

# The Effect of Work Environment and Compensation on Work Motivation and Performance: A Case Study in Indonesia

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## Abstract

Directorate of Traffic of the Regional Police D.I. Yogyakarta as part of the Indonesian Republic Police (Polri) institution also experiences problems related to the performance of police members as well as the Polri institution in general. The problems which relate to the police performance are influenced by various factors such as low compensation and as a result low motivation in the work environment of Directorate of Traffic of the Regional Police D.I. Yogyakarta. Therefore, the objective of this study is to empirically test and prove the effect of the work environment and compensation on work motivation and police performance of Directorate of Traffic of the Regional Police D.I. Yogyakarta, Indonesia. This study used a survey method for collecting data. By using proportional stratified random sampling, 143 members of Directorate of Traffic of the Regional Police D.I. Yogyakarta were selected as the respondents. The results of this study indicate that work environment has a positive effect on work motivation, police performance as well as compensation on work motivation and police performance. In addition, work motivation has a positive effect on police performance. Thus, this study concludes that work motivation mediates the effect of work environment and compensation on police performance.

**Keywords:** Work Environment, Compensation, Work Motivation, Work Performance

**JEL Classification Code:** J30, H11, M52

## 1. Introduction

Indonesian Republic Police (Polri) is a law enforcement agency that has been the target of reform in President Joko Widodo's administration. According to the Regulation of the Head of the National Police of the Republic of Indonesia, Number 11 of 2012 concerns the preparation of performance determination within the Republic of Indonesia police environment. In essence, these regulations aim to: a) serve

as a guideline for every Satfung within the Polri in preparing, compiling, and formulating Performance Determinations; b) the realization of a proportional, implementative, and budget-based synergy of Performance Determination documents, and c) increasing understanding of Kasatfungs in setting performance targets as outlined in performance statements / performance agreements between superiors and subordinates. Many scholars have attempted conceptualizing the working environment. Perhaps it may be defined in its simplest form as the settings, situations, conditions and circumstances under which people work (Oludeyi, 2015). Duru and Dominic (2017) work environment has both positive and negative impact on the psychological well-being of the workers. The work environment can be thought of simply as the environment in which people work. As such, it is a very broad category that encompasses the physical setting (e.g. heat, equipment) characteristics of the job itself (e.g. work load, task complexity).

A conducive work environment makes employees feel comfortable at work, so they are able to work well. With a comfortable working environment, the targets set by the organization will be achieved, so that the performance of the members can match the expectations of Directorate of

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Traffic of the Regional Police D.I. Yogyakarta. However, the reality on the ground shows different results. Apart from the work environment, the next factor that is thought to be able to increase work motivation and employee performance is compensation. Compensation is something that a worker receives in return for the work he gives him. Rasmi et al. (2017) explains that compensation is something that employees' receive in lieu of their service contribution to the company. Compensation is one of execution of human resource management function which relates to all kinds of individual award giving as an exchange in performing and organizational duties. To be able to move organizational members to have a good performance is to generate motivation in that person. By providing non-financial compensation where the motivator is involved in the content of the work, and also the perceived appreciation for the work done. This non-financial compensation is more durable or lasting in motivating organizational members to have better performance.

Motivation is a psychological process which causes an impulse, thus providing direction and steadiness to a person's behavior. As a basic concept of organizational behavior, motivation can provide insights into the reasons underlying an individual's personal behavior (Kamdron, 2015). Performance comes from the word job performance or actual performance which means work performance or actual achievement by someone. Definition of performance (work performance) is the work quality and quantity achieved by an employee in carrying out his function in accordance with the responsibilities given to him (Hermina & Sri, 2019).

Several previous studies that examined the factors that influence work motivation and employee performance have been carried out. As research conducted by Rorong (2016) the research concludes finding that there is a significant effect of Physical Work Environment on Employee Performance. According to Zameer et al. (2014), the results further suggested that the motivation in beverage industry of Pakistan can significantly influence performance of employees. Compensation has the effect that positively and significantly influences the performance of an employee (Saman, 2020). Likewise with the work environment. A conducive and good work environment can affect the work motivation of an employee and will later affect the employee's performance. The finding of Turnip (2020) shows that Motivation and work environment together have a positive and significant impact on employee performance. Widyaningrum and Aimatul (2018) concluded that the compensation, motivation, and the work environment simultaneously influence the employee performance.

