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Seno Andri
University of Riau
Simpang Baru. Kec. Tampan, 28292,
Pekanbaru Riau, Indonesia
Faculty of Social and Political Sciences

Dhia Zulfa
University of Riau
Simpang Baru. Kec. Tampan, 28292,
Pekanbaru Riau, Indonesia
Faculty of Social and Political Sciences

THE EFFECT OF WORK ENVIRONMENT ON EMPLOYEE PERFORMANCE THROUGH JOB SATISFACTION AT PT. PEGADAIAN (PERSERO) REGIONAL OFFICE II PEKANBARU

Abstract: This study was conducted at PT Pegadaian (persero) Regional Office II Pekanbaru. This study seeks to investigate the influence of the work environment on employee performance through job satisfaction. Work environment (X) is the independent variable, employee performance is the dependent variable (Y) and job satisfaction (Z) is the intervening variable. In this study, the issue was a decrease in the outstanding loan, high employee absenteeism, and increased employee turnover annually as seen from company data and supported by expert opinion. Calculated using Slovin's formula, the sample of this study was 88 respondents from a population of 715 people. Using purposive sampling, the questionnaire was distributed using Google Form. Data collected was tested statistically through the SEM employing WarpPLS 7.0. The study shows that the work environment has a positive and significant effect on employee performance with a t-count of 4.696 (>1.96) and a p-value of 0.001 (<0.05). The work environment also has a positive and significant effect on job satisfaction with a t-count of 6.722 (>1.96) and a p-value of 0.001 (<0.05). Job satisfaction has a positive and significant effect on employee performance with a t-count of 4.150 (>1.96) and p-value of 0.001 (<0.05). The work environment has a positive and significant effect on employee performance through job satisfaction with a p-value of 0.001 (<0.05).

Key words: Work environment; Job Satisfaction; Employee Performance.

Language: English

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Introduction

Business competition in Indonesia should be considered by a company in the economic and development areas. Development takes place not only physically, but also on a non-physical level, such as the improvement of the quality of human resources. In today's global competition, the workplace demands employee with foresight, innovation, and enthusiasm. According to Sutrisno (2017), to keep up with the

dynamic of globalization, human resources greatly affect the achievement of company goals that demand changes in the company to survive.

Despite technological advancement, the role of human resources remains the key to the progress of an organization. The success of the company is inseparable from a comfortable and conducive work environment. Sinambela (2019) describes human resource management as the main center of the

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company. It is a process of utilizing human resources effectively and efficiently through planning, managing, mobilizing, and controlling values that become human strength to achieve goals. Because human resources play such a significant part in accomplishing goals, various human resource experiences and studies are methodically collected in what is known as human resource management. The management is developed optimally to achieve organizational goals and employee development.

The better the quality of human resources, the better the employee performance. Conversely, low quality of human resources decreases employee performance and will harm the company. Prawirosentono (2017) states that performance is the result of work that can be achieved by a person or group of people in an organization according to their respective authorities and responsibilities to achieve the organizational goals. Employees who share high performance and optimum contributions to the company are due to job satisfaction. According to Sinambela (2019), job satisfaction is a person's feelings towards his work which is resulted from his own efforts (internal) and is supported by things from outside (externally) on work conditions, work results, and work itself.

Job satisfaction is the dream of every employee. Each employee has a different level of satisfaction according to their values. The more components of the job that are tailored to the employee's preferences and needs, the higher the perceived job satisfaction, and vice versa. Sinambela (2019) argues that job satisfaction is related to employee performance. The reason is that job satisfaction refers to the general attitude of an employee toward his work. Someone who is moderately satisfied with their employment has a positive attitude toward it, whereas someone dissatisfied with his job has a negative attitude about it. Hence, it can be said that high job satisfaction will affect employee performance.

Enny (2019) describes that the work environment is everything around employees that can affect employee job satisfaction for maximum performance. The work environment provides facilities that support employees in completing the tasks assigned to them. Priansa (2014) also argues that job satisfaction is the satisfaction or dissatisfaction of a group of employees with their employment as a result of employee interactions with their work environment. From the problems, phenomena, and data mentioned, the authors will discuss in this study examined the effect of the work environment on employee performance through job satisfaction at PT Pegadaian (Persero) Regional Office II Pekanbaru.

