

## ANALYSIS OF THE INFLUENCE OF THE REMUNERATION SYSTEM ON EMPLOYEE WORK QUALITY

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**Abstract.** *The automotive business is a growing business in Indonesia, especially in workshops and shops selling vehicle spare parts. Apart from requiring large amounts of capital and merchandise, employment also plays a very important role in the automotive business. This research aims to test and analyze the influence of the remuneration system, work environment and employee characteristics on employee performance through job satisfaction. The population of this study was 80 employees of PT Persero Batam. The sampling technique uses purposive sampling. The number of samples obtained for this research was 68 samples, namely employees of PT Persero Batam with staff positions and who were permanent employees. The data collection technique uses a Google Form questionnaire. This research is quantitative research using the SEM-PLS method through the Smart-PLS 4 application. The results of the research show that (1) the remuneration system has a positive and significant effect on employee performance, (2) the work environment has a positive and insignificant effect on performance, (3) Employee characteristics have a positive and significant effect on performance, (4) The remuneration system has a positive and significant effect on job satisfaction, (5) The work environment has a positive and insignificant effect on job satisfaction, (6) Employee characteristics have a positive and significant effect on job satisfaction, (7) Job satisfaction has a positive effect and significant effect on employee performance, (8) The remuneration system has a positive and significant effect on employee performance through job satisfaction, (9) The work environment has a positive and insignificant effect on employee performance through job satisfaction, and (10) Employee characteristics have a positive and significant effect on performance employees through job satisfaction.*

### Introduction

Motorized vehicles are one of the technologies that have been refined into a means of transportation. Means of transportation have made it easier for Indonesian people to carry out daily activities such as work, school, and recreation. These activities are carried out using motorized vehicles as the main means of transportation. This is what causes the growth in motor vehicle purchases in Indonesia. The use of motorcycles as a means of daily transportation for Indonesian people certainly requires service to maintain the safety of its users. Motorcycles and passenger cars require periodic spare part service every 2-3 months or ideally every 10,000 kilometers so that the vehicle remains in prime condition. Motorcycle service will certainly replace spare parts if they are no longer suitable for use with new motorcycle spare parts.

In this study, the object of this study is PT. Persero Batam. PT Persero Batam is a company engaged in the automotive spare parts and manufacturing industry. PT Persero Batam is a provider of spare parts in large quantities (wholesale) and small quantities (retail). The types of goods provided by PT Persero Batam are bearings, fan belts, oil seals, etc. From the data on employee turnover from the Company or employee turnover

of 13 employees or 16.25% of the total number of employees at the end of 2023, it can be concluded that PT Persero Batam has employees who are dissatisfied with their jobs so they prefer to resign. Meanwhile, data on the entry of new employees of 31 employees or 38.75% of the total number of employees at the beginning of 2023 shows that PT Persero Batam is experiencing company growth so that it needs new employees to maintain the quality and quantity of the company's performance.

As many as 4 employees (36.4%) stated that the facilities provided by PT Persero Batam did not support their work such as outdated computers, hot air, less spacious packing area and limited parking space. While 4 other employees (36.4%) stated that the thing that hindered their work was their co-workers with complaints such as co-workers asking for excessive help, co-workers not helping with product knowledge, there was miscommunication between employees and co-workers not completing work on time. Then 3 other employees (27.2%) complained about salaries and incentives that were insufficient in amount and not in accordance with their work results. Based on employee complaints, it can be concluded that remuneration, work environment and co-worker characteristics are the main problems in this company. This indicates that there are employees who are dissatisfied with their jobs. Based on the phenomena that occur at PT. Persero Batam, the remuneration system, work environment, employee characteristics, employee performance and employee job satisfaction need to be studied further. Thus, the title of this study is "The Effect of Remuneration System, Work Environment, and Employee Characteristics on Employee Performance at PT. Persero Batam with Job Satisfaction as an Intervening Variable."

#### Motivation-Hygiene Theory

Frederick Herzberg is the originator of the 2-factor theory or commonly known as motivation-hygiene theory in 1966 which consists of motivational factors and maintenance factors (Andjarwati, 2015). Motivation factors can provide positive job satisfaction that arises from within or within an employee in the form of recognition of achievement, involvement in decision-making, responsibility and the opportunity to do something meaningful. Meanwhile, maintenance factors or hygiene factors are the drives to eliminate employee dissatisfaction by meeting their basic needs. Maintenance factors include superior factors, work environment, interpersonal work relationships, rewards and security, and company policies. Motivation-hygiene theory is related to employee job satisfaction by increasing job satisfaction and preventing job dissatisfaction that arises in employees. If the motivator factors and maintenance factors are in accordance with expectations, employees will feel job satisfaction.

