also explains the same thing, namely, based on previous research conducted by [18] it confirms that compensation has a significant direct effect on employee performance. The strong and significant effect of compensation on performance is relevant [1]. Thus, this is in accordance with the hypothesis that compensation has a positive and significant effect on employee performance, so that this hypothesis is proven to be correct.

Effect of Work Environment on Employee Performance

The results of data analysis indicate that the work environment has a positive and significant effect on employee performance. This means that the better the employee's work environment in the company, the better the employee's performance. This is because the work environment significantly affects an employee's job performance [24]. This study is in line with previous research conducted by [32] which stated that there is a significant influence of the work environment and non-physical work environment together on employee performance. Physical work environment and good working relationships between colleagues and superiors can improve the performance of lecturers either directly or indirectly through work motivation [39]. Other empirical evidence also explains the same thing, namely based on previous research conducted by [71] states that the work environment has a significant and positive effect on employee performance in the company. Thus, this is in accordance with the hypothesis that the work environment has a positive and significant effect on employee performance, so that the hypothesis is proven correct.

The Influence of Work Motivation on Employee Performance

The results of data analysis indicate that motivation has a positive and significant effect on employee performance. This means that the better the employee's work motivation in the company, the better the employee's performance. Work motivation can drive employee performance. This is because the achievement of performance requires motivation to achieve achievement, carrying out tasks with responsibility [39]. Motivation has a significant effect on job performance [24]. This study is in line with previous research conducted by [61] which stated that work motivation has a dominant effect on employee performance. Other empirical evidence also explains that motivation is able to influence the relationship between job characteristics and employee performance [12]. High levels of motivation can increase performance levels [53]. Thus, this is in accordance with the hypothesis that motivation has a positive and significant effect on employee performance, so that the hypothesis is proven correct.

Effect of Compensation on Motivation

The results of data analysis indicate that compensation has a positive and significant effect on employee motivation. This means that the better the compensation the company provides to employees, the better the employee's work motivation. Compensation has a positive and significant effect on motivation. This shows that the higher the compensation given to employees, the higher the motivation of employees at work [10]. If the compensation policy is managed effectively it will directly affect the motivation level of employees [44]. This study is in line with previous research conducted by [49] which stated that compensation has a positive and significant effect on work motivation. Support for other empirical evidence is also found in the results of previous research conducted by [45] which states that compensation has a significant positive effect on motivation with the most influential direct financial compensation dimension. Thus, this is in accordance with the hypothesis that compensation has a positive and significant effect on motivation, so that the hypothesis is proven to be correct.

Effect of Work Environment on Motivation

The results of data analysis indicate that the work environment has a positive and significant effect on motivation. This means that the better the employee's work environment, the better the employee's work motivation. The work environment has an influence on employee motivation and involvement. This means that a good work environment can increase employee motivation and employee engagement [62]. This study is in line with previous research conducted by [39] which stated that a good work environment will encourage employee work motivation. Other empirical evidence also states the same thing, namely that there is a positive and significant influence of work environment factors on work
motivation, and that work motivation further increases job satisfaction [67]. Thus, this is in accordance with the hypothesis that the work environment has a positive and significant effect on motivation, so that the hypothesis is proven correct.

The Role of Motivation in Mediating the Effect of Compensation on Employee Performance

The results of the data analysis show that the role of motivation is partial mediation (partial mediation) of the effect of compensation on employee performance. These results indicate that the better the compensation provided by the company to employees, the better the employee's performance and if at the same time supported by the better work motivation of the employees together, the employee's performance will also be better. The results of this study are in line with the results of previous research conducted by [6] which states that the effect of variable compensation on employee performance through motivation and job satisfaction shows a positive and significant effect. Other empirical evidence also explains that work motivation as a mediator supports the relationship between compensation and competence with employee performance [35]. This indicates that the better the compensation provided by the company to employees and supported by the better employee motivation, the better the employee's performance. Thus, this study shows that compensation has an influence on employee performance that is partially mediated by motivation.

The Role of Motivation in Mediating the Effect of the Work Environment on Employee Performance

The results of data analysis indicate the role of motivation to partially mediate (partial mediation) the effect of the work environment on employee performance. These results indicate that the better the employee's work environment, the better the employee's performance. And if at the same time supported by the better work motivation of the employees together, then the employee's performance will also be better. The results of this study are in line with the results of previous research conducted by [11] which states that motivation is the perfect mediation between work environment and performance. This means that the motivation is able to explain the influence of the work environment on employee performance. Other empirical evidence also explains that work motivation is an intervening variable that has a significant effect on work environment and employee performance [46]. Indirectly, the work environment through work motivation has a significant effect on employee performance [30]. This indicates that the better the employee's work environment and supported by the better employee motivation, the better the employee's performance. Thus, this study shows that the work environment has an influence on employee performance which is partially mediated by motivation.

V. CONCLUSION AND SUGGESTION

Based on the analysis and discussion that has been stated, as a conclusion and the results of the study, it is found that compensation has a positive and significant effect on employee performance. This means that the better the compensation the company provides to employees, the better the employee's performance will be. The work environment has a positive and significant effect on employee performance. This means that the better the employee's work environment in the company, the better the employee's performance. Motivation has a positive and significant effect on employee performance. This means that the higher the work motivation of the employees in the company, the better the employee's performance. Compensation has a positive and significant effect on employee motivation. This means that the better the compensation the company provides to employees, the higher the employee's work motivation. The work environment has a positive and significant effect on motivation. This means that the better the employee's work environment, the higher the employee's work motivation. The role of motivation to mediate partially (partial mediation) the effect of compensation on employee performance. These results indicate that the better the compensation provided by the company to employees, the better the employee's performance and if at the same time supported by the higher work motivation of the employees together, then the employee's performance will also be better. The role of motivation to mediate partially (partial mediation) the influence of the work environment on employee performance. That the better the employee's work environment, the better the employee's performance. And if at the same time it is supported by the higher work motivation of the employees together, the employee's performance will also be better.

Based on the conclusions that have been presented, some suggestions can be put forward which are expected to be useful for the organization or for other parties, namely the need to increase training to increase employee competencies so that when employees feel that they have received a lot of training, their competence increases so that their performance also increases. It is necessary to hold training for superiors and all employees on how to correct mistakes in a good way so that mistakes can be corrected without hurting others. If this correction process goes well, it is hoped that their performance will increase. It is necessary to increase the mutual help between employees. Even though the tasks have been divided into
each other, it should be emphasized that the smooth running of all operational activities is a shared responsibility. If one part needs help, it is obligatory for the other part that is not busy to help. It should be noted that all employees must always follow the existing procedures. It is not allowed to go through a procedure just so that work is faster. If it is deemed necessary, employees may propose to make changes to the procedure according to the existing operational conditions so that the relevant department can carry out research on the procedure.

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