Literature Review Human Resource Management

Widhiastuti (2012) proffers that human resources are related to everyone who works and contributes to an organization or institution that has more advantages than other creatures created by God. The success of an organization is not only determined by the available natural resources but is largely determined by the quality of human resources (Bukit, 2017). Human Resources is one of the input elements just like other input elements such as capital, machinery, raw materials, and technology that are converted through the production process into output in the form of goods or services (Adamy, 2016). According to Sinambela (2019), human resource management is the main center of the company, which is a process of utilizing human resources effectively and efficiently through planning, mobilizing, and controlling values that become human strength to achieve goals.

Work Environment

The work environment is everything around the employees that can affect job satisfaction for maximum work results. In the work environment, some facilities support employees in completing tasks assigned to employees to improve work (Enny, 2019).

Job Satisfaction

According to Handoko in Sudanang (2020), one of the factors that affect employee productivity is job satisfaction. Job satisfaction is a person's feeling towards his work which is produced by his own efforts (internal) and is supported by things from outside (external), on the working conditions, work results, and the work itself (Sinambela, 2019).

Employee Performance

Hersley in Sinambela (2019) asserts that performance is a function of motivation and ability. A person must have a particular level of willingness and ability to execute tasks and jobs. Without a clear grasp of what to do and how to execute it, a person's willingness and skills are ineffective.

Research Hypothesis

H1: Work environment (X) has an effect on employee performance (Y) at PT Pegadaian (Persero) Regional Office II Pekanbaru.

H2: Work environment (X) has an effect on job satisfaction (Z) at PT Pegadaian (Persero) Regional Office II Pekanbaru.

H3: Job satisfaction (Z) has an effect on employee performance (Y) at PT Pegadaian (Persero) Regional Office II Pekanbaru.

H4: Work environment (X) has an effect on employee performance (Y) through job satisfaction (Z) at PT Pegadaian (Persero) Regional Office II Pekanbaru.

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METHOD

This research was analyzed using a quantitative approach. According to Creswell (2017), the observations are converted into numbers that are analyzed using statistical methods. Quantitative research requires researchers to explain how variables affect other variables approach (Creswell, 2017).

Research Location

PT Pegadaian (Persero) Regional Office II Pekanbaru is one of the state-owned enterprises engaged in non-bank financial services. Located at Jalan Tuanku Tambusai No.821, Labuh Baru, Pekanbaru City, Riau 28292. It is a well-known pioneering company in Indonesia. Since this place is the place of the author's internships, the author is interested in conducting research in this place.

Population and Sample

Purposive sampling was used to determine the sample. The criteria in this study are permanent employees who understand the problem of this study (Sugiyono, 2017). Purposive sampling was used because the author wanted to obtain more specific goals according to needs. This study involved 88 permanent employees at PT Pegadaian (Persero) Regional Office II Pekanbaru.

Data Types and Sources

This study involved primary and secondary data sources.

Data Collection

Data collection is a method of obtaining data in research. It determines how to obtain data in the form of questionnaires and interviews.

Research Instruments

Validity Test

According to Cooper et al. (in Abdillah, 2015), a validity test aims to determine the ability of the instrument to measure what it is supposed to measure. There were two validity tests in this study, the convergent validity test and the discriminant validity test employing WarpPLS 7.0. Convergent validity is related to the principle that the manifest variables of a construct should be highly correlated. It is assessed based on factor loading and the Average Variance Extracted (AVE). The rule of thumb used in the convergent validity test has a factor loading of 0.6 and an AVE greater than 0.5.

Reliability Test

A reliability test aims to measure the internal consistency of the measuring instrument. Reliability shows the accuracy and consistency of an instrument in making measurements. The reliability test in PLS can use two methods of Cronbach's alpha and composite reliability. Cronbach's alpha measures the

lower limit of the reliability value of a construct, while composite reliability measures the actual value of the reliability of a construct. However, composite reliability is considered better in estimating the internal consistency of a construct. This instrument is said to be reliable if the coefficient of Cronbach Alpha is 0.60 and Composite Reliability is 0.70.

Data Analysis

Referring to Sugiyono (2017), after all of the data from all of the respondents has been obtained, data analysis begins. Activities in data analysis include grouping data based on variables and types of respondents, tabulating data based on variables from all respondents, presenting data for each variable studied, performing calculations to answer the problem formulation, and testing the hypotheses that have been proposed.

