

CHAPTER II

REVIEW OF RELATED LITERATURE

2. Literature Review

This chapter discusses the relevance of the study in the previous literature. It provides studies of compensation, work environment, job satisfaction, and employee performance. This chapter also provides a previous research journal and hypotheses which need to be tested in this thesis.

2.1 Theoretical Review

2.1.1 Human Resource Management

According to Snell & Bohlander (2012), Human Resource Management (HRM) is the process of managing human talent to achieve an organization's objectives. Human resource manages this process through several activities with any consideration. The idea that organizations "compete through people" highlights the fact that achieving success increasingly depends on an organization's ability to manage talent, or human capital. The term human capital describes the economic value of employees' knowledge, skills, and capabilities. In addition to that, Dessler (2015) also states that human resource management is the process of acquiring, training, appraising, and compensating employees, and of attending to their labor relations, health and safety, and fairness concerns.

The author could conclude base on the definitions above that human resources management is the process or activity that manages human resources in an organization not only by the HR department but

also the responsibility of each team leader by establishing a relationship and establishing a delegation system aimed at achieving the organizational goals.

HRM plays an integral role in the success of an organization as a whole- through the recruitment and selection of the best candidates to fill jobs. In addition, HR continues to work closely with management teams in the company to ensure the efficiency of its workforce. HRM plays a key role in HR planning, recruitment, selection, staffing, job design, training and development, performance appraisal, compensation management, and labor relations (Bohlander, 2012).

HRM covers all activities within a company that has a specific function in running a company. The scope of HRM is divided into two main functions, management functions, and operational functions, according to Dessler (2015). The first function of HRM is managerial function, there are several physical activities in this managerial function that represent the management process. These functions are planning, organizing, directing and controlling. The first is planning, planning determines in advance the objectives to be achieved by the company and how these objectives can be achieved. Set standards and objectives, develop rules and procedures, plan and forecast. The second is organizing, organizing are the activities that moving the organization as a unit in order to achieve the goals set at the beginning. By way of conducting division of tasks, grouping employees based on work. The next is directing, directing

function is to show and notify employee errors, to think of an incentive, a gift or a sanction for employees in accordance with the work performance they have accomplished. Implemented after planning and organizing. The last is controlling, controlling is managers actions or activities to make observations, research and evaluations of the implementation of all the activities of the organization that are currently or have been carried out to achieve the objectives in accordance with the plans that have been set.

The second function of HRM is the operational function, there are some operational activities that conducted in order to support operational activities. There are procurement, development, compensation, integration, maintenance, and separation. The first is procurement, procurement is an effort to provide work that is needed according to the number and quality or expertise by searching for the source of work needed, implementing the selection process and using labor based on the adjustment principle between needs and labor supply. The second is development, development is a process of increasing skills and skills, both management and operational technical skills, because the withdrawal, selection, and placement of employees do not necessarily guarantee that they can perform their work as well as possible in the new location. For this reason, the best development possible for new employees. Therefore, new employees need to be developed in order to increase their knowledge, skills, and abilities. Usually, this is done through education and training programs.

The third is compensation, compensation is interpreted by giving fair or decent rewards or awards from the company to its employees for the achievements that have been given by employees. This compensation can be in the form of wages, salaries, incentives, benefits, other means that can provide satisfaction to employees (Dessler, 2013). For the fourth activities, there is integration. Integration efforts affect employees in such a way that all their actions can be directed toward goals that benefit companies, workers and co-workers.

The fifth is maintenance, maintenance function issues how to maintain employees so that they are comfortable and able to work well in the company. Maintenance of good employees will provide good things, one of which is a low level of labor turnover. These two things that need to be considered by the company in maintaining employees are the maintenance of the physical condition and attitude of employees.

The last operational function is separation, separation is a company activity to return the workforce to the community after dedicating their energy to the company, including retirees, temporary stops, respectful dismissals, replacement of workers. Usually, the termination of employment occurs because the elderly or have exceeded the work limit permitted by the company, the company does not need the employee, or the employee submits a resignation request from the company.

2.1.1.1 Principles of HRM

There are several principles of human resource management, namely strategic integration, organizational flexibility, commitment, and quality (Dessler, 2015).

1. Strategic integration is an attempt to strategically address all labor management processes, from recruitment and training to remuneration and reduction, by integrating them into the company's broader business concerns.
2. Organizational flexibility, flexibility can be defined as the organisation adapting to size, composition, responsiveness and the people . Their inputs and costs required to achieved organisational objectives and goals.
3. Commitment, from 'control' to 'commitment' by changing the organization's culture. The mission statement should state these core values. Also only recruiting those prepared to subscribe to these core values.
4. Quality, ensuring a culture of quality: Quality work, quality workers, quality products and services; Total Quality Management, Quality assurance, and zero defects, Internal customers, Empowering workers via team working.

2.1.2 Compensation & It's Components

Compensation is a fundamental component of human resource management. Compensation is everything that employees receive as a reward for their work (Handoko, 2015). Besides, Armstrong (2005) also

indicated that the fundamental part of human resource management tactic to yield development in the organization's compensation system. Therefore, compensation has very crucial to not only for the employees but also the employers. Because compensation is not only in the form of money given to employees but many components are included in compensation.

Compensation is made up of three main components, direct, indirect and non-financial compensation (Snell & Bohlander, 2012). The direct compensation includes salaries, incentives, bonuses and commissions for employees. Indirect compensation includes the multiple benefits provided by employers. Non-financial compensation includes recognition programs for employees, rewarding jobs, organizational support, working conditions and flexible working hours to meet personal needs.

An additional compensation components come from Cascio (2003), the compensation program consists of two dimensions, which are, direct and indirect forms of compensation. Direct compensation has to do with salary part while indirect compensation is the peripheral benefits a worker enjoys because of working in an organization. Mixing the two into a package that will inspire the accomplishment of an organizations objective.

2.1.3 Work Environment

The work environment is a place where employees perform their activities. According to Schultz (2010), environment or working conditions are all physical aspects of work, psychological work and work rules that can affect job satisfaction and work productivity. Additional definition from Nitisemito (2009), the work environment is everything that is around work and can affect an employee in carrying out the tasks assigned to him.

2.1.3.1 Indicator

According to McCoy & Evans (2005), there are several indicators of the working environment, namely air components, temperature factor, sound factor, light and color factor and space factor. Air components such as carbon monoxide and unpleasant odors can have an impact on performance. Temperature factor, meaning that temperatures affect performance in the working environment. The sound factor that produces noise or disruptive sounds affects performance. Light and color factors include sunlight, light, windows and working environment views. Space structuring factor for a good working space affects good performance.

In contrast to McCoy and Evans, Sedarmayanti (2011) states that the work environment is only divided into two, namely the physical and non-physical work environments. Physical work environment is all physical conditions found around the workplace that can affect employees both directly and indirectly. While non-physical work environment is all

the conditions that occur that are related to work relations both relationships with superiors and fellow co-workers, or relationships with subordinates. Such conditions further create enthusiasm to unite in the company's organization to achieve the goal

2.1.4 Job Satisfaction

Job satisfaction is a positive feeling that is formed from the employee's assessment of his work based on employee perceptions of how well his job is done, which means that what is obtained in work meets what is considered important (Luthans, 2007). Rivai (2006) also defined satisfaction as an evaluation to describe a person feeling for happy or unhappy, satisfied or dissatisfied in work.