Directorate of Traffic of the Regional Police D.I. Yogyakarta as part of the Polri institution also experiences problems related to the performance of members of the Police as well as the Polri institutions in general. Problems that

occur related to the performance of members of the Police are influenced by various factors including low motivation and compensation that occurs in the work environment of Directorate of Traffic of the Regional Police D.I. Yogyakarta. Therefore, the objective of this study is to test and prove the effect of the work environment and compensation on work motivation and performance of the members of Directorate of Traffic of the Regional Police D.I. Yogyakarta - Indonesia.

## 2. Literature Review and Hypotheses

Employee performance is one of the most important part for ongoing activities in the company. Performance is a description of each system in each departments of the company that is assessed and felt by each member, prospective members, the community and local government. Therefore, it is necessary to pay more attention to the factors that affect the members of the Directorate of Traffic of the Regional Police D.I. Yogyakarta. Performance is influenced by factors of employee training, work motivation, work environment, leadership, compensation, employee abilities, job characteristics, work culture and others. To be able to get a good performance, work motivation must be fostered so that the passion for performance of members becomes more productive. Motivation can be grown by paying attention to working conditions and compensation. With a work environment and compensation that is well managed, the work motivation of members will grow so that the performance of members will also increase.

The work environment will affect the formation of work motivation which in turn will improve quality of work of employees of any company. The work environment, both physical and non-physical, is mostly responsible for the fact that whether an employee will work to his or her potential. Physical environmental conditions such as a good building condition, adequate lighting, cold room temperature, and a sophisticated work facility system will be able to make employees work more comfortably and increase their productivity. Non-physical work environment such as a good relationship between employees and superiors will also affect employee performance. All forms of the work environment are included in fostering employee work motivation which will greatly influence the performance of the members of Directorate of Traffic of the Regional Police D.I. Yogyakarta. A good work environment is a form of compensation provided by the company for its employees. Meanwhile, the compensation that is given fairly will increase the work motivation of the employees. Direct compensation such as salaries, incentives (Udin et al., 2018) and performance benefits, bonuses or indirect compensation such as health insurance, availability of good work space and insurance must be provided to employees to stimulate their work motivation, if their work motivation grows, the

performance of members will also increase. So it can be concluded that the work environment and compensation have a positive relationship with work motivation and employee performance.

### **2.1. The Effect of Work Environment on Work Motivation**

The term work environment has been referred to as the surrounding condition under which an employee works (Gupta & Shaw, 2014; McKeown et al., 2015). In literature, different features of work environment have been described for instance physical elements, threat, assistance, soundness, justice, participation (Hon et al., 2013; Hon, 2011). Rich et al. (2010) demonstrated that aspects such as creativity, assignment of roles and responsibilities, recognition pattern and leadership style affect employee engagement. Nasution et al. (2018) show that the work environment has a positive and significant effect on the motivation of employees.

*H1: Work environment has a positive effect on work motivation.*

### **2.2. Effect of Compensation on Work Motivation**

Shiddiqi and Sadia (2018) Compensation has been viewed as the collection of all the rewards that can be translated in monetary value which an employee gets for the labors given for the organization. Sudiardhita et al., (2018) says that compensation has a positive and significant effect on work motivation at PT. Bank XYZ (Persero) Tbk. This means that if the compensation received is higher than the employee's motivation will be better in carrying out the tasks assigned.

*H2: Compensation has a positive effect on work motivation.*

### **2.3. Effect of Work Environment on Police Performance**

The working environment consists of two broader dimensions such as work and context. Work includes all the different characteristics of the job like the way job is carried out and completed, involving the tasks like task activities training, control on one's own job related activities, a sense of achievement from work, variety in tasks and the intrinsic value for a task. Working environment consists of safety to employees, job security, good relations with co-workers, recognition for good performance, motivation for performing well and participation in the decision making process of the firm (Raziq and Raheela, 2015).