Descriptive Analysis

The data only provides an overview of a phenomenon without making generalizations on the data. According to Sujarweni (in Suryani, 2016), descriptive statistics are data processing to describe or provide an overview of the object under study through a sample or population. Descriptive statistics provide an overview of data including the minimum value, maximum value, mean, and standard deviation. In this study, the effect of the work environment on employee performance through job satisfaction at the Pegadaian (Persero) Regional Office II Pekanbaru was investigated.

Quantitative Analysis

Quantitative analysis is used to test the relationship between variables in research by using calculations or statistical tests from the data obtained from the questionnaire and other tools for primary data. In this study, SEM (structural Equation Modeling) PLS employing WarpPLS (Warp-Partial Least Square) version 7.0 was carried out.

Results And Discussion

This study discusses the effect of the work environment on employee performance with job satisfaction as an intervening variable at PT Pegadaian (Persero) Regional Office II Pekanbaru. The work environment is then an independent variable with the indicators such as adequate facilities, clean workspace, safe workspace, lighting, relationships between co-workers, relationships between superiors and subordinates, responsibility, and cooperation.

Characteristics of Respondents

The characteristics of respondents in this study include age, gender, education level, and years of service at PT Pegadaian (Persero) Regional Office II Pekanbaru.

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Characteristics of Respondents by Gender

Most respondents in this study are women. There are 50 female respondents in this study. The large number of women who become permanent employees at PT Pegadaian illustrates that the company does not look at gender and both genders have the same job opportunities. The domination of female employees at PT Pegadaian is because the office requires employees with a high level of accuracy, tenacity, and tidiness to manage work (Andrika, 2004).

Characteristics of Respondents by Age

Age is one of the factors that is closely related to ability at workplace, decision-making, and ability to perform other activities.

Characteristics of Respondents by Education Level

Education is an important consideration in determining employees since the higher the education level, the higher the level of knowledge and skills possessed. It will affect their attitudes and behavior in working on tasks assigned by the company.

Characteristics of Respondents by Length of Service

Length of service is a person's tendency in carrying out his work. The longer a person works, the more experienced he will be. With a long length of service, one has good skills and experience to complete the task.

Descriptive Analysis Of The Work Environment At Pt Pegadaian (Persero) Regional Office Ipekanbaru

The analysis of the work environment has two dimensions. They are the physical work environment and non-physical work environment. For each dimension, four statements were submitted. There were eight statements derived from the research indicator to measure the work environment at PT Pegadaian (Persero) Regional Office II Pekanbaru. Employee responses were categorized into 'very conducive', 'conductive', 'neutral', 'not conducive', and 'not conducive at all'. The following is the descriptive discussion of the work environment at PT Pegadaian (Persero) Regional Office II Pekanbaru:

Dimension of the Physical Work Environment

The dimension of the physical work environment is the extent to which PT Pegadaian (Persero) Regional Office II Pekanbaru has a direct physical influence on employees.

Dimension of Non-Physical Work Environment

The dimension of the non-physical work environment is the extent to which PT Pegadaian (Persero) Regional Office II Pekanbaru influences employee's working conditions in an intangible way.

Descriptive Analysis Of Job Satisfaction At Pt Pegadaian (Persero) Regional Office II Pekanbaru

The analysis of job satisfaction has three dimensions the employment relationship, workplace challenges, and employment protection. For each dimension, there are three statements. The total number of statements was 9 items. The statements were generated from the research indicators to measure job satisfaction at PT Pegadaian (Persero) Regional Office II Pekanbaru.

Dimensions of Employment Relationship

The dimension of the employment relationship is the extent to which PT Pegadaian (Persero) Regional Office II Pekanbaru has an influence on the relationship with employees based on the agreement.

Dimensions of Workplace Challenges

The dimension of work challenges is the extent to which PT Pegadaian (Persero) Regional Office II Pekanbaru influences the ability of employees to work moderately.

Dimensions of Employment Protection

The dimension of employment protection refers to what extent or how much PT Pegadaian (Persero) Regional Office II Pekanbaru guarantees equal opportunities for the welfare of workers.

Descriptive Analysis Of Employee Performance At Pt Pegadaian (Persero) Regional Office II Pekanbaru

The analysis of employee performance has eight dimensions including the quantity of work, quality of work, workplace knowledge, creativity, cooperation, reliability, initiative, and personal quality. For each dimension, two statements were constructed making a total of 16 statements. The statements were derived from research indicators to measure employee performance at PT Pegadaian (Persero) Regional Office II Pekanbaru. Descriptive discussion of employee performance at PT Pegadaian (Persero) Regional Office II Pekanbaru are:

Dimension of Quantity of Work

The dimension of the quantity of work is to what extent or how much PT Pegadaian (Persero) Regional Office II Pekanbaru affect the distribution of the number of task or work in a specified period.