Job satisfaction is basically something that is individual. Each individual has a level of satisfaction different according to the value system that applies to him. Mangkunegara (2009) argue that there are five theories of job satisfaction, including:

a) Balance theory

This theory was put forward by Wexley and Yukl (1984), saying that all values received by employees who can support the implementation of work. For example, education, experience, skills, business, personal equipment, and working hours.

b) Difference theory

This theory was first pioneered by Porter (1961) who argued that measuring satisfaction can be done by calculating the difference between

what is supposed to be and the reality felt by employees. Whereas Locke (1976) argued that employee job satisfaction depends on the difference between what is obtained and what is expected by the employee.

c) Fulfillment of needs theory

According to this theory, employee job satisfaction depends on whether or not employees' needs are met. The employee will feel satisfied if he gets what he needs. The greater the employee's needs are met, the more satisfied the employee is. Similarly, if the employee's needs are not met, the employee will feel dissatisfied.

d) Group view theory

According to this theory, employee job satisfaction is not dependent on fulfilling the needs alone but is very dependent on the views and opinions of the group which employees consider to be a cuan group. The reference group is used as a benchmark to assess themselves and their environment. So, employees will be more satisfied if their work results are in accordance with the interests and needs expected by the reference group.

e) Two Factors Theory

This theory was developed by Frederick Herzberg who used A. Maslow's theory as a reference where Herzberg conducted interviews with subject engineers and accountants. Each subject was asked to share the events experienced by them, whether they were pleasant (giving satisfaction) or

not pleasant or not satisfying. Then analyzed by content analysis (content analysis) to determine the factors that cause satisfaction or dissatisfaction.

2.1.4.1 Factors Affecting Job Satisfaction

Job satisfaction is influenced by many factors, many experts suggest what are the factors that influence job satisfaction. According to Robbins (2003) there are 4 factors that affect job satisfaction, namely:

a) Work that is mentally challenging.

In general, individuals prefer jobs that provide opportunities to use skills and abilities and provide a variety of tasks, freedom, and feedback about how good the work is. These characteristics make work more challenging mentally. Less challenging work creates boredom, but which is too challenging can create frustration and feelings of failure. In the middle of the challenge conditions, most employees will experience pleasure and satisfaction.

b) Appropriate rewards

Employees want a payment system that is fair, unambiguous, and in line with employee expectations. When payments are considered fair in accordance with the demands of the work, the level of individual skills and the standard of payment of the community, satisfaction is likely.

c) Supporting working conditions.

Employees relate to their work environment for personal comfort and ease of doing good work. Which is included in working conditions such as spatial layout, cleanliness of the workspace, facilities, and tools, temperature, noise level.

d) Supporting coworkers

Individuals get something more than money or tangible achievements from work but employees also meet the needs of social interaction. A person's boss behavior is also a major determinant of satisfaction. To maintain and maintain this interpersonal relationship, it needs to be applied: mutual respect, loyalty, and tolerance between one another, open attitude and familiarity between employees.

An additional from Luthans (2007), he states that there are 5 factors that affect job satisfaction, namely:

- a) Satisfaction with payment of salaries or wages are significant but are complex and multidimensional factors in job satisfaction.
- b) Satisfaction with the job itself, jobs that provide satisfaction are interesting and challenging jobs, jobs that are not boring, and jobs that can provide status.
- c) Satisfaction with colleagues, working groups will have an effect on job satisfaction. Friendly and cooperative coworkers are a source of job satisfaction for individual employees.

- d) Satisfaction with promotion, opportunities promoted appear to have a diverse influence on job satisfaction because promotions can be in different forms and vary in rewards.
- e) Satisfaction with work supervision, supervision is another source of job satisfaction that is quite important too

2.1.5 Performance

Performance is an important element in the management. According to Mathis and Jackson (2004) performance is basically what employees do or don't do. An additional definition comes from Mangkunegara (2011), he suggest that performance is the work of quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him. Performance becomes the real foundation in an organization because if there is no performance, the organizational goals cannot be achieved.

2.1.5.1 Components

According to Robbins (2006), performance is a result achieved by employees/employees in their work according to certain criteria that apply. Indicators for individual employee performance are six indicators, according to Robbins (2006), namely:

- a) Quality of work

Measured by employee perceptions of the quality of work produced and the perfection of tasks towards the skills and abilities of employees.

b) Quantity

The amount generated is expressed in terms such as the number of units, number of cycles of activities completed.

c) Timeline

The activity level is completed at the beginning of the stated time, seen in terms of coordination with the output results and maximizing the time available for other activities.

d) Effectiveness

The level of use of organizational resources (energy, money, technology, raw materials) is maximized in order to increase the yield of each unit in the use of resources.

e) Independent

Level of independence of an employee who will later be able to carry out his work function

f) Work commitment

A level where employees have a work commitment to the agency and employee responsibilities to the office.

According to Mathis (2006), performance is basically what is done or not done by employees. According to Mathis, the performance indicator consists of:

- a) Quality of work is the ideal work result in the form of quality services and products in proportion to the demands of the organization and competition.
- b) The quantity of work seen in the organization can meet the set targets. This shows the ability of the company to manage its resources in achieving its objectives.
- c) Working time can be viewed from the organization's ability to determine working time which is considered the most efficient and effective at all levels in management. Working time is the basis for an employee in completing a job or service that is his responsibility.
- d) Cooperation with coworkers is a demand for the success of the organization in achieving its stated goals because with good cooperation it will give trust to various interested parties, both directly and indirectly with the company.
- e) The presence of employees shows the morale of an employee. This characterizes an employee who has a high work ethic.

2.2 Previous Research

This part will elaborate deeply, the previous research result which is related to the hypotheses in this research. There will be 35 previous studies which will become a reference for conducting this study. All of this study includes a study about compensation, work environment, job satisfaction, and employee performance.

1. Pratama, et al. (2015)

A study conducted by Pratama, et al (2015) The title of the study is “Pengaruh Kompensasi Terhadap Kinerja Karyawan”. The population studied was as many as 49 employees who worked permanently at PT. Asuransi Jiwasraya (Persero) Malang Regional Office. In this study, the researcher using Martoyo (2000) theory for compensation and Mangkunegara (2000) for employee performance.

In this study, there are 3 variables. Financial compensation as the first independent variable (X1) and non-financial compensation as the second independent variable (X2). The last variable is Employee Performance as the dependent variable (Y1). The results show that there is a significant positive influence between financial and non-financial compensation on the performance of employees of PT. Asuransi Jiwasraya (Persero).

2. Ramzan, et al. (2014)

A study conducted by Ramzan, et al. (2014) The title of the study are “Impact of Compensation on Employee Performance (Empirical Evidence from Banking Sector of Pakistan) “ This study collecting the data from different banks of southern Punjab. Approximately 45 banks were included to collect data. 200 Questionnaires were distributed among the full time working employees of banks and they were selected randomly. This study using Miller and Newman(2005) theory for Salary, Milkovich and Newman(1999) theory for Indirect Compensation and Hong Lu, Alison E. While, and K. Louise Barriball (2006) for Performance

The result of the study shows that compensation has positive impact on employee performance. It is proved from correlation analysis

that all the independent variables have weak or moderate positive relationship to each other.

3. Masea, I.N (2016)

A study conducted by Masea (2016) The title of the study is “Influence of Compensation Practices on Performance of Employees In the Saving and Credit Institutions In Nairobi City Country” The study respondents were human resource managers, assistance human resources officers and lower level human resources officers making a study population of 99 respondents working in the Human Resources Department in the SASRA SACCOs.(Societies Regulatory Authority Saving Credit and Cooperative societies)

The study indicated that equity-based compensation affects productivity at the SACCO to a very great extent. The results denoted that salary variation influence long-term employees productivity, an announcement of compensation signal about possible growth in the future for SACCOs performance and that pay equity greatly influence employee performance in regulated SACCOs. the findings also demonstrated that existence of a positive association between SACCOs performance and equity-based compensation program, positive SACCOs performance reaction at the announcement and issuance of the general equity-based compensation plan and salary dispersion being a

reasonable and composite measure of hourly pay equity influence employee performance.