Anitha (2014) has stressed that work environment and the team and coworker relationship had significant impact

on employee performance. She remarked that programs enhancing peer engagement should be promoted to present a great work environment to the employees. Shiddiqi and Sadia (2018) the result from insurance industry of Bangladesh is that independent variables work environment, compensation and motivation variables have caused significant and positive change in the employee performance.

*H3: Work environment has a positive effect on police performance.*

### **2.4. Effect of Compensation on Police Performance**

Hafiza et al. (2011) have defined compensation as the accumulation of rewards that the employees receive in exchange of their efforts to perform the assigned job responsibilities for the organization; they have included fringe benefits as part of compensation. Hameed et al. (2014) have conducted a study on 200 respondents across 45 commercial banks of Pakistan and they have also found a direct and positive relationship between compensation and employee performance. Nyaribo (2016) conducted a study in the microfinance industry of Kenya has revealed that not only financial incentives attract the individuals but also non monetary incentives results in better performance. Shiddiqi and Sadia (2018) the result from insurance industry of Bangladesh is that independent variables work environment, compensation and motivation variables have caused significant and positive change in the employee performance.

*H4: Compensation has a positive effect on police performance.*

### **2.5. Effect of Work Motivation on Police Performance**

Work motivation is a process that directs and sustains the performance. Motivation encourages employees internally towards the actions which help them to achieve the goals or specific task which is assigned to him (Sohail et al., 2014). Kakkos and Trivellas (2011) have found a positive relationship between the Growth needs element of motivation and employee job performance. Tampu & Cochina (2015), Lazaroiu (2015) and Omolo (2015) which state that motivation has a positive and significant influence on performance improvements. Shiddiqi and Sadia (2018) says that the result from insurance industry of Bangladesh is that independent variables work environment, compensation and motivation variables have caused significant and positive change in the employee performance.

*H5: Work motivation has a positive effect on police performance.*

## 2.6. The Influence of Work Environment and Compensation on Work Motivation

Employee performance can be defined as the financial as well as the non-financial outcomes resulting from the employees of an organization that can be associated with the organizational goals (Anitha 2014). Pradhan and Lalatendu (2018) says that the employee performance contains a cluster of behaviors that results from one's technical knowledge (knowledge of specifics in one's area of expertise), skill and adaptability (knowing the process to perform and executing it according to circumstances), and interpersonal relations (building teamspirit, allegiance, and interconnectedness).

Jannah et al. (2017) stated that the work environment and compensation have a positive and significant effect on the work motivation of employees in the production section of UD. Lumintu Ambulu Jember. Based on the results of the analysis, it was obtained that the value of  $F_{count} > F_{table}$  ( $52.23 > 3.13$ ), which means that simultaneously the work environment and compensation have a significant effect on employee motivation (Indriarti, 2018).

*H6: Work motivation is able to mediate the effect of work environment on police performance.*

## 2.7. The Effect of Work Environment on Police Performance through Work Motivation

Work environment is everything that exists around employees in the work place (either physically or nonphysically) that has an impact on the employees (Susanto et al., 2018). Parrek (2005) and Nasution et al. (2018) state that there are 6 (six) indicators commonly used to measure work motivation: work performance, influence, control, dependence, development, and affiliation. The results of research by Moulana et al. (2017) show that the work motivation variable ( $Z$ ) has a positive effect on performance ( $Y$ ) because it has a probability value ( $0.017 < 0.05$ ), which means that there is a significant effect. The results showed that the work environment indirectly had a significant effect on the employee performance through the work motivation because it had an indirect value of 0.189 which means that there was a significant effect. So it can be concluded that the work environment and compensation have a positive relationship with work motivation and employee performance.

*H7: Work motivation is able to mediate the effect of compensation on police performance.*

## 3. Research Methods

The object of this research is the Directorate of Traffic of the Regional Police D.I. Yogyakarta. The subject of this research, which generally includes an analysis based on the

environment, compensation, and work motivation, is called the independent variable, while the dependent variable in this study is employee performance.