Dimension of Quality of Work

The dimension of the quality of work is to what extent or how much PT Pegadaian (Persero) Regional

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Office II Pekanbaru influences the quality that must be attained based on the condition of readiness.

Dimension of Workplace Knowledge

The dimension of workplace knowledge is to what extent or how much PT Pegadaian (Persero) Regional Office II Pekanbaru influences employees' knowledge in their respective fields of work.

Dimension of Creativity

The dimension of creativity is to what extent or how much PT Pegadaian (Persero) Regional Office II Pekanbaru influences the ideas that are proposed as a means of resolving existing issues.

Dimension of Cooperation

The dimension of cooperation is the extent to which PT Pegadaian (Persero) Regional Office II Pekanbaru influences the willingness of employees to cooperate with co-workers.

Dimension of Reliability

The dimension of reliability is the extent to which PT Pegadaian (Persero) Regional Office II Pekanbaru has an influence on awareness of employee attendance and work targets.

Dimension of Initiative

The dimension of the initiative is the extent to which PT Pegadaian (Persero) Regional Office II Pekanbaru has an influence on employees in the form of enthusiasm to carry out new tasks and in improving the sense of responsibility.

Dimension of Personal Quality

The dimension of cooperation is the extent to which PT Pegadaian (Persero) Regional Office II Pekanbaru influences employee personality, leadership, friendliness, and personal integrity. In the following table, the employee performance at PT Pegadaian (Persero) Regional Office II Pekanbaru is presented based on the dimension of personal quality. (Tabel tidak tersedia)

Instrument Testing

Evaluation of the Outer Model

At this initial stage of the outer model, the authors designed the initial research model according to the hypothesized model. Primary data was processed and estimated using the WarpPLS 7.0 application. This step was carried out to determine a good research model, which would be used as the author's hypothesis analysis. The results of the estimation using the WarpPLS in the initial model can be seen in Figure 1.

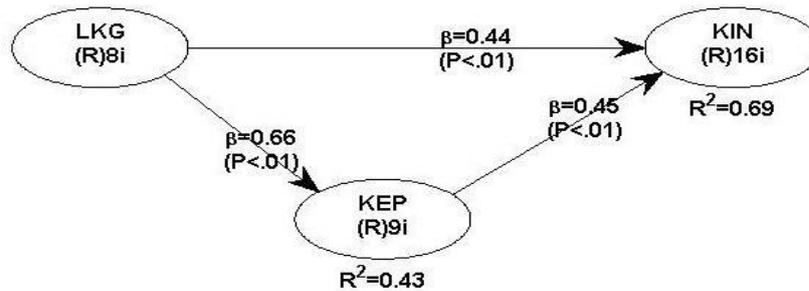


Figure 1 - Evaluation of Outer Model

Source: Data from WarpPLS 7.0

Validity Test

This test was carried out to test the accuracy of the data to avoid bias. The validity test in this study was divided into convergent validity and discriminant validity.

Convergent Validity

The evaluation of the first stage of the measurement model was started by looking at the convergent validity through the factor loading. The validity test of reflective indicators was assessed

based on the correlation of the scores between the indicator and the construct. Individual reflexive measures are said to be high if they correlate more than 0.70 with the construct being measured. However, according to Chin (in Ghozali, 2013), for the early stages of developing a measurement scale, a factor loading of 0.5 to 0.6 is considered sufficient. The following is the value of the outer loading of each indicator on the research variables. The convergent validity test is carried out by looking at the outer loading which can be seen in Table 1.

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Table 1. Outer Loading

	Work Environment	Job Satisfaction	Employee Performance	Description
X.1	0.906			Valid
X.2	0.762			Valid
X.3	0.742			Valid
X.4	0.863			Valid
X.5	0.745			Valid
X.6	0.855			Valid
X.7	0.826			Valid
X.8	0.872			Valid
Z.1		0.917		Valid
Z.2		0.911		Valid
Z.3		0.808		Valid
Z.4		0.883		Valid
Z.5		0.896		Valid
Z.6		0.823		Valid
Z.7		0.880		Valid
Z.8		0.881		Valid
Z.9		0.855		Valid
Y.1			0.913	Valid
Y.2			0.865	Valid
Y.3			0.854	Valid
Y.4			0.930	Valid
Y.5			0.916	Valid
Y.6			0.927	Valid
Y.7			0.791	Valid
Y.8			0.937	Valid
Y.9			0.889	Valid
Y.10			0.908	Valid
Y.11			0.896	Valid
Y.12			0.907	Valid
Y.13			0.913	Valid
Y.14			0.814	Valid
Y.15			0.801	Valid
Y.16			0.884	Valid