4. Amrullah, A. (2012)

A study conducted by Amrullah (2012) The title of the study is “Pengaruh Kompensasi Finansial dan Kompensasi non Finansial Terhadap Kinerja Karyawan PT. Bank Rakyat Indonesia (Persero) TBK. Wilayah Makassar” This study using amounted of 44 respondents distributed to employees of PT. Bank Rakyat Indonesia (Persero) Tbk. Makassar Region. Which the theory of Financial Compensation and Non-Financial Compensation using Mondy et al., (1993:442-443) theory. For Employee Performance, the researcher using Syamsuddin and Yunus (2003:16) theory.

In this study, there are 3 variables. Financial compensation as the first independent variable (X1) and non-financial compensation as the second independent variable (X2). The last variable is Employee Performance as the dependent variable (Y1). The result of the study shows that financial compensation and non-financial compensation partially had a positive and significant effect on employee performance.

5. Siddiqi, T. & Tangem, S.(2018)

A study conducted by Siddiqi and Tangem (2012) The title of the study are “Impact of Work Environment, Compensation and Motivation on The Performance of Employees in The Insurance Companies of

Bangladesh” This study distributes total 180 questionnaires among these insurance companies in Bangladesh, out of which 150 were returned indicating a response rate of 83%.

In this study, there are 4 variables. Compensation as the first independent variable (X1), Motivation as the second independent variable (X2) and Work Environment as the third independent variable (X3). The last variable is Employee Performance as the dependent variable (Y1), The result of the study shows that compensation has a positive impact on employees performance, the work environment has a positive impact on employees performance and motivation has a positive impact on employees performance.

To retain the employees from switching as well as to elicit the best outcome from the employees, this study which is conducted on Bangladesh can be of immense importance as it resembles the cultural setting like many other Asian countries. Employee performance which depends on the attainment of the outcomes while keeping up with the strategic plans can only be enhanced with a positive attitude toward his work environment, satisfaction regarding compensation and motivation.

6. Rahmawati et al. (2014)

Rahmawati et al. (2014) in “Pengaruh Lingkungan Kerja Terhadap Kinerja Karyawan (Studi pada Karyawan Kantor Pelayanan Pajak Pratama Malang Utara)” The subject of samples in this research 79

employees Kantor Pelayanan Pajak Pratama Malang Utara. This research using Physical Work Environment (X1), Non-Physical Work Environment (X2) as independent variable and Employee Performance (Y) as independent variable.

The result shows that the influence of the physical work environment on employee performance is 24.7%. the influence of non-physical work environment on employee performance is 67.1%, so the non-physical work environment has a dominant influence on employee performance. Although both work environment physical and non-physical factor has a positive influence on employee performance.

7. Kisanti (2013)

Kisanti (2013) with the research title “Pengaruh Lingkungan Kerja dan Stres Kerja terhadap Kinerja Karyawan PT. Coca-Cola Amatil Indonesia Distributor Yogyakarta”. Based on these studies partially the work environment variable has a positive and significant effect on employee performance variables, while partially the work stress variable has a negative and significant effect on employee performance variables, and in the F test concluded that work environment variables and work stress have an influence on employee performance.

8. Nanzushi (2015)

Nanzushi (2015) in “The Effect of Workplace Environment on Employee Performance in The Mobile Telecommunication Firms in

Nairobi City County” Using sample size included a total of 164 employees. The descriptive research design was adopted for the study. A target population usually has varying characteristics e.g. different ages, different genders, varying education backgrounds etc. It’s thus the group about which the researcher wishes to draw his research conclusions from. The target population of this study was all employees of Safaricom Limited, Airtel Networks Kenya Limited and Telkom Kenya Limited (Orange) based at the headquarters.

The study found out that employees’ performance was influenced by several work environment factors. The researcher found out that employees were satisfied with their physical work environments aspects like furniture, spatial layouts, lighting and noise levels. These aspects of the physical work environment help improve employees’ performance.

9. Nadeem & Ahmed (2015)

Nadeem & Ahmed (2015) in “ Impact of Work Environment Factors on Employee Performance; Empirical Evidence from Manufacturing Industry of Lahore “ Employee Performance is dependent variable in this study and independent variables are a Physical work environment, supervisor support, employee willingness, and Job Aid. The population of the study is elected from the manufacturing sector of sunder industrial estate Lahore. Quantitative analysis with a sample of 352 respondents is performed using

correlation and regression analysis in order to test the research hypotheses.

The result shows that surveyed managers' of manufacturing organizations of Pakistan perceived that work environment, supervisor support, employee willingness, work aid have a positively correlate and positively affect with each other. Also, Work environment and employee performance show a positive relationship.

10. Wilson (2015)

Wilson (2015) in "Impact of Work Environment on Academic Staff Job Performance: Case of a Uganda University" was conducted to establish the impact of the prevalent work environment on academic staff job performance in Ugandan public universities, using Kyambogo University as a case. He found out that the prevalent work environment significantly affect the job performance of the academic staff of Kyambogo University

11. Saeed (2016)

Saeed (2016) in "The Impact of Job Satisfaction and Knowledge Sharing on Employee Performance". The results of this study indicate

that there is a significant effect of job satisfaction and knowledge sharing on the performance of employees in the oil and gas industry.

The existence of the variable equality of job satisfaction and employee performance. There are differences in the research variables, namely the existence of independent variables, namely knowledge management, and the work environment. In addition, there are also differences in the location of research objects.

12. Shaju & Subhasini (2017)

Shaju & Subhashini (2017) in "A Study of the Impact of Job Satisfaction on Job Performance for Employees in Automobile Industry, Punjab, India". The results showed a positive relationship between the dimensions of job satisfaction and the performance of employees at the supervisory level and workers working in the car industry.

The research equation is the variable of job satisfaction and employee performance. There are differences in the research variables, namely the existence of independent variables, namely knowledge management, and work environment.

13. Changgriawan (2017)

Changgriawan (2017) in "Pengaruh Kepuasan Kerja dan Motivasi Kerja Terhadap Kinerja Karyawan di One Way Production" is convenience sampling so that the number of respondents was 109 people in One Way Production. In this research he using three variables,

Job satisfaction (X1), Motivation (X2) as an independent variable and Employee Performance (Y) as a dependent variable. The results showed that job satisfaction has an effect on employee performance and motivation does not affect employee performance.

14. Akbar et al. (2007)

Akbar et al. (2007) in “Pengaruh Kepuasan Kerja Terhadap Komitmen Organisasional dan Kinerja Karyawan (Studi pada Karyawan Tetap PG Kebon Agung Malang) The population of research included 298 regular employees at PG Kebon Agung Malang. Sampling technique was proportional random sampling and the result was 75 respondents.

The result shows that Job Satisfaction variable (X) has a significant effect on Employee Performance variable (Y2) of 0.516. Because the path coefficient is positive, it can be said that the higher the Employee Job Satisfaction, the better the Employee Performance.

15. Awan & Asghar (2014)

Awan and Asghar (2014) examine the effect of job satisfaction on employee performance; study on the banking sector in Muzaffargarh District, Pakistan. Data were collected randomly from 150 employees from 10 bank branches in Pakistan. Descriptive statistics were applied to see the relationship between the two variables of job satisfaction and performance. The results of this study indicate that the relationship

between job satisfaction and package salaries, job security, and reward systems are positively correlated and job satisfaction has a direct and significant impact on employee performance.

16. Widyawati & Verawati (2016)

Widyawati & Verawati (2016) conducted a study entitled “Pengaruh Kompensasi Terhadap Kepuasan Kerja dan Kinerja Karyawan (Studi Pada PT. Kencana Arta Raya Denpasar)” this study using sampling method with using the census method from all employees of PT. Kencana Arta Raya Denpasar, amounting to 35 people. Using Compensation (X) as an independent variable, Job Satisfaction (Y1) and Employee Performance (Y2) as a dependent variable.