#### Remuneration System

Remuneration system is an employee compensation payment system that is paid monthly. The remuneration system must be reorganized into a salary or remuneration system based on employee performance (Rapsanjani & Johannes, 2021). The remuneration system is usually implemented to motivate employees to have better performance quality, be more productive, not easily move to other companies, form service-oriented behavior, and avoid fraud (Martono et al., 2018).

### Work Environment

The work environment has an important influence on the smooth running of work if the work environment is safe and comfortable, so that this can satisfy employees who are carrying out their work (Saputra, 2022). A conducive work environment is a condition where employees feel comfortable while working so that work becomes effective (Madjidu et al., 2022). Comfort in the work environment can increase the enthusiasm of employees who carry out their duties. (Ayunasrah et al., 2021).

### Employee Characteristic

Employees are individuals who have an important role in the company by providing energy, ability, creativity, and effort to achieve the company's goals (Sedayu & Rushadiyati, 2020). The characteristics of the individuals referred to in the company are the characteristics of its employees. Hidayat & Temesvari (2022) stated that the characteristics of each individual vary depending on the abilities, beliefs, expectations and experiences that can cause differences in the performance of each employee.

### Employee Performance

Employees are the main resource of the company that needs to be considered by the company. According to Paparang et al. (2021), it is important for a company to pay attention to employee performance because their performance has a direct impact on the overall performance of the company, both on an individual and group scale. Employees who provide good performance can support positive things in the success of the company and vice versa, employees who provide poor performance will have a negative impact on the development of their workplace (Gunawan et al., 2023).

### Job Satisfaction

Job satisfaction is a major factor in human resource management because it can affect employee productivity (Saputra, 2022). Then, Raziq & Maulabakhsh (2015) also stated that job satisfaction is a basic component that must be maintained in encouraging employees to provide better performance. Every employee will expect satisfaction from the company where they work (Sabtohadhi et al., 2021). Job satisfaction reflects how a person feels about their work, which is reflected in a positive attitude towards work and all situations faced in the workplace. (Siregar et al., 2023).

### Relationship Between Variables and Hypothesis

#### The Effect of Remuneration System on Employee Performance

The remuneration system is an important thing that companies need to pay attention to in improving employee performance. An appropriate remuneration system that is in accordance with the wishes and expectations of employees can certainly affect employee performance. Nurhayati and Darmansyah (2013) conducted a study that successfully showed that there was a significant influence of the remuneration system on the performance of employees of the Directorate General of Taxes in the Semarang Region. Further research from Noorazem et al. (2021) also succeeded in proving that the remuneration system had a significant effect on the performance of McDonald's employees in the Perlis and Penang Regions. Meanwhile, according to Nurhayati & Supardi (2020), the remuneration system had a significant effect on the performance of employees of the General and Personnel Section of the West Java Provincial Education

Office. Based on previous research, the remuneration system will be examined for its effect on employee performance.

H1: The remuneration system has a significant effect on employee performance

#### The Influence of the Work Environment on Employee Performance

The work environment needs to be considered and maintained so that its conditions are conducive. This can affect the performance of employees in the work environment area. Sihaloho & Siregar (2021) conducted a study that was able to prove that the work environment has a positive and significant effect on the performance of employees of a company. Then, according to Sinambela & Lestari (2022), the work environment has a significant effect on the performance of employees of a company engaged in the field of Craft Arts. Then, Zhenjing et al. (2022) conducted research that proved that the work environment has a significant effect on employee performance in the academic field. Then, research by Jamitko & Astuti (2021) also showed that the work environment has a significant effect on the performance of UD employees. Berkah Mandiri. Based on previous research, the work environment will be examined for its effect on performance.