Source: Data from WarpPLS 7.0

In this study, the work environment constructs have consisted of eight items. Based on the analysis, the loading factors were > 0.50. This explains that all indicators in the work environment have met the requirements of convergent validity. In this variable, the lowest loading factor is on the third question with a value of 0.742.

The construct of job satisfaction consists of nine items. The factor loading has a value of > 0.50 indicating that all indicators in the construct of job satisfaction have met the convergent validity requirements. In this variable, the lowest factor loading is on the third question with a value of 0.808.

The construct of employee performance consists of 16 items. Based on the analysis, the factor loading was > 0.50. This proves that all indicators in the construct of employee performance have met the convergent validity requirements. In this variable, the lowest loading factor is on the seventh question with a value of 0.791.

In addition, the convergent validity showed the Average Variance Extracted (AVE). The construct is said to have a good validity if the AVE has a value greater than 0.5 (AVE > 0.5). From the estimation using WarpPLS7.0, the following is obtained:

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Table 2. Average Variance Extracted (AVE)

	Average Variance Extracted (AVE)
Work Environment	0.678
Job Satisfaction	0.763
Employee Performance	0.783

Source: Data from WarpPLS 7.0

The AVE obtained for the work environment was 0.678, job satisfaction was 0.763, and employee performance was 0.783. They have exceeded the value of > 0.5. This indicates that one latent variable can explain more than half of the variance. Thus, the research construct has good convergent validity.

Discriminant Validity

Discriminant validity used cross-loading. An indicator is declared to meet discriminant validity if the cross-loading is the largest of all variables. To see the results of the discriminant validity, the correlation between indicators was compared. Table 3 is the cross-loading of each indicator:

Table 3. Cross Loading

	Work Environment	Job Satisfaction	Employee Performance	Description
X.1	0.906	0.007	0.043	Valid
X.2	0.762	0.120	-0.075	Valid
X.3	0.742	-0.096	-0.039	Valid
X.4	0.863	-0.121	-0.033	Valid
X.5	0.745	0.130	-0.115	Valid
X.6	0.855	0.170	-0.290	Valid
X.7	0.826	-0.110	0.199	Valid
X.8	0.872	-0.083	0.280	Valid
Z.1	0.011	0.917	0.078	Valid
Z.2	-0.003	0.911	0.152	Valid
Z.3	-0.126	0.808	0.035	Valid
Z.4	-0.046	0.883	-0.138	Valid
Z.5	0.000	0.896	0.111	Valid
Z.6	0.358	0.823	-0.174	Valid
Z.7	-0.259	0.880	0.073	Valid
Z.8	0.136	0.881	-0.221	Valid
Z.9	-0.061	0.855	0.068	Valid
Y.1	-0.164	-0.031	0.913	Valid
Y.2	-0.017	-0.083	0.865	Valid
Y.3	0.181	-0.030	0.854	Valid
Y.4	0.083	-0.010	0.930	Valid
Y.5	-0.036	0.181	0.916	Valid
Y.6	-0.021	-0.008	0.927	Valid
Y.7	0.361	-0.029	0.791	Valid
Y.8	-0.146	0.022	0.937	Valid
Y.9	0.003	0.040	0.889	Valid
Y.10	0.000	-0.053	0.908	Valid
Y.11	-0.119	-0.085	0.896	Valid
Y.12	0.037	-0.120	0.907	Valid

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Y.13	0.120	-0.011	0.913	Valid
Y.14	-0.164	-0.043	0.814	Valid
Y.15	-0.045	0.194	0.801	Valid
Y.16	-0.038	0.075	0.884	Valid

Source: Data from WarpPLS 7.0

Based on Table 3, all indicators have met the criteria for discriminant validity. The work environment has a loading value of >0.50. In addition, the correlation of all indicators is a high correlation to the work environment compared to job satisfaction and employee performance. This shows that all indicators of the work environment meet the requirements of discriminant validity.