The result shows that Compensation has a positive influence and significant toward employee job satisfaction. Increased compensation can increase job satisfaction employees at PT. Kencana Arta Raya Denpasar.

17. Salisu (2015)

Salisu (2015) conducted a study entitled "The Impact of Compensation on the Job Satisfaction of the Public Sector Construction Workers of Jigawa State of Nigeria". The purpose of this research is to find out the impact of different compensation packages on employee job satisfaction. In this study using a questionnaire to collect data, a

total of 265 questionnaires were distributed. However, only 260 questionnaires were returned, indicating that there was a response of 98% of employees. Respondents were selected using random sampling techniques. The results of this study indicate that compensation has a positive effect on job satisfaction.

18. Mabaso and Dlamini (2017)

The research conducted by Mabaso and Dlamini (2017) entitled “Impact of Compensation and Benefits on Job Satisfaction” This study using 279 samples of academic staff, which was the total population of participants were selected for the study. This study using Compensation (X1) and Benefits (X2) as an independent variable. Job satisfaction (Y) as a dependent variable.

The result shows that Compensation has a positive and significant effect on job satisfaction. This hypothesis was supported, therefore indicating that compensation influences job satisfaction among academic staff.

19. Muguongo, et al. (2015)

Muguongo, et al.(2015) in their research entitled “Effects of Compensation on Job Satisfaction Among Secondary School Teachers in Maara Sub” Stratified random sampling was used to select a sample size of 214 teachers drawn from the target population of 474 among Secondary school teachers in Maara Sub- County Tharaka Nithi County

Kenya. The study established that the basic pay, allowances and work environment affects teachers' job satisfaction to a great extent. The research concluded that teachers were highly dissatisfied with all aspects of compensation that they receive.

20. Mensah, et al. (2017)

Mensah, et al. (2017) in their research entitled "Effect of Compensation on Basic School Teachers' Job Satisfaction in the Northern Zone: The Case of Ghana" study was motivated by the desire to find out about teacher perception of compensation and whether compensation affects teacher job satisfaction at the basic level since they laid the foundation for the future leaders of a country, which means that their ability to give off their best went a long way to affecting the caliber of persons that are brought up in our society. A convenience sampling procedure was used to select 100 basic school teachers for the study. They found out that compensation was significantly and positively predict Teachers' job satisfaction.

21. Yunanda (2013)

Yunanda (2013) in "Pengaruh Lingkungan Kerja Terhadap Kepuasan Kerja dan Kinerja Karyawan (Studi Pada Perum Jasa Tirta I Malang Bagian Laboratorium Kualitas Air)". Based on the research, it shows that there is a significant influence between work environment variables on the performance variables on the employees of Jasa Tirta I

Public Company, then the results of subsequent studies indicate a significant influence between the variable job satisfaction and employee performance variables. In addition, the results of these studies indicate a significant influence between work environment variables on the variable job satisfaction for employees.

The results of the study also showed an indirect influence between work environment variables on performance variables through the variable job satisfaction. The equation with this study is to use the work environment as an independent variable and performance as the dependent variable. And using job satisfaction as a mediating variable and using a quantitative approach. While the difference is this researcher uses work series as an independent variable.

22. Raziq & Maulabakhs (2015)

Raziq & Maulabakhs (2015) in "Impact of Working Environment on Job Satisfaction ". This study analyzes the impact work environment towards employee job satisfaction from several respondents are educational institutions, banking and industrial sectors telecommunications operating in the city of Quetta, Pakistan. The results show a positive relationship between the work environment and employee job satisfaction.

The equation with this study is the existence of environmental variables work and job satisfaction. The difference is that there are other variables used in this study namely knowledge management as independent variable and employee performance as the dependent variable.

23. Agbozo, et. Al (2017)

Agbozo, et. Al (2017) in "The Effect of Work Environment on Job Satisfaction: Evidence from the Banking Sector in Ghana". The research findings show that the majority of staff in banks are satisfied with their work environment, especially the physical atmosphere. The results conclude that the environment has a significant influence on employee satisfaction. Equations with research on work environment variables and job satisfaction. The difference is that there are other variables, namely knowledge management and employee performance.

24. Lukiyana & Halima (2016)

Lukiyana & Halima (2016) conducted a study with the title "Pengaruh Kompensasi dan Lingkungan Kerja terhadap Kinerja Karyawan yang diintervening oleh Kepuasan kerja pada PT. Pacific Metro." The total population of respondents was 100 employees but 80 were respondents to the study. The taking method uses qualitative and quantitative analysis.

The results of this study indicate that Compensation and the work environment have a partial or simultaneous effect on employee performance and the results of the intervening tests that have been done show that job satisfaction can absolutely mediate between the effect of compensation and the work environment on employee performance.

25. Sari (2009)

According to Sari (2009) in her research entitled “Pengaruh Kompensasi dan Iklim Organisasi terhadap Kepuasan Kerja” This research focuses on job satisfaction from two different perspectives i.e. compensation and organizational climate. This research analyzes the correlation relationship between compensation and organizational climate as a factor that provides employee's job satisfaction at British International School. She found out that relationship between compensation received by employees and the organizational climate together shows very strong and positive relationship to satisfaction work.

26. Sopiah (2013)

Sopiah (2013) on her research entitled “The Effect of Compensation toward Job Satisfaction and Job Performance of Outsourcing Employees of Syariah Banks in Malang Indonesia”, with a population size of 436 and a level of inaccuracy allowance of 5% then the number of samples of 141 people employees of Syariah banks in

Malang. She found that there is a significant positive effect of financial compensation and non-financial compensation on work performance through job satisfaction.

27. Darma and Supriyanto (2017)

Darma and Supriyanto (2017) in their research entitled “The Effect Of Compensation On Satisfaction And Employee Performance”, using population employees of PT. Telekomunikasi Indonesia, Tbk Witel Kediri which amounted to 70 people. This study uses saturation sampling technique, where all members of population are taken as sample. Statistic test results show that employee satisfaction mediates the effect of compensation on employee performance at PT. Telekomunikasi Indonesia. This can be known from Sobel test of 6.953. The test results show that t value of statistic > 1.96 .

28. Baledi and Saeed (2017)

Baledi and Saeed (2017) on their research entitled “The Impact Of Compensation On Improving Employees Performance Through Job Satisfaction In Jordanian Newspaper”, using population consists of all editors, deputy editors-in-chief, and heads of departments and employees who perform their functions in the Jordanian main newspaper. The results showed that the compensation effect the

employees performance and job satisfaction directly, they also found that the compensation effect the employees through job satisfaction is positive so the job satisfaction plays the role of mediator between compensation and employees performance in Jordanian newspaper.

29. Setyorini, et al.(2018)

Setyorini, et al.(2018) on their research entitled “The Effect of Situational Leadership Style and Compensation to Employee Performance with Job Satisfaction as Intervening Variable at PT Bank Rakyat Indonesia (Persero), Tbk Denpasar Branch” was conducted at PT Bank Rakyat Indonesia Denpasar Branch Office with population and sample of all employees working at PT Bank Rakyat Indonesia (Persero) Tbk Denpasar Branch Office, which are 64 people. They found out that compensation impact positive and significant effect on employee performance through job satisfaction.

30. Renwarin & Abadi (2017)

Renwarin & Abadi (2017) in their research entitled “Analysis on the Influence of Compensation and Leadership on Job Satisfaction and its Effect on Job Performance” using population and sample of this research are 84 managers at Nusantara Bonded Area in Jakarta who are demanded to be in the middle position between employees and employers. The results of this research show that compensation and job

satisfaction significantly influence job performance. The results also show that there is an indirect positive effect that job satisfaction mediates compensation toward employee performance.