### 3.1. Data Source

In this study, the data sources used were primary data and secondary data. Primary data means data obtained directly from the source, using an instrument or questionnaire containing a number of structured written questions to obtain information from respondents, be it about their personalities or other things they want to know. Secondary data is a way of collecting data obtained from various library materials in the form of books, magazines, journals and other documents that are related to the study material. Secondary data were obtained using documentation and literature study. As for the method used by the researcher, asking for data that has been recorded before, for example: data on the number of employees, data on last year's income, financial report data, data on financial developments. In addition, researchers are also looking for supporting data through related agencies and libraries.

### 3.2. Population and Sample

Population according to Sugiyono (2010) is a generalization area consisting of objects / subjects that have certain qualities and characteristics that are determined by researchers to be studied and then draw conclusions. The population in this study were 221 members of the DIY Traffic Police, while the sample is part of the population. In taking research samples one must be careful and comply with the rules in sample selection. However, the quality of a study is not solely determined by the size of the sample, but by the solid foundations of its theory, research design and implementation and processing. The sampling technique used is proportional stratified random sampling method, which is a random sample selection which can be done by first classifying a population into sub-populations. Samples were then selected from each subpopulation by the lottery method. According to Hasan (2005) the lottery method is a simple random sampling method in which the process is carried out using a drawing pattern. The results of the lottery are the selected sample. So the minimum sample size that must be taken in this study are as many as 143 members of Directorate of Traffic of the Regional Police D.I. Yogyakarta.

## 4. Results

Data analysis techniques are used to change data to make it easier to understand by doing data analysis methods that are in accordance with the research pattern and the variables that will be studied later. This study uses quantitative analysis using SEM (Structural Equation Modeling) with the AMOS 22 program, according to Ghozali (2011) (See Table 1).

**Table 1:** Validity and Reliability Test

Variable	Item	Factor Loading	Component Reliability
Work Environment	LK1	0.739	0.9459
	LK2	0.728	
	LK3	0.660	
	LK4	0.683	
	LK5	0.769	
	LK6	0.813	
	LK7	0.788	
	LK8	0.802	
	LK9	0.707	
	LK10	0.794	
	LK11	0.799	
	LK12	0.804	
	LK13	0.749	
Compensation	KOM1	0.705	0.9307
	KOM2	0.728	
	KOM3	0.740	
	KOM4	0.716	
	KOM5	0.758	
	KOM6	0.764	
	KOM7	0.632	
	KOM8	0.748	
	KOM9	0.785	
	KOM10	0.766	
	KOM11	0.808	
Work Motivation	MK1	0.790	0.9632
	MK2	0.785	
	MK3	0.784	
	MK4	0.823	
	MK5	0.854	
	MK6	0.780	
	MK7	0.848	
	MK8	0.844	
	MK9	0.808	
	MK10	0.832	
	MK11	0.876	
	MK12	0.828	
	MK13	0.772	

**Table 1:** (Continued)

Variable	Item	Factor Loading	Component Reliability
Police Performance	KIN1	0.762	0.9455
	KIN2	0.753	
	KIN3	0.737	
	KIN4	0.806	
	KIN5	0.852	
	KIN6	0.808	
	KIN7	0.831	
	KIN8	0.778	
	KIN9	0.797	
	KIN10	0.837	

By using the AMOS version 22 application, the instrument quality test was carried out from 47 questionnaires to find out whether the research instrument met the valid and reliable criteria. According to Ghazali (2011), data is said to be valid if the factor loading value is  $> 0.5$ . The results of the validity test in Table 1 show that all question indicators representing 4 variables are declared valid with a value  $> 0.5$ . Ghazali (2011) states that the test results are said to be reliable if they have a construct reliability value  $> 0.7$ . The results of this test indicate that the C.R value on each variable is greater than 0.7. Based on these results in Table 1, it can be concluded that the entire research instrument is reliable so that it can be used in this study (See Table 1).

The normality test is carried out by using the  $z$  value (critical ratio or C.R at the output of AMOS 22.0) of the skewness and kurtosis of the data distribution. The critical value is  $\pm 2.58$  at a significant level of 0.01 (Ghozali, 2011). The results of the data normality test of the 47 question items in Table 2 show that the majority of the normality test is univariate normally distributed because the critical ratio (c.r) for kurtosis (tapering) and skewness (inclination), are in the range  $-2.58$  to  $+2.58$ . Meanwhile, the multivariate data met the normal assumptions because the value of 0.287 was in the  $\pm 2.58$  range.