Job satisfaction as a mediating variable has a value of more than 0.50. All indicators have a high correlation to job satisfaction compared to the work environment and employee performance. This proves that all indicators of job satisfaction meet the requirements of discriminant validity.

The dependent variable of this study is employee performance. This construct has a loading

value of more than 0.50. The correlation of all indicators has a high correlation to employee performance compared to the work environment and job satisfaction. This shows that all indicators of employee performance meet the requirements of discriminant validity.

Another method to assess discriminant validity is using the Fornell-Larcker criterion, which is done by comparing the Square Roots on the AVE with the latent variable correlation in the vertical axis (Fornell, 1981). Discriminant validity is said to be good if the square root of the AVE along the diagonal axis has a greater correlation between one construct and another.

Table 4. Fornell-Larcker Criterion

	Work Environment	Job Satisfaction	Employee Performance
Work Environment	0.824	0.641	0.727
Job Satisfaction	0.641	0.873	0.717
Employee Performance	0.727	0.717	0.885

Source: Data from WarpPLS 7.0

The square root of AVE along the diagonal axis has a greater correlation between one construct and another. Thus, it can be concluded that the construct has a good level of validity. Hence, it is expected to provide accuracy as well as unusualness in the research results.

Reliability Test

A reliability test was carried out to evaluate the outer model by looking at the reliability of the latent

variable which is measured by two criteria of Cronbach alpha and composite reliability. A construct is declared to meet the reliability if the coefficient of Cronbach alpha is > 0.7 and the composite reliability value is > 0.7. This shows the precision, accuracy, and consistency of a measuring instrument (Neuman, in Hamdani 2013). Table 5 depicts the output of WarpPLS.

Table 5. Quality Criteria (Cronbach's Alpha dan Composite Reliability)

Variabel	Cronbach's Alpha	Composite Reliability	Standard Reliabel	Description
Work Environment	0.931	0.944	0.7	<i>Reliable</i>
Job Satisfaction	0.961	0.967	0.7	<i>Reliable</i>
Employee Performance	0.981	0.983	0.7	<i>Reliable</i>

Source: Data from WarpPLS 7.0

Following the SEM-PLS testing procedure, after the convergent validity using a factor loading

was declared valid, convergent validity is evaluated in the form of Average Variance Extracted (AVE),

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composite reliability, and Cronbach's alpha. In Table 5, the independent variable of the work environment has the value of Cronbach's alpha of 0.931 and Composite Reliability of 0.944, which is greater than 0.70.

Thus, the reliability has been met. Job satisfaction as a mediating variable has a Cronbach's alpha value of 0.961 and Composite Reliability of 0.967, which is greater than 0.70. Thus the reliability has been met. Employee performance as the dependent variable has a Cronbach's alpha value of 0.981 and composite reliability of 0.983 which is greater than 0.70. Thus the reliability has been met.

Based on the analysis, the composite reliability of each construct has a value greater than 0.7. Thus,

all constructs in the estimated model meet the discriminant validity requirements. The lowest composite reliability value in the construct of the work environment is 0.944. In Cronbach's alpha, the recommended value is above 0.6 and the table above shows that Cronbach's alpha value for all constructs is above 0.6. If a construct has met these criteria, it can be said that the construct is reliable or has consistency in the research instrument. In the construct of the work environment, the lowest value of Cronbach's alpha is 0.931

Evaluation of Inner Model

In this research, it is necessary to test the Fit model. Table 6 shows the results of the Fit Model.

Table 6. Fit Model

No	Model	Fit Model	Standard Model	Description
1	APC	0,518 P<0.001	<0.005	Meet the requirement for ModelFit
2	ARS	0.561P<0.001	<0.005	Meet the requirement for ModelFit
3	AARS	0.554 P<0.001	<0.005	Meet the requirement for ModelFit
4	AVIF	2.068	Accept <=5, ideal<=3.3	Ideal
5	AFVIF	2.401	Accept <=5, ideal<=3.3	Ideal
6	GoF	0.645	Small>=0.1 Medium>=0.25 Large>=0.36	Large
7	SPR	1.000	Accept>=0.7 Ideal=1	Ideal
8	RSCR	1.000	Accept>=0.9 Ideal=1	Ideal
9	SSR	1.000	Accept>=0.7	Acceptable
10	NLBCDR	1.000	Accept>=0.7	Acceptable

Source: Data from WarpPLS 7.0

According to Solihin (2013), the model is considered suitable if the p-value is <0.005. Based on Table 6, the values of APC, ARS, and AARS P were <0.001. It is smaller than <0.005 which means it is feasible to use. Furthermore, the value of AVIF and AFVIF is said to be good if <5 and ideally <3. In this study, the value of AVIF 2.068 and AFVIF 2.401 is close to <3 meaning that it is appropriate. Furthermore, the GoF value of 0.645 indicates that the value of Small is close to >0.1. then the value of SPR is 1,000 and RSCR is 1,000, which is said to be

ideal. The SSR value of 1,000 and NLBCDR of 1,000, which are >0.7 is acceptable.