31. Chaudry et al. (2011)

The research conducted by Chaudry et al (2011) was titled "Exploring the Relationship between Salary Satisfaction and Job Satisfaction: A Comparison of Public and Private Sector Organizations". This study aims to analyze the impact of salary satisfaction on work engagement, work inspiration, employee performance on job satisfaction in public sector organizations and the private sector. Data collection uses questionnaires distributed, a total of 400 questionnaires. However, only 346 questionnaire responses were returned, 170 responses from the public sector and 176 from the private sector. The results show that the value of the salary satisfaction of the public organization sector is slightly higher than the private sector. The results also show a positive relationship between compensation and employee job satisfaction. Employee job satisfaction is created because it is supported by compensation itself, salary satisfaction, work involvement, work inspiration which ultimately impacts on increasing employee performance.

32. Juliarti et.al. (2018)

The research conducted by Juliarti et.al. (2018) entitled “Effect of Compensation and Work Environment on Employee Performance with Employee Job Satisfaction as an Intervening Variable” This study examines the effect of compensation and work environment on employee performance with job satisfaction to be intervening variable. Data on compensation, work environment, job satisfaction, and employee performance obtained through observation, record keeping and questioner with respondents.

The result shows that compensation has a positive and significant effect on employee job satisfaction on PT. PAG. Findings suggest that the compensation that was developed at the PT. PAG by prioritizing activities and supported compensation of material and social compensation can improve employee job satisfaction is reflected in the aspect of promotion opportunities, supervision, co-workers, and the work itself. The result also shows that compensation has a positive and significant effect on employee performance through employee job satisfaction as an intervening variable.

33. Nugrahaningsih & Julaela (2017)

Nugrahaningsih & Julaela (2017) in “Pengaruh Disiplin Kerja dan Lingkungan Kerja terhadap Kinerja Karyawan dengan Kepuasan Kerja Sebagai Variabel Intervening pada PT. Tempura Mas” which aims to find out about the influence of the work environment on employee

performance with job satisfaction as an intervening variable. The total population of respondents studied was 100 employees of PT. Tempura Mas, but it was taken as a total of 80 employees. The sampling method is random sampling. The research was conducted in several stages; explore the theory of literature with descriptive statistics, test the feasibility of the data with tests of validity and reliability, and test hypotheses with the t-test and test f. The results of this study indicate that job satisfaction interventions can increase the influence of the work environment on employee performance.

34. Sukdeo (2014)

Sukdeo (2014) in “The effect of the working environment on employee satisfaction and productivity: a case study in a clothing manufacturing factory “ using simple random sampling to select employees from middle and lower levels within the clothing manufacturing factory. A total of 236 questionnaires were distributed and 212 valid responses were collected. She found that there is indeed a strong correlation between employee satisfaction and productivity on organisational performance. It was found that the determinants of the working environment have a significant impact on employee satisfaction which also affects organizational performance.

35. Ashraf, et al.(2013)

Ashraf et al. (2013) suggested that there is a relationship between work environment and organizational performance and job satisfaction as a mediating role in the textile sector in Faisalabad, Pakistan. Data was obtained through employees and managers in the textile industry as many as 170 respondents. The results of this study can be implemented in various ways in the Pakistan textile sector organization. They found that the variables show a positive relationship, employee job satisfaction has a direct relationship between work environment and organizational performance.

Base on the research results that have been reviewed in this chapter, 35 previous studies that were referred for writing this research by setting compensation and work environment as independent variables, job satisfaction as an intervening variable, and employee performance as dependent variables. The authors add an information about the study of compensation, work environment toward employee performance through job satisfaction as an intervening variable. The difference with previous studies is that this study took the object of Madukismo sugar & spirits factory workers as the object of research.

Table 2.1

Previous Journal Table

NO	Journal Identity	Variable and Theory	Result
1	Pratama, S.A., Hakam, M.S.,&	Compensation Martoyo (2000)	The results show that there is a significant positive influence

	<p>Nurtjahjono,G.E.(2015)</p> <p>Pengaruh Kompensasi Terhadap Kinerja Karyawan (Studi pada karyawan PT. Asuransi Jiwasraya persero regional office Malang)</p> <p>Jurnal Administrasi Bisnis (JAB) Vol. 25 No. 1 Agustus 2015 </p>	<p>Employee performance</p> <p>Mangkunegara (2000)</p>	<p>between financial and non-financial compensation on the performance of employees of PT. Asuransi Jiwasraya (Persero).</p>
2	<p>Ramzan, M., Zubair, H.M.K.,Ali, G., & Arslan, M. (2014)</p> <p>Impact of Compensation on Employee Performance (Empirical Evidence from Banking Sector of Pakistan)</p> <p><i>International Journal of Business and Social Science Vol. 5 No. 2; February 2014</i></p>	<p>Salary</p> <p>Millvler and Newman(2005)</p> <p>Incentive and Rewards</p> <p>Indirect Compensation</p> <p>Milkovich and Newman(1999)</p> <p>Performance</p> <p>Hong Lu, Alison E. While, and K. Louise Barriball (2006)</p>	<p>Compensation has positive impact on employee performance. It is proved from correlation analysis that all the independent variables have weak or moderate positive relationship to each other.</p>
3	<p>Masea, I.N(2016)</p> <p>INFLUENCE OF COMPENSATION PRACTICES ON PERFORMANCE OF EMPLOYEES IN THE SAVING AND CREDIT INSTITUTIONS IN NAIROBI CITY COUNTY</p>	<p>Compensation</p> <p>Noe (2003)</p> <p>Performance</p> <p>(Fry, 1998)</p>	<p>The study indicated that equity-based compensation affect productivity at the SACCO to a very great extent. The results denoted that salary variation influence long-term employees productivity, announcement of compensation signal about possible growth in future for SACCOs performance and that pay equity greatly influence employee performance in regulated SACCOs.</p>
4	<p>Amrullah, A. (2012)</p> <p>PENGARUH KOMPENSASI FINANSIAL DAN NONFINANSIAL TERHADAP KINERJA KARYAWAN PT. BANK RAKYAT INDONESIA (PERSERO) TBK.</p>	<p>Financial Compensation</p> <p>Mondy <i>et al.</i>, (1993:442-443)</p> <p>Non Financial Compensation</p> <p>Mondy <i>et al.</i>, (1993:442-443)</p> <p>Employee Performance</p> <p>Syamsuddin dan Yunus (2003:16)</p>	<p>That financial compensation and non-financial compensation partially had a positive and significant effect on employee performance</p>