H2: The work environment has a significant effect on employee performance

#### Employee Characteristics on Employee Performance

The characteristics of each employee have an impact on the performance of each employee. Positive employee characteristics can boost employee performance. This is supported by the results of a study by Ratnasari et al. (2020) which proves that individual characteristics have a significant effect on employee performance at PT. Matahari Department Store Nagoya Hill Batam. Then, Jamitko & Astuti (2021) also conducted a study that could prove that individual characteristics have a significant effect on employee performance at UD. Berkah Mandiri. Furthermore, according to Andewi et al. (2022) individual characteristics have a positive and significant effect on employee performance at the Busungbiu District Office. Therefore, employee characteristics will be studied for their effect on employee performance with the following hypothesis:

H3: Employee characteristics have a significant effect on employee performance

#### The Influence of the Remuneration System on Job Satisfaction

Employee job satisfaction can be based on the remuneration policy used by the company. This is proven by Hartono et al. (2021) which states that the remuneration system has a significant impact on the job satisfaction of nurses at the Gunawan Lung Hospital. Then, according to Ahmad et al. (2021), the salary or remuneration system has a significant influence on the job satisfaction of employees at CV. Asa Argo Corporation. Furthermore, according to Pratama & Prasetya (2022) the remuneration system has a positive influence on the job satisfaction of Lecturers at Brawijaya University. Similarly, Siregar et al. (2023) can also provide evidence that the remuneration system has a significant influence on the job satisfaction of agricultural extension workers at the Labuhanbatu Regency Agriculture Service. The remuneration system affects employee job satisfaction so that its influence will be further studied.

H4: The remuneration system has a significant effect on job satisfaction

#### The Influence of the Work Environment on Job Satisfaction

An employee's job satisfaction is based on a work environment that is in line with the employees' expectations. A clean, comfortable, safe and conducive work environment will certainly make employees feel at home while working, which will then have an impact on their respective satisfaction. Based on research conducted by Saputra (2022), the work environment has a positive and significant impact on the job satisfaction of PT. Modern Panel Indonesia employees. Then according to Lestari et al. (2020), the work environment has a significant impact on the job satisfaction of company employees in Sidoarjo. Meanwhile, according to Irma & Yusuf (2020), the work environment has a positive and significant impact on the job satisfaction of employees of the Bima Regency Cooperatives and UMKM Service. Based on the studies that have been conducted, the work environment can affect job satisfaction. Thus, the relationship between the work environment and job satisfaction can be used in this study. H5: The work environment has a significant effect on job satisfaction

#### The Influence of Employee Characteristics on Job Satisfaction

According to Anggarini et al. (2021), individual characteristics or can also be called employee characteristics have a significant influence on the job satisfaction of educational staff at the Bogor Agricultural University. Meanwhile, according to Sabtohadhi et al. (2021), individual characteristics or employee characteristics have a significant influence on employee job satisfaction at the Sebulu District Office. Then, research by Habibah & Siregar (2023) proved that individual characteristics or employee characteristics have a positive and significant influence on the job satisfaction of millennial generation freelancers in Medan City. Based on previous research, employee characteristics will be examined for their influence on employee job satisfaction.

H6: Employee characteristics have a significant influence on job satisfaction

#### The Influence of Job Satisfaction on Employee Performance

Fulfilled employee satisfaction will provide enthusiasm and desire to carry out work activities productively which will support the success of the company. This has been supported by research by Nurrohmat & Lestari (2021) with research results, job satisfaction has a significant effect on employee performance at PT. Kahatex in Bandung Regency. Then, Sufiyanti et al. (2021) conducted research which showed that job satisfaction has a significant effect on employee performance at PT. Tedco Agri Makmur. Then, according to Paparang et al. (2021) job satisfaction has a positive effect on employee performance at PT. Kantor Post Indonesia Cabang Manado. Based on previous research, it can be concluded that job satisfaction has a significant effect on employee performance.

H7: Job satisfaction has a significant effect on employee performance

#### The Influence of the Remuneration System on Employee Performance through Job Satisfaction

Lesmana & Rivaldo (2023) have conducted a study that provides results that the remuneration system has a significant effect on employee performance through employee job satisfaction at PT Perkebunan Nusantara II Bulu Cina. According to him, the remuneration system plays an important role in employee satisfaction and can improve employee performance to achieve organizational goals. Conversely, an inadequate

remuneration system can lead to a decrease in job satisfaction, this job dissatisfaction can be seen from the low productivity of employees

H8: The remuneration system has a significant effect on employee performance through job satisfaction

The Influence of the Work Environment on Employee Performance through Job Satisfaction

Through Jopanda's research (2021), it can be proven that job satisfaction can mediate the influence of the work environment on the performance of PT Pasifik Satelit Nusantara employees. Then, research by Nugrahaningsih and Julaela (2022) showed that the work environment had a significant influence on employee performance through mediation from employee job satisfaction at PT Tempuran Mas. Then, Uma and Swasti (2024) proved that the work environment had a significant influence on employee performance which could be mediated by employee job satisfaction at PT X. This shows that the more conducive the work environment conditions in the company, the more job satisfaction will increase which will motivate employees to provide optimal performance. Based on previous research, the work environment will be examined for its influence on employee performance through job satisfaction.