The next analysis is identifying the model's explanatory power or nomological validity, which can be assessed through the R-Square (R²) of the endogenous constructs. Regarding the effect of exogenous variables on endogenous variables, the higher the value of R-Square (R²) means the model is getting better at predicting the relationship of variables in the study.

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Table 7. Inner Model R-Square (R2)

Model Structure	R Square
Job Satisfaction	0.432
Employee Performance	0.690

Source: Data from WarpPLS 7.0

Based on Table 7, the R Square of employee job satisfaction is 0.432. This means that 43.2% of job satisfaction is influenced by the work environment and employee performance. The remaining 56.8% is influenced by other variables not examined by this study. While the obtained R Square value of employee performance is 0.690. This means that 69% of employee performance is influenced by the work environment and the remaining 31% is influenced by other variables not examined by this study.

Hypothesis Testing

The hypotheses developed in this study were compiled based on theories and the results of

previous studies. Based on the analysis using WarpPLS 7.0 application, path coefficients are generated for each relationship. Inner model or structural testing was carried out to see the relationship between the constructs.

Hypothesis testing is divided into three. They are path coefficient, p-value, and t-test. According to Hair (2019), if the path value is +1, there is a positive relationship, if the value is 0, there is no relationship, and if the value is -1, there is a negative relationship. Table 8 shows the Path Coefficients.

Table 8. Path Coefficients

	Work Environment	Job Satisfaction	Employee Performance
Work Environment			
Job Satisfaction	0.657		
Employee Performance	0.442	0.454	

Source: Data from WarpPLS 7.0

Based on Table 8, the path coefficients show the value of the work environment on the satisfaction of 0.657. It is close to 1. This means that there is a positive relationship between the work environment and job satisfaction. Furthermore, the value of the work environment on employee performance is 0.442, which means that it is close to 1. This means that there is a positive relationship between the work environment and employee performance. Lastly, the value of satisfaction with employee performance is

0.454, which is close to +1. Thus, there is a positive relationship between job satisfaction and employee performance.

The next analysis is the p-value. According to Solimun (2017), the p-value of < 0.10 shows a weak significance. The value of <0.05 means that it is significant, while the value of <0.01 shows high significance. Based on the data on the work environment, job satisfaction, and employee performance, the p-values are presented in Table 9.

Table 9. P-Value

	Work Environment	Job Satisfaction	Employee Performance
Work Environment			
Job Satisfaction	<0.001		
Employee Performance	<0.001	<0.001	

Source: Data from WarpPLS 7.0

Based on Table 9, the p-value of the work environment on job satisfaction is <0.001. The value is close to <0.01 This means that there is a high significance relationship between the work environment and job satisfaction. Furthermore, the p-

value of the work environment on employee performance is <0.001, which means that it is close to <0.01. Hence, there is a highly significant relationship between the work environment and employee performance. The value of job satisfaction

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on employee performance is <0.001 . The value is close to <0.01 and there is a high significance relationship between job satisfaction and employee performance.

The next test is t-count for the acceptance of the proposed hypothesis. If the t-count is higher than the t-table, the hypothesis is accepted. For the 95% confidence level (alpha 5%), the t-table for the two-tailed hypothesis is more than 1.96. Thus, this study

is two-tailed by comparing the required statistical limits of 1.96 with the following criteria:

If $t_{count} \geq t_{table}$, H_0 is accepted

This means that statistically, the data used to prove that the exogenous latent variable either partially or simultaneously affects the endogenous latent variable (Anderson, 2018).

Table 10. T -Statistic (Direct Effect)

	Work Environment	Job Satisfaction	Employee Performance
Work Environment			
Job Satisfaction	6.722		
Employee Performance	4.696	4.150	

Source: Data from WarpPLS 7.0

Based on Table 10, the results for each hypothesis are as follows:

Hypothesis 1

The path coefficient of the Work Environment on employee performance is 0.442. The t-count is 4.696 (> 1.96) and the p-value is 0.001 (<0.05). The positive path coefficients prove that the work environment has a positive and significant effect on employee performance at PT Pegadaian (Persero) Regional Office II Pekanbaru. Then, H_0 is rejected and H_a is accepted. To conclude, Hypothesis 1 is accepted.