	WILAYAH MAKASSAR		
5	<p>Siddiqi, T. & Tangem, S.(2018)</p> <p>IMPACT OF WORK ENVIRONMENT, COMPENSATION AND MOTIVATION ON THE PERFORMANCE OF EMPLOYEES IN THE INSURANCE COMPANIES OF BANGLADESH</p> <p>South East Asia Journal of Contemporary Business, Economics and Law, Vol. 15, Issue 5(April) ISSN 2289-1560</p>	<p>Motivation Robbins (2005)</p> <p>Work Environment Wallace and Trinka (2009)</p> <p>Compensation Kleiman (2005)</p> <p>Performance Rivai(2004)</p>	<ul style="list-style-type: none"> • compensation has a positive impact on employees performance • work environment has a positive impact on employees performance • motivation has a positive impact on employees performance.
6	<p>Rahmawati, N.P.,Swasto, Bambang & Prasetya, Arik.(2014)</p> <p>Pengaruh Lingkungan Kerja Terhadap Kinerja Karyawan (Studi pada Karyawan Kantor Pelayanan Pajak Pratama Malang Utara)</p> <p>Jurnal Administrasi Bisnis (JAB) Vol. 8 No. 2 Maret 2014</p>	<p>Physical Work Environment Sedarmayanti (2009)</p> <p>Non Physical Work Environment Sedarmayanti (2009)</p> <p>Performance Mangkunegara (2009)</p>	<p>The influence of the physical work environment on employee performance is 24.7%. the influence of non-physical work environment on employee performance is 67.1%, so the non-physical work environment has a dominant influence on employee performance. Although both work environment physical and non-physical factor has a positive influence on employee performance</p>
7	<p>Kisanti, Ika.W (2013)</p> <p>“Pengaruh Lingkungan Kerja dan Stres Kerja terhadap Kinerja Karyawan PT. Coca-Cola Amatil Indonesia Distributor Yogyakarta”.</p>	<p>Work Environment Sedarmayanti (2009)</p> <p>Work Stress Luthas (2011)</p> <p>Job Satisfaction Luthans (2011)</p> <p>Employee Performance Mathis & Jackson (2002)</p>	<p>Work environment variable has a positive and significant effect on employee performance variables</p>
8	<p>Nugrahaningsih, H. & Julaela (2017)</p> <p>Pengaruh Disiplin Kerja dan Lingkungan Kerja terhadap Kinerja Karyawan dengan</p>	<p>Work Environment (Nitisemito, 2011)</p> <p>Performance (Siagian, 2012)</p> <p>Job Satisfaction (Handoko, 2012)</p>	<p>Work Environment has a positive effect on Performance through Job satisfaction as a moderating variable</p>

	<p>Kepuasan Kerja Sebagai Variabel Intervening pada PT. Tempura Mas</p> <p>Media Manajemen Jasa 4(1) 61-76 (2017)</p>		
9	<p>Nanzushi, Cynthia (2015)</p> <p>The Effect of Workplace Environment on Employee Performance in The Mobile Telecommunication Firms in Nairobi City County</p>	<p>Physical Work Environment Chandrasekar (2011) Employee Performance</p>	<p>The study found out that employees' performance was influenced by several work environment factors. The researcher found out that employees were satisfied with their physical work environment aspects like furniture, spatial layouts, lighting and noise levels.</p>
10	<p>Nadeem, K. & Ahmad,A. (2017)</p> <p>Impact of Work Environment Factors on Employee Performance; Empirical Evidence from Manufacturing Industry of Lahore</p> <p>Journal of Managerial Sciences Volume XI Number 03 p.421-436</p>	<p>Employee Performance (Vischer, 2007) Physical work environment Brill et al. (1985) Supervisor support Employee willingness Job Aid</p>	<p>The surveyed managers' of manufacturing organizations of Pakistan perceived that work environment, supervisor support, employee willingness, work aid have a positively correlate and positively affect with each other's. Also Work environment and employee performance shows positive relationship.</p>
11	<p>Saeed (2016)</p> <p>"The Impact of Job Satisfaction and Knowledge Sharing on Employee Performance". <i>Journal of Resources Development and Management</i> Vol.21: 16-23.</p>	<p>Job Satisfaction (Hackman and Oldham, 1974) Knowledge Sharing (Becerra-Fernandez and Sabherwal, 2014) Employee performance (Bernadin, 2002)</p>	<p>The results of this study indicate that there is a significant positive influence from job satisfaction and knowledge sharing toward job satisfaction employees in the oil and gas industry.</p>
12	<p>Shaju & Subhashini (2017)</p> <p>"A study on the impact of Job Satisfaction on Job Performance of Employees working in Automobile Industry, Punjab, India".</p>	<p>Job Satisfaction (Luthans, 1985) Employee performance (Shaju & Subhashini, 2017)</p>	<p>The results of the study show there is a positive relationship between dimensions of job satisfaction and employee performance at the supervisory level and workers working in the car industry.</p>
13	<p>Changgriawan (2017)</p> <p>Pengaruh Kepuasan Kerja dan Motivasi Kerja</p>	<p>Job Satisfaction Luthans (2007) Performance Robbins (2006)</p>	<p>From the results of testing and analysis that has been done, it can be seen that the job satisfaction independent</p>

	Terhadap Kinerja Karyawan di One Way Production. AGORA Vol. 5, No. 3, (2017)	Motivation George & Jones (2005)	variables used affect the performance of employees.
14	Akbar, Hamid & Djudi (2007) Pengaruh Kepuasan Kerja Terhadap Komitmen Organisasional dan Kinerja Karyawan (Studi pada Karyawan Tetap PG Kebon Agung Malang)	Job Satisfaction Mangkunegara (2009:120) Organizational Commitment Luthans (2005: 249) Employee Performance Mangkuprawira (2007:155-156)	There is a positive and significant influence between Job Satisfaction on Employee Performance.
15	Awan & Asghar (2014) Impact of Employee Job Satisfaction on Their Performance: A Case Study of Banking Sector in Muzaffargarh District. Pakistan Global Journal of HRM 2(4) 71-94 (2014)	Brown (1996) Peiro (1999) Hunter & Hunter (1984)	The relationship between job satisfaction and salary packages, job security and reward systems is positively correlated and job satisfaction has a direct and significant impact on employee performance.
16	Widyawati & Verawati (2016) Pengaruh Kompensasi Terhadap Kepuasan Kerja dan Kinerja Karyawan (Studi Pada PT. Kencana Arta Raya Denpasar). <i>JURNAL PERTANIAN BERBASIS KESEIMBANGAN EKOSISTEM</i>	Compensation Mondy (2008: 5) Job satisfaction Robbins (2003:78) Performance Mathis dan Jacson (2011:378)	Compensation has a Positive influence and significant towards employee job satisfaction. Increased compensation can increase job satisfaction employees at PT. Kencana Arta Raya Denpasar.
17	Salisu, J.B (2015) "The Impact of Compensation on the Job Satisfaction of the Public Sector Construction Workers of Jigawa State of Nigeria"	Compensation (Martocchio, 2011) Job Satisfaction (Spector, 1997)	The results of this study indicate that compensation has a positive effect on job satisfaction.
18	Chaudry,M.S.,Sabir,H.M., Rafi,N.,&Kalyar,N.M. (2011)	Salary Satisfaction Sharma and Bajpai (2011). Job Satisfaction	The results shows a positive relationship between compensation and employee job satisfaction. Employee job

	"Exploring the Relationship between Salary Satisfaction and Job Satisfaction: A Comparison of Public and Private Sector Organizations". <i>The Journal of Commerce</i> . Vol.3, No. 4.	The model of Cammann, Fichman, Jenkins and Klesh (1979)	satisfaction is created because it is supported by compensation itself, salary satisfaction, work involvement, work inspiration which ultimately impacts on increasing employee performance.
19	Juliarti,P.A.D., Agung,A.P.A., & Sudja,I.N. (2018) Effect of Compensation and Work Environment on Employee Performance with Employee Job Satisfaction as an Intervening Variable	Compensation Michael and Harold (2002: 114) Work Environment Sedarmayanti (2009) Employee Performance McNeese-Smith (1996) Job Satisfaction Luthans (2006: 431)	Compensation has positive and significant effect on employee job satisfaction on PT. PAG.
20	Mabaso,C.M and Dlamini,B.I(2017) Impact of Compensation and Benefits on Job Satisfaction. Research Journal of Bussiness Management	Compensation Swanepoel(2014) Benefits Brattonand Gold(2007) Job Satisfaction Onukwube(2012)	Compensation has a positive and significant effect on job satisfaction. This hypothesis was supported, therefore indicating that compensation influences job satisfaction among academic staff.
21	Yunanda, M.A (2012) Pengaruh Lingkungan Kerja Terhadap Kepuasan Kerja dan Kinerja Karyawan (Studi Pada Perum Jasa Tirta I Malang Bagian Laboratorium Kualitas Air	Work Environment Sedarmayanti (2011) Job Satisfaction Wibowo (2009:326) Employee Performance Simamora (2003)	The results of this study indicate a significant positive influence between work environment variables on employee satisfaction variables on employees.
22	Raziq & Maulabakhs (2015): "Impact of Working Environment on Job Satisfaction". <i>Procedia Economics and Finance</i> 23: 717 – 725	Work Environment (Spector, 1997) Job Satisfaction (Sell & Cleal, 2011)	The results indicate the existence positive relationship between work environment and satisfaction employee work. This study conclude that business needs realize the importance of the environment good work for maximize the level of satisfaction work.
23	Agbozo <i>et.al</i> (2017): "The Effect of Work Environment on Job Satisfaction: Evidence	Work Environment (Leshabari <i>et.al</i> , 2008). Job Satisfaction (Robbins, 2003)	Research findings show that most of the staff are in the bank feel satisfied with the environment their work is