Based on the results in Table 3, it can be seen that the research model is approaching as a good fit model. The results of CMIN / DF in this study were 1.505, indicating that the research model was fit. The GFI value in this model is 0.714. The value is close to the recommended level  $\geq 0.90$  indicates the research model is a marginal fit. The RMSEA value of this study is 0.060 with a recommended value of  $\leq 0.08$ , this indicates that the research model is a good fit. The AGFI value in this model is 0.687. A value close to the recommended level  $\geq 0.80$  indicates a marginal fit research model. The TLI value in this study is 0.901 with a recommended value of  $\geq 0.90$ , this indicates the research model is fit. The CFI value in this study was 0.906 with

**Table 2:** Normality Test Results

Variable	Min	Max	Skew	c.r.	Kurtosis	c.r.
KIN10	2.000	5.000	-0.102	-0.496	-0.934	-2.280
KIN9	2.000	5.000	-0.236	-1.150	-0.246	-0.601
KIN8	2.000	5.000	-0.322	-1.573	-0.341	-0.833
KIN7	2.000	5.000	-0.027	-0.131	-0.723	-1.764
KIN6	2.000	5.000	-0.085	-0.414	-0.689	-1.682
KIN5	2.000	5.000	-0.262	-1.281	-0.458	-1.119
KIN4	2.000	5.000	-0.473	-2.311	-0.113	-0.276
KIN3	2.000	5.000	-0.150	-0.734	-0.501	-1.224
KIN2	2.000	5.000	-0.113	-0.550	-0.747	-1.824
KIN1	2.000	5.000	-0.312	-1.523	-0.158	-0.385
MK1	2.000	5.000	-0.156	-0.761	-0.885	-2.160
MK2	2.000	5.000	-0.182	-0.889	-0.597	-1.458
MK3	2.000	5.000	-0.289	-1.411	-0.474	-1.157
MK4	2.000	5.000	-0.185	-0.905	-0.703	-1.716
MK5	2.000	5.000	-0.385	-1.879	-0.614	-1.499
MK6	2.000	5.000	-0.233	-1.136	-0.604	-1.473
MK7	2.000	5.000	-0.305	-1.490	-0.546	-1.334
MK8	2.000	5.000	-0.288	-1.408	-0.794	-1.937
MK9	2.000	5.000	-0.239	-1.167	-0.637	-1.555
MK10	2.000	5.000	-0.471	-2.300	-0.378	-0.922
MK11	2.000	5.000	-0.226	-1.105	-0.879	-2.146
MK12	2.000	5.000	-0.132	-0.645	-0.895	-2.183
MK13	2.000	5.000	-0.348	-1.700	-0.773	-1.888
KOM1	2.000	5.000	0.145	0.709	-0.578	-1.410
KOM2	2.000	5.000	-0.393	-1.917	0.231	0.564
KOM3	2.000	5.000	0.206	1.008	-0.839	-2.048
KOM4	2.000	5.000	-0.063	-0.308	-0.349	-0.852
KOM5	2.000	5.000	0.000	0.002	-0.553	-1.349
KOM6	2.000	5.000	-0.002	-0.010	-0.566	-1.381
KOM7	2.000	5.000	0.240	1.170	-0.710	-1.733
KOM8	2.000	5.000	-0.139	-0.681	-0.496	-1.210

**Table 2:** (Continued)

Variable	Min	Max	Skew	c.r.	Kurtosis	c.r.
KOM9	2.000	5.000	0.047	0.232	-0.843	-2.057
KOM10	2.000	5.000	0.002	0.008	-0.591	-1.443
KOM11	2.000	5.000	0.206	1.005	-0.787	-1.922
LK13	2.000	5.000	-0.060	-0.292	-0.535	-1.306
LK12	2.000	5.000	-0.116	-0.568	-0.664	-1.620
LK11	2.000	5.000	0.000	0.000	-0.640	-1.563
LK10	2.000	5.000	0.096	0.470	-0.779	-1.902
LK9	3.000	5.000	0.351	1.711	-1.030	-2.514
LK8	2.000	5.000	-0.197	-0.960	-0.538	-1.314
LK7	2.000	5.000	-0.091	-0.443	-0.572	-1.396
LK6	2.000	5.000	-0.118	-0.576	-0.696	-1.698
LK5	2.000	5.000	-0.066	-0.322	-0.441	-1.078
LK4	2.000	5.000	-0.125	-0.612	-0.312	-0.761
LK3	2.000	5.000	0.221	1.080	-0.839	-2.049
LK2	2.000	5.000	0.040	0.193	-0.644	-1.573
LK1	2.000	5.000	-0.024	-0.115	-0.739	-1.804
Multivariate					3.257	0.287