Hypothesis 2

The path coefficient of the work environment on job satisfaction is 0.657. The t-count is 6.722 (>1.96) and the p-value is 0.001 (<0.05). The positive path coefficients prove that the work environment has a positive and significant effect on job satisfaction at PT Pegadaian (Persero) Regional Office II Pekanbaru. Thus, H_0 is rejected and H_a is accepted. Hypothesis 2 is accepted.

Hypothesis 3

The path coefficient of job satisfaction on employee performance is 0.454, the t-count is 4.150 (>1.96) and the p-value is 0.001 (<0.05). The positive path coefficient values prove that job satisfaction has a positive and significant effect on employee performance at PT Pegadaian (Persero) Regional Office II Pekanbaru. H_0 is rejected and H_a is accepted. In conclusion, Hypothesis 3 is accepted.

Hypothesis 4

The path coefficient of work environment on employee performance through job satisfaction is 0.299, and the p-value is 0.001 <0.05 . Positive path coefficient values prove that the work environment has a positive and significant effect on employee

performance through job satisfaction at PT Pegadaian (Persero) Regional Office II Pekanbaru.

Conclusion And Suggestion

Conclusion

Based on data analysis supported by theoretical studies, the following conclusions are drawn:

1. The working environment of PT Pegadaian (Persero) Regional Office II Pekanbaru is conducive. This can be seen from the dimensions of the physical work environment and non-physical work environment where the highest score lies in the physical work environment and the lowest score in the non-physical work environment.

2. Overall job satisfaction of employees at PT Pegadaian (Persero) Regional Office II Pekanbaru is considered good as indicated by the dimensions of the employment relationship, workplace challenges, and employment protection. The highest score lies in the dimensions of the employment relationship and workplace challenges and the lowest score lies in the dimensions of employment protection.

3. Overall, the employee performance at PT Pegadaian (Persero) Regional Office II Pekanbaru is considered good as seen from the eight dimensions of the quantity of work, quality of work, workplace knowledge, creativity, cooperation, reliability, initiative, and personal quality. The highest score lies in workplace knowledge and the lowest score lies in reliability.

4. The direct effect of the work environment shows a positive and significant impact on employee performance at PT Pegadaian (Persero) Regional Office II Pekanbaru with a t-count of 4.696 (>1.96) and a p-value of 0.001 (<0.05).

5. The direct effect of the work environment shows a positive and significant effect on job satisfaction at PT Pegadaian (Persero) Regional Office II Pekanbaru with a t-count of 6.722 (>1.96) and a p-value of 0.001 (<0.05).

Impact Factor:

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6. The direct effect of job satisfaction shows a positive and significant impact on employee performance at PT Pegadaian (Persero) Regional Office II Pekanbaru with a t-count of 4.150 (>1.96) and a p-value of 0.001 (<0.05).

7. The indirect effect of the work environment shows a positive and significant impact on employee performance through job satisfaction with a p-value of 0.001 (<0.05) at PT Pegadaian (Persero) Regional Office II Pekanbaru

Suggestion

Based on the research results, suggestions are made as a contribution to PT Pegadaian (Persero) Regional Office II Pekanbaru in the future.

- The non-physical work environment is at the lowest score indicating that companies should improve informal communication and care, particularly between superiors and subordinates as well as among fellow employees. Furthermore, companies must improve intense family relationships among employees, such as monthly gatherings intended at establishing intense non-physical relationships between employees and leaders.

- In the construct of employee performance, reliability is the weakest dimension. For this reason, PT Pegadaian (Persero) Regional Office II Pekanbaru is expected to provide clear directions so that employees are well-informed about their tasks. Not only that, the company must also provide training and development to employees who do not properly understand their work roles. It is hoped that the development training provided and under the field of work to be performed will result in employees who have improved work results over time.

- With a conducive work environment, employee performance will increase and job satisfaction will naturally increase. To be able to realize this, the company is expected to pay more attention to the work environment, especially the non-physical work environment through more intense family relationships.

- It is recommended for further researchers to conduct similar research with different variables to find out which variables have a greater influence on employee performance.

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