	from the Banking Sector in Ghana". <i>Journal of Human Resource Management</i> Vol 5(1): 12-18.		mainly the atmosphere physical. The results conclude that environment has influence significant satisfaction employee.
24	Lukiyana & Halima (2016) " Pengaruh Kompensasi dan Lingkungan Kerja terhadap Kinerja Karyawan yang diintervening oleh Kepuasan kerja pada PT. Pacific Metro."	Employee Performance Bernardin dan Russel (dalam Keban, 2004 : 192) Job Satisfaction Compensation Work Environment	The results of testing the fifth hypothesis found empirical evidence that the job satisfaction variable mediates absolutely the influence of the work environment on employee performance. Based on this evidence, it can be concluded that the fifth hypothesis is accepted. This shows that employee job satisfaction can improve employee performance, through company support by creating a work environment that is quite comfortable for employees.
25	Sukdeo (2014) The effect of the working environment on employee satisfaction and productivity: a case study in a clothing manufacturing factory	Working Conditions (Vischer, 2008) Employee performance	there is indeed a strong correlation between employee satisfaction and productivity on organisational performance. It was found that the determinants of the working environment have a significant impact on employee satisfaction.
26	Kasule George Wilson (2015) Impact of Work Environment on Academic Staff Job Performance: Case of a Uganda University International Journal of Advances in Management and Economics	Work Environment Chandrasekar (2011) Employee Performance	work environment significantly affect the job performance
27	Elviera Sari Pengaruh Kompensasi dan Iklim Organisasi terhadap Kepuasan Kerja Jurnal Ilmu Administrasi dan Organisasi	Compensation Igalens (1999) Organizational Climate Litwin and Stringer (1976) Job Satisfaction Spector (1997)	Relationship between compensation received by employees and the organizational climate together shows very strong and positive relationship to satisfaction work.
28	Prayoga Setia Darma	Compensation	Employee satisfaction mediate

	<p>Achmad & Sani Supriyanto</p> <p>The Effect Of Compensation On Satisfaction And Employee Performance</p> <p>Management and Economics Journal</p>	<p>Simamora (2016) Satisfaction Rivai (2006) Performance Sani and Maharani (2013)</p>	<p>the effect of compensation on employee performance at PT. Telekomunikasi Indonesia.</p>
29	<p>Sopiah</p> <p>The Effect of Compensation toward Job Satisfaction and Job Performance of Outsourcing Employees of Syariah Banks in Malang Indonesia</p> <p>International Journal of Learning & Development</p>	<p>Compensation Simamora (2004) Job Satisfaction Hasibuan (2003) Job Performance</p>	<p>(1) There is a significant positive financial compensation directly to employees' performance (2) There is a significant positive financial compensation to performance through job satisfaction (3) There is a significant positive effect on the performance of nonfinancial compensation of employees directly (4) There is a significant positive effect of nonfinancial compensation to employees' performance through job satisfaction (5) The function of intervening variables (satisfaction) amplifies the effect of compensation on employee performance.</p>
30	<p>M. Baledi & R. Saeed</p> <p>The Impact Of Compensation On Improving Employees Performance Through Job Satisfaction In Jordanian Newspaper</p>	<p>Compensation Dessler(2011) Employee Performance Bhatti and Qureshi (2007) Job Satisfaction As'ad (2008)</p>	<p>found the effect of compensation effect the employees through job satisfaction is positive so the job satisfaction play the role of mediator between compensation and employees performance in Jordanian newspaper.</p>
31	<p>Mary Makena Muguongo, Andrew T. Muguna, & Dennis K. Muriithi</p> <p>Effects of Compensation on Job Satisfaction Among Secondary School</p>	<p>Compensation Armstrong (2006) Job Satisfaction Armstrong (2006)</p>	<p>The study concludes that the allowances such as houseallowance and hardship allowance that the teachers received affect their job satisfaction.</p>

	Teachers in Maara Sub - County of Tharaka Nithi County, Kenya Journal of Human Resource Management		
32	Josephine Pepra-Mensah , Luther NtimAdjei & Albert Agyei Effect of Compensation on Basic School Teachers' Job Satisfaction in the Northern Zone: The Case of Ghana Global Journal of Management and Business Research: G Interdisciplinary	Compensation Dessler (2013) Job Satisfaction Parvin&Kabir (2011)	Compensation was found to significantly and positively predict Teachers' job satisfaction.
33	Ashraf,Muhammad Shakoor The Impact of Working Environment on Organization Performance : A Mediating Role Employee's Job Satisfaction	Working Environment Performance Job Satisfaction	The results of all variables show a positive relationship with all. Employee job satisfaction has a direct relationship between work environment and organizational performance.
34	RR. Wahyu Setyorini, AnikYuesti, & Nengah Landra The Effect of Situational Leadership Style and Compensation to Employee Performance with Job Satisfaction as Intervening Variable at PT Bank Rakyat Indonesia (Persero), Tbk Denpasar Branch International Journal of Contemporary Research and Review	Leadership Style Sedarmayanti (2011) Compensation Simamora (2004) Employee Performance Notoatmodjo (2004) Job Satisfaction Robbins (2001)	Job satisfaction is able to mediate positively on the indirect effect of compensation on employee performance .
35	Renwarin J & Abadi F Analysis on the Influence	Compensation Schuler and Suzan (1999) Leadership	Compensation variable significantly influences job satisfaction.

	of Compensation and Leadership on Job Satisfaction and its Effect on Job Performance International Conference of Organizational Innovation	Greenberg and Baron (2000) Job Performance Dessler (2013) Job Satisfaction Yukl (1998)	Compensation variable significantly influences job performance. Job satisfaction variable significantly influences job performance.
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2.3 The Relationship among Variables and Hypotheses

2.3.1 The relationship of Compensation toward Job Satisfaction

According to Muguongo et al (2015) compensation plays an important role in determining employees' job satisfaction. It is also supported by research by Widyawati and Verawati (2016) they found that compensation has a positive effect and significant towards employee job satisfaction. According to Salisu (2015), the results of her study indicate that compensation has a positive effect on job satisfaction. According to Chaudry, et al (2011) they found out that there is a positive relationship between compensation and employee job satisfaction. According to Juliarti, et al(2018) compensation has a positive and significant effect on employee job satisfaction on PT. PAG. According to Mabaso & Dlamini (2017) compensation has a positive and significant effect on job satisfaction.

H₁: There is a positive influence of compensation toward employee satisfaction

2.3.2 The Relationship of Work Environment toward Job Satisfaction

According to Yunanda (2013), her study indicates a significant positive influence between work environment variables on employee satisfaction variables on employees. According to Raziq & Maulabakhs (2015), the results of their study indicate the existence positive relationship between work environment and satisfaction employee work. According to Agbozo et al. (2017), They found out that most of the staff in the bank feel satisfied with the environment their work is mainly the atmosphere physical. According to Lukiyana & Halima (2016), they found that employee job satisfaction can improve employee performance, through company support by creating a work environment that is quite comfortable for employees. According to Sukdeo (2014), there is indeed a strong correlation between employee satisfaction and productivity on organizational performance affected by the work environment.