**Table 3:** Goodness of Fit

Goodness of Fit Index	Cut-Off Value	Results	Model
Significant probability	$\geq 0.05$	0.000	Marginal
RMSEA	$\leq 0.08$	0.060	Fit
GFI	$\geq 0.90$	0.714	Marginal
AGFI	$\geq 0.80$	0.687	Marginal
CMIN/DF	$\leq 2.0$	1.505	Fit
TLI	$\geq 0.90$	0.901	Fit
CFI	$\geq 0.90$	0.906	Fit

a recommended value of  $\geq 0.90$ , this indicates that the research model is fit. Based on the overall goodness of fit measurement above, it indicates that the model proposed in this study is accepted (See Table 4).

Based on Table 4, the relationship between variables can be explained as follows:

1. Hypothesis 1: The estimated parameter value of the standardized regression weight coefficient is 0.446 and the value of C.R is 5.459. This shows that there is a positive relationship between work environment and work motivation. This means that the better the work environment will increase the work motivation of its employees. Testing the relationship between the two variables shows a probability value of 0.000 ( $p < 0.05$ ).
2. Hypothesis 2: The estimated parameter value of the standardized regression weight coefficient was 0.583 and the C.R value was 6.405. This shows that there is a positive relationship between compensation and employee motivation. This means that the better the compensation will increase the work motivation of its employees. Testing the relationship between the two variables shows a probability value of 0.000 ( $p < 0.05$ ).

**Table 4:** Hypotheses Testing

	Estimate	S.E.	C.R.	P	Hypothesis
Work Environment → Work Motivation	0.446	0.082	5.459	0.000	Accepted
Compensation → Work Motivation	0.583	0.091	6.405	0.000	Accepted
Work Environment → Police Performance	0.121	0.056	2.177	0.030	Accepted
Compensation → Police Performance	0.137	0.065	2.092	0.036	Accepted
Work Motivation → Police Performance	0.608	0.090	6.765	0.000	Accepted

**Table 5:** Standardized Direct Effects

	Compensation	Environment Work	Motivation	Performance
Motivation	0.512	0.423	0.000	0.000
Performance	0.140	0.134	0.707	0.000

**Table 6:** Standardized Indirect Effects

	Compensation	Environment Work	Motivation	Performance
Motivation	0.000	0.000	0.000	0.000
Performance	0.362	0.299	0.000	0.000

- Hypothesis 3: The estimated parameter value of the standardized regression weight coefficient is 0.121 and the C.R value is 2.177. This shows that there is a positive relationship between the work environment and police performance. This means that the better the work environment, the better the police performance will be. Testing the relationship between the two variables shows a probability value of 0.030 ( $p < 0.05$ ).
- Hypothesis 4: The estimated parameter value of the standardized regression weight coefficient is 0.137 and the C.R value is 2.092. This shows that there is a positive relationship between compensation and police performance. This means that the better the compensation, the better the police performance will be. Testing the relationship between the two variables shows a probability value of 0.036 ( $p < 0.05$ ).
- Hypothesis 5: The estimated parameter value of the standardized regression weight coefficient is 0.608 and the value of C.R 6.765. This shows that there is a positive relationship between employee motivation and police performance. This means that better the motivation of the employees, the better the police performance will be. Testing the relationship between the two variables shows a probability value of 0.036 ( $p < 0.05$ ). Meanwhile, to see the effect of the independent variable on the dependent variable through the mediation variable, namely by comparing the value of the standardized direct effect with the

standardized indirect effects. This means that if the value of standardized direct effects is smaller than the value of standardized indirect effects