H9: The work environment has a significant effect on employee performance through job satisfaction

Employee Characteristics on Employee Performance through Job Satisfaction

Azhar & Lestari (2023) conducted research that could prove that there is an indirect influence of employee characteristics on employee performance that is successfully mediated by job satisfaction. Then, according to Setyabudi et al. (2024) job satisfaction is able to mediate the influence of employee characteristics on employee performance at PT Industrial Multi Fan. Then, according to Apriyanti et al. (2023) job satisfaction mediates the influence of employee characteristics on employee performance. Thus, it can be said that the more positive the personal characteristics of an employee, it is able to generate job satisfaction that will be created to motivate employees to provide optimal performance. Based on previous research, employee characteristics will be examined for their influence on employee performance through job satisfaction.

H10: Employee characteristics have a significant effect on employee performance through job satisfaction

This study has 3 independent variables, namely Remuneration System (X1), Work Environment (X2) and Employee Characteristics (X3). Then there is 1 dependent variable, namely Employee Performance (Y) and 1 mediating variable, namely Job Satisfaction (Z).

### Research Methodology

This research uses a quantitative approach to evaluate and assess the impact of the remuneration system, workplace and employee characteristics on worker productivity through the mediation of employee satisfaction. According to Syukri et al. (2021) a quantitative approach is a calculation method with further analysis and is focused on data processed using statistical methods. The number of populations involved and selected for use is 80 employees of PT Persero Batam.

The population used is all employees of PT Persero Batam from 7 types of divisions working in offices, shops and warehouses. It is known that all employees of PT Persero Batam are currently permanent employees and have worked for more than 3 months. However, based on the organizational structure of PT Persero Batam in Figure 1.1, there are 10 employees with division head positions, 1 shop supervisor employee and 1 warehouse supervisor employee who are not included in the sample criteria because they have a higher position than the PT Persero Batam staff position. The 12 employees do not hold PT Persero Batam staff positions so they cannot be used as samples for this research. Thus, the total sample that meets the criteria and can be used in this research is 68 samples.

The measurement scale in the questionnaire uses a Likert scale to measure all variables. According to Kurniawati et al. (2022), Likert scale measurement uses a score of 1 to 5 with a choice of certain indicators. The analytical approach used in this research is Structural Equation Modeling-Partial Least Square (SEM-PLS). Data analysis using the SEM-PLS method will be carried out through two test steps, namely: (1) Outer model test through convergent validity test, discriminant validity test and reliability test, (2) Inner model test through R-square test, path coefficient, T-statistic, Q2 predictive relevance, hypothesis test, and mediation test.

### Results and Discussion

Respondent data used in this research was obtained through the Google Form platform. The respondent criteria are permanent employees of PT Persero Batam, have worked at PT Persero Batam for more than 3 months and are staff of PT Persero Batam. A total of 68 respondents have been collected that meet the research needs criteria. They are staff in the operational section 32 people, marketing 8 people, customer service officers (CSO) 8 people, logistics 10 people, production 4 people and financial administration (AK) 6 people.

**Table 1. Validity Test**

	<b>Remuneration System</b>	<b>Working Environment</b>	<b>Employee Characteristic</b>	<b>Employee Performance</b>	<b>Job Satisfaction</b>
X1.1	0,813				
X1.2	0,876				
X1.3	0,816				
X1.4	0,835				
X1.5	0,834				
X1.6	0,819				
X2.1		0,872			
X2.10		0,836			
X2.3		0,806			
X2.4		0,839			
X2.5		0,850			
X2.7		0,832			

X2.9	0,898	
X3.1		0,871
X3.2		0,892
X3.3		0,859
X3.4		0,855
X3.6		0,817
X3.8		0,854
Y.1		0,843
Y.10		0,816
Y.3		0,832
Y.4		0,816
Y.5		0,831
Y.6		0,857
Y.8		0,818
Y.9		0,845
Z.1		0,837
Z.2		0,825
Z.4		0,870
Z.5		0,864
Z.7		0,825
Z.8		0,892

After conducting the PLS Algorithm test, items X1.1, X1.4, X1.9, X.1.10, X2.2, X2.6, X2.8, X3.5,X3.7, Y.2, Y.7, Z.3 and Z.6 have been deleted because they do not meet the loading factor requirements with a value of  $> 0.7$ . After deleting these items, it can be seen in Table 5.10 that there are no items with a value lower than 0.7. Items that have been deleted indicate that the item is less related to its latent variable because its value is low. When the loading factor requirements are met, it can be ascertained that there is a large correlation between the indicator and the latent variable.

**Table 2. Average Variance Extracted**

<i>Average variance extracted (AVE)</i>	
<b>Employee Characteristic</b>	0,756
<b>Job Satisfaction</b>	0,774
<b>Employee Performance</b>	0,745
<b>Working Environment</b>	0,770
<b>Remuneration System</b>	0,722

The Average Variance Extract (AVE) test will be declared feasible if the AVE value is greater than 0.5. The PLS Algorithm test produces an AVE value for each variable of more than 0.5, so all variables have successfully met the criteria. The AVE value that meets the criteria means that the remuneration system, work environment, employee

characteristics, job satisfaction, and employee performance are able to explain more than half of the items if averaged.

**Table 3. Fornell-Lacker Test**

	<b>Employee Characteristic</b>	<b>Job Satisfaction</b>	<b>Employee Performance</b>	<b>Working Environment</b>	<b>Remuneration System</b>
<b>Employee Characteristic</b>	0,810				
<b>Job Satisfaction</b>	0,843	0,821			
<b>Employee Performance</b>	0,881	0,847	0,803		
<b>Working Environment</b>	0,286	0,298	0,224	0,819	
<b>Remuneration System</b>	0,772	0,854	0,890	0,141	0,889

The Fornell-Larcker value of each variable shows a greater value than the Fornell-Larcker value of other variables with the same correlation. Based on the Fornell Larcker value, the indicators of this research variable can be distinguished from each other because their values are higher than other variables. So, each variable has a discriminant validity that is said to be good. Thus, the discriminant validity test for the remuneration system, work environment, employee characteristics, employee performance and job satisfaction can be declared acceptable because it meets the requirements.

**Table 4. Fornell-Lacker Test**

	<i>Cronbach's alpha</i>	<i>Composite reliability (rho_a)</i>	<i>Composite reliability (rho_c)</i>
<b>Employee Characteristic</b>	0,895	0,907	0,919
<b>Job Satisfaction</b>	0,902	0,912	0,925
<b>Employee Performance</b>	0,921	0,923	0,935
<b>Working Environment</b>	0,918	0,932	0,934
<b>Remuneration System</b>	0,879	0,888	0,908

The Cronbach's Alpha and Composite Reliability values of all variables, namely the remuneration system, work environment, employee characteristics, employee performance and job satisfaction have values >0.7. Therefore, it can be stated that all research variables meet the criteria for the Cronbach's Alpha value and Composite Reliability value. Thus, the variables of the remuneration system, work environment, employee characteristics, employee performance and job satisfaction can be relied on or are reliable in measuring latent variables.

**Table 5. t-Test**

	<i>R-square</i>	<i>R-square adjusted</i>	Indicator
<b>Job Satisfaction</b>	0,784	0,769	Moderate
<b>Employee Performance</b>	0,801	0,889	Substantial

The remuneration system, work environment, and employee characteristics simultaneously explain 78.4% of the variation in job satisfaction. This shows a moderate influence of these variables on job satisfaction. The remaining 21.6% can be influenced by other variables not studied. Meanwhile, the remuneration system, work environment, and employee characteristics together explain employee performance by 80.1%. This shows a substantial influence of these variables on employee performance. The remaining 19.9% is the influence of other variables outside this study. While the remaining 21.6% is the influence of variables outside this study. The F-Square value with the strongest influence is found in the remuneration system on job satisfaction, with a value of 0.389. Thus, the existence of a remuneration system has a large influence on job satisfaction at the structural level. Meanwhile, the F-Square value with the weakest influence is found in the work environment on employee performance, with a value of 0.003. The existence of a work environment has a very small impact on job satisfaction at the structural level. Thus, the F-Square test proves the variation in the strength of the influence of each independent variable on the dependent variable.

Job satisfaction and employee performance have high predictive relevance with large indicators because the Q<sup>2</sup> predict value of each variable obtains a value exceeding 0.50 through the Q<sup>2</sup> predict value of job satisfaction of 0.638 and employee performance of 0.706. So, every change in the remuneration system, work environment and characteristics can strongly predict changes in job satisfaction and employee performance. Overall, the Q<sup>2</sup> value proves that this research model has great predictive relevance. So, the research model can be used to predict job satisfaction and employee performance more accurately.

Through the path coefficient test, the results of the direct influence hypothesis are as follows:

1. The first hypothesis is declared accepted, the P-value of the remuneration system on employee performance is 0.0001 so that it is proven significant because it meets the P-value requirements. Then, the T-statistics value of 4.635 has met the T-statistics value requirements which require the value to be greater than 1.96. So, the remuneration system has a significant effect on employee performance. The creation of a proper remuneration system can encourage employees to work better and more productively.
2. The second hypothesis has been rejected because the P-value obtained is 0.643, exceeding the general significance threshold set at 0.05. In addition, the T-statistics value only reaches 0.463 which is much smaller than the criteria value used, which is 1.96. So, the results indicate that the work environment has a positive effect but does not have a significant effect on employee performance based on the results of the analysis carried out. Thus, the condition of cleanliness and comfort of the environment where employees carry out their work activities does not necessarily have an impact on employee performance.
3. The third hypothesis has been proven to be accepted because the P-value is 0.022, which is lower than the P-value criterion of 0.05. In addition, the T-statistics value is 2.292, exceeding the criterion value of 1.96. The findings prove that employee characteristics have a positive and significant influence on employee performance. With these findings, employee characteristics play an important role in determining how effective employees are in carrying out their responsibilities.

3. The fourth hypothesis is declared accepted with a P-value of 0.000 where the value is smaller than 0.05 and a T-statistics value of 4.635 where the value is greater than 1.96. Thus, the remuneration system has a significant effect on job satisfaction. The fourth hypothesis has been proven to be accepted, the P-value of 0.000 is in accordance with the significance value of the P-values. Then the T-statistics value also exceeds the criterion value with a number of 4.635. These results provide evidence that the remuneration system has a positive and significant impact on the level of job satisfaction. In conclusion, the right remuneration policy has an effect on employee satisfaction.
4. The fifth hypothesis is proven to be rejected because the P-value does not meet the requirements with a value of 0.169 which is higher than the significance level of 0.05. Then the T-statistics value of 1.376 also does not meet the requirements exceeding the value of 1.96. Based on the findings, the work environment has a positive but not significant impact on job satisfaction. Thus, the restoration of the work environment may not necessarily have a definite impact on employee productivity.
5. The sixth hypothesis can be declared accepted because it has a P-value of less than 0.05 with a value of 0.000. Then the T-statistics value shows a figure of 3.605 where the value exceeds 1.96. The results prove that employee characteristics have a positive and significant influence on employee performance. So, it can be concluded that the individual character of employees is positive and has an effect that can encourage employees to work.
6. The seventh hypothesis is proven to be accepted with P-values that meet the standard  $<0.05$  with an acquisition of 0.000. Similarly, the T-statistics value of 4.204 where the value exceeds 1.96. This means that job satisfaction has a positive and significant influence on employee performance. The results of the analysis also prove that employees who feel satisfied have a positive impact on their work.

Specific indirect effect test, the results of the indirect effect hypothesis are as follows:

1. The eighth hypothesis is stated to be accepted through the P-values with a figure of 0.001 where this figure meets the requirements, then the T-statistic value obtained shows a figure of 3.341 which exceeds the criteria of So, the remuneration system has a positive and significant influence on employee performance mediated by job satisfaction. So, this model includes partial mediation with the understanding that employees who are satisfied with the remuneration system tend to show productive performance in their tasks.
2. The ninth hypothesis has been proven to be rejected because the P-values result of 0.184 exceeds the criteria of 0.05 and the T-statistics value obtained shows a value of 1.330 which is less than 1.96. This finding states that the work environment has a positive impact but does not have a significant influence on employee performance through job satisfaction mediation. So, this model includes no mediation. In conclusion, a friendly work environment does not always increase employee work productivity through employee job satisfaction.
3. The tenth hypothesis is declared accepted by obtaining P-values of 0.010 and T-statistics of 2.292. Both values have met their respective criteria, so employee characteristics have a significant and positive influence on employee

performance through job satisfaction mediation. Therefore, this model includes partial mediation with the conclusion that positive individual employee characteristics increase employee satisfaction so that they are willing to work optimally.

## Discussion

### The Effect of Remuneration System on Employee Performance

Referring to the research findings, it shows that the remuneration system has a positive and significant effect on employee performance. The findings of this study are in line with the studies of Nurhayati and Darmansyah (2013), Noorazem et al. (2021), and Nurhayati & Supardi (2020) which can prove a positive and significant correlation between the remuneration system and employee performance. These findings indicate that the implementation of an effective remuneration system has a good impact on employees in providing maximum performance. In this context, fair and transparent remuneration can encourage employees to achieve company goals better.

### The Effect of the Work Environment on Employee Performance

Based on the results of this study, the work environment does not have a positive and significant effect on employee performance. This is in line with Nurhandayani et al. (2022), Sipayung & Purba (2021), Hanafi and Yohana (2022), and Pradipta (2020) which prove that the work environment does not have a significant effect on employee performance. Although a conducive work environment can create comfort and satisfaction for employees, this does not always mean that it will directly increase their productivity or performance.

### The Influence of Employee Characteristics on Employee Performance

Research findings prove that employee characteristics have a positive and significant effect on employee performance. This is in line with Ratnasari et al. (2020), Astuti (2021), Tj (2022), and Andewi et al. (2022) which show that employee characteristics have a significant effect on employee performance. The scope of employee characteristics, such as personality, intrinsic motivation, technical ability, and interpersonal skills, plays an important role in determining how effective they are in carrying out their duties and achieving performance targets. These factors not only affect an individual's ability in their activities but also contribute to their motivation to achieve maximum results. Thus, effective human resource management must consider the factors of each employee.

### The Influence of the Remuneration System on Job Satisfaction

Based on research findings, the remuneration system has a positive and significant effect on job satisfaction. This finding is supported by Hartono et al. (2021), Ahmad et al. (2021), Siregar et al. (2023), and Pratama & Prasetya (2022) with the results of a positive and significant correlation between the remuneration system and employee job satisfaction. The importance of this relationship lies in the fact that a fair and transparent remuneration system can boost employee motivation and welfare, which then automatically increases their satisfaction with the work they do. This job satisfaction is a crucial factor in maintaining high employee productivity and retention in an organization.

#### The Influence of the Work Environment on Job Satisfaction

Referring to the findings of this research, it proves that the work environment has a positive and insignificant influence on job satisfaction. The research results are in line with the research of Haluddin et al. (2022), Kusumadewi (2020), Wibiseno & Dewi (2018), and Wongkar et al. (2018) work environment does not significantly affect employee job satisfaction. Therefore, companies need to pay attention to various aspects that can affect employee job satisfaction as a whole, not only focusing on improving the work environment in providing conditions that support employee welfare and productivity in the long term

#### The Influence of Employee Characteristics on Job Satisfaction

Referring to the findings of this research, employee characteristics have a positive and significant influence on job satisfaction. Previous research also proves the same thing through research by Anggarini et al. (2021), Sabtohadri et al. (2021), Habibah and Siregar (2023), and Anyango et al. (2013) with evidence that employee characteristics affect job satisfaction. Thus, effective human resource management should consider strengthening individual characteristics that are relevant to employee satisfaction in job demands and work environment. This not only improves individual performance but also helps organizations achieve their long-term goals in terms of talent retention and achieving competitive advantage.

#### The Influence of Job Satisfaction on Employee Performance

Based on the findings of this research, it can be seen that employee characteristics have an impact on job satisfaction. This finding is supported by Nurrohmat & Lestari (2021), Sufiyanti et al. (2021), and Paparang et al. (2021) who stated that job satisfaction has an impact on employee performance. In this context, positive characteristics, such as high levels of motivation and adaptability, tend to be associated with higher levels of job satisfaction. Conversely, negative characteristics such as dissatisfaction with tasks or the work environment can reduce a person's job satisfaction The Influence of the

#### Remuneration System on Employee Performance through Job Satisfaction

Based on the findings of the study, characteristics have an impact on job satisfaction. This finding is supported by Lesmana & Rivaldo (2023), Hidayah & Aisyah (2016), and Rapsanjani and Johannes (2021) who prove that the remuneration system has an impact on employee performance through employee job satisfaction. An inadequate remuneration system can lead to decreased job satisfaction, this job dissatisfaction can be seen from low employee productivity. Therefore, companies need to provide appropriate remuneration policies for their employees so that a feeling of satisfaction arises so that employees will carry out their duties diligently and enthusiastically.

#### The Influence of the Work Environment on Employee Performance through Job Satisfaction

Research findings prove that the work environment has no impact on job satisfaction. This finding is supported by previous research by Siagian and Khair (2018), Ayunasrah et al. (2022), and Nelly & Erdiansyah (2022) with evidence that the work environment has no impact on employee performance. A good work environment tends to create conditions where employees feel appreciated, have the opportunity to develop, and can

work effectively The Influence of Employee Characteristics on Employee Performance through Job Satisfaction Research results prove that employee characteristics have a significant impact on employee performance through job satisfaction. This finding is in accordance with Azhar & Lestari (2023), Setyabudi et al. (2024), Apriyanti et al. (2023) and (Abbasi & Alvi, 2013) which state that there is an indirect influence between employee characteristics and employee performance through mediation from job satisfaction. Therefore, a deep understanding of individual characteristics and how they affect job satisfaction can help organizations improve employee performance effectively.

### Conclusion

From the results of the research that has been conducted, it was found that the remuneration system has a significant influence on employee performance and job satisfaction. This shows that a well-designed remuneration policy can encourage employees to work more productively while increasing their level of satisfaction at work. This finding supports the importance of a strategic approach in the reward system, such as providing appropriate incentives, to create a more motivated and high-performance work environment.

On the other hand, although the work environment has a positive influence on employee performance and job satisfaction, the results of the study show that this influence is not significant. This indicates that good work environment conditions, such as cleanliness and comfort, do not necessarily have a major direct impact on employee work results or levels of satisfaction. Thus, improvements in aspects of the work environment need to be combined with other elements, such as supportive management policies, to produce a more meaningful impact.

In addition, employee characteristics have been shown to have a significant influence on performance, both directly and through the mediation of job satisfaction. Individual characteristics, such as ability, attitude, and motivation, play an important role in determining work effectiveness. This finding confirms that understanding and developing employee potential personally is a crucial step in increasing work productivity. By paying attention to employee characteristics and supporting individual development, organizations can achieve more optimal results.

Based on the research results, PT Persero Batam (PT Persero Batam) should prioritize the development of a remuneration system to improve employee job satisfaction. Implementation of pension fund benefits for employees with long service periods can be a strategic step to strengthen employee loyalty and welfare. In addition, the company is advised to continue to encourage a culture of honesty through appreciation programs, such as the "Monthly Honest Employee Award," to create a work environment that supports integrity and collaboration. On the other hand, PT Persero Batam needs to conduct regular job satisfaction surveys to identify employee needs and expectations, while ensuring that positive relationships between employees and superiors are maintained. To improve performance, the company can hold award programs such as "Best Employee of the Month," which not only motivates employees to work more productively but also minimizes errors in their work. These steps are expected to support employee welfare, satisfaction, and performance as a whole, which ultimately strengthens the company's success.

Suggestions for this study are to consider external factors that may affect the relationship between the remuneration system, work environment, employee

characteristics, job satisfaction, and employee performance, such as economic conditions, industry competition, or changes in company policy. In addition, this study can be continued with a longitudinal approach to understand the influence of these variables over a longer period of time. Further researchers are also advised to use in-depth interview methods or focus group discussions to gain a more holistic understanding of employee perceptions and experiences related to the variables studied. With a more in-depth approach, the results of the study are expected to provide more detailed and contextual recommendations for the company. This research has been carried out based on applicable guidelines and provisions. This cannot be separated from the limitations of the study that are beyond control, such as the variables of this study are only limited to the influence of the remuneration system, work environment and employee characteristics on employee performance through job satisfaction. Other variables outside this study also have a significant influence on employee performance. This study cannot ensure the seriousness of respondents in answering the questionnaire questions. Misunderstanding of information can also affect respondents' answers.

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