H₂: There is a positive influence of work environment toward employee satisfaction

2.3.3 The Relationship of Job Satisfaction toward Employee Performance

According to Changgriawan (2017), his study shows the results of testing and analysis that has been done, it can be seen that the job affect the performance of employees. According to Shaju & Subhashini (2017), their study shows there is a positive relationship between dimensions of job satisfaction and employee performance at the supervisory level and

workers working in the car industry. According to Saeed (2016), the results of his study indicate that there is a significant positive influence from job satisfaction and knowledge sharing toward job satisfaction employees in the oil and gas industry. According to Akbar et al (2007), there is a positive and significant influence between Job Satisfaction on Employee Performance. According to Awan & Asghar (2014), the relationship between job satisfaction and salary packages, job security, and reward systems are positively correlated and job satisfaction has a direct and significant impact on employee performance.

H₃: There is a positive influence of job satisfaction toward employee performance

2.3.4 The Relationship of Compensation toward Employee Performance

According to Pratama et al. (2015), they found that there is a significant positive influence between financial and non-financial compensation on the performance of employees of PT. Asuransi Jiwasraya (Persero). According to Ramzan Et al. (2014) Compensation has a positive impact on employee performance. According to Amrullah (2012), he found that financial compensation and non-financial compensation partially had a positive and significant effect on employee performance. According to Masea (2016), The study indicated that equity-based compensation affects productivity at the SACCO to a very great extent.

According to Siddiqi & Tangem (2018), They found out that compensation has a positive impact on employees performance.

H₄: There is a positive influence of compensation toward employee performance

2.3.5 The Relationship of Work Environment toward Employee Performance

According to Rahmawati et al. (2014), they found that physical and nonphysical work environment has an influence on employee performance. According to Kisanti (2013), work environment variable has a positive and significant effect on employee performance variables. According to Nugrahaningsih & Julaela (2017) work environment has a positive effect on Performance through Job satisfaction as a moderating variable. According to Nanzushi (2015), he found out that employees' performance was influenced by several work environment factors. According to Nadeem & Ahmad (2017), the surveyed managers' of manufacturing organizations of Pakistan perceived that work environment, supervisor support, employee willingness, work aid have a positively correlate and positively affect with each other. Also, Work environment and employee performance show a positive relationship.

H₅: There is a positive influence on the work environment toward employee performance

2.3.6 The Relationship of Compensation toward Employee Performance through Job satisfaction

According to Sopiah (2013), there is a significant positive financial compensation to performance through job satisfaction. Darma and Supriyanto (2017) found that employee satisfaction mediates the effect of compensation on employee performance at PT. Telekomunikasi Indonesia. Baledi and Saeed (2017) found the effect of the compensation effect the employees through job satisfaction is positive so job satisfaction plays the role of mediator between compensation and employees performance in Jordanian newspaper. Setyorini, et al. (2018) found out that compensation impact positive and significant effect on employee performance through job satisfaction. Renwarin & Abadi (2017) research show that compensation and job satisfaction significantly influence job performance. The results also show that there is an indirect positive effect that job satisfaction meditates compensation toward employee performance.

H₆: Job satisfaction mediates the influence of compensation toward employee performance

2.3.7 The Relationship of Work Environment toward Employee Performance through Job satisfaction

According to Nugrahaningsih & Julaela (2017), they found out that the work environment has a positive effect on Performance through Job satisfaction as a moderating variable. There is indeed a strong correlation

between employee satisfaction and productivity on organizational performance, it was found that the determinants of the working environment have a significant impact on employee satisfaction (Sukdeo, 2014). Work environment has a positive and significant effect on the performance through job satisfaction in the PT. PAG (Juliarti, et al., 2018). According to Chaudhry, et al. (2017) they found that employee involvement and satisfaction play a mediating role between work environment, training & development and organizational performance. Ashraf et al. (2013) also suggest that there is a relationship between the work environment and organizational performance and job satisfaction as a mediating role in the textile sector in Faisalabad, Pakistan.

H₇: Job satisfaction mediates the influence of working environment toward employee performance

2.4 Research Framework

This study consists of compensation (X1) and work environment (X2) as independent variable, job satisfaction (Y) as the intervening variable while the employee performance as the dependent variable (Z). As for the relationship between variables can be seen as follows:

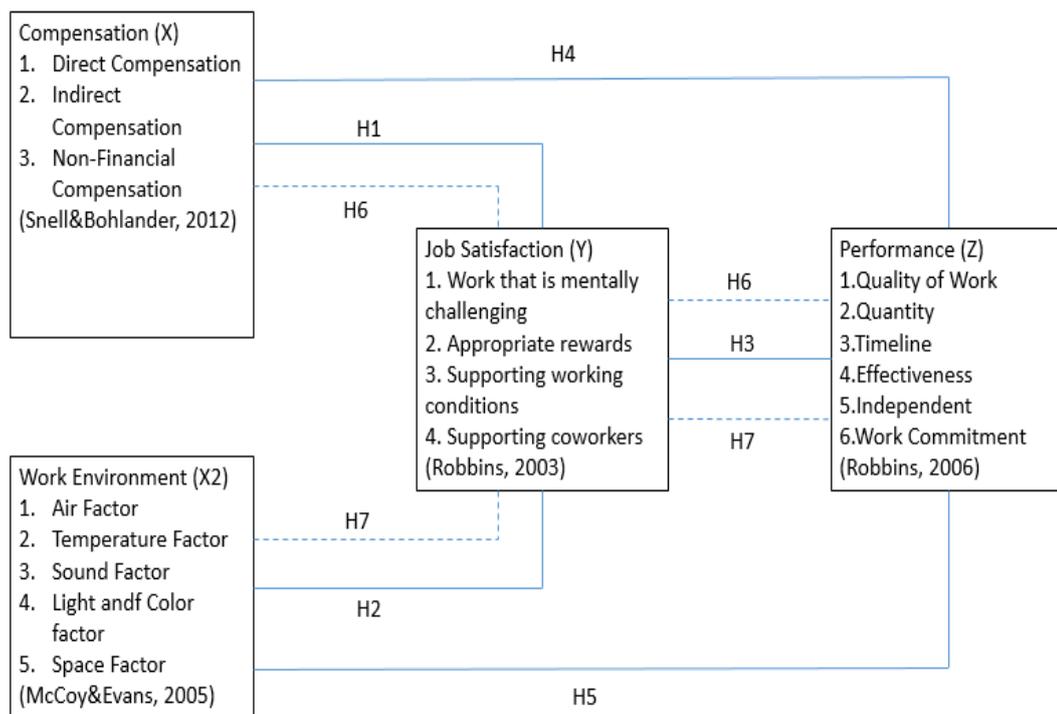


Figure 2.1 Research Framework

From the figure 2.1 there are 7 hypotheses can be seen. First, the connecting line shows that there is a direct influence between one variable and another variable, whereas for the dotted line shows the influence of independent variable to the dependent variable through the intervening variable. Therefore, it can be concluded that there are 7 hypotheses that will be tested in this thesis:

H₁: There is a positive influence of compensation toward job satisfaction

H₂: There is a positive influence of work environment toward job satisfaction

H₃: There is a positive influence of job satisfaction toward employee performance

H₄: There is a positive influence of compensation toward employee performance

H₅: There is a positive influence on the work environment toward employee performance

H₆: Job satisfaction mediates the influence of compensation toward employee performance

H₇: Job satisfaction mediates the influence of work environment toward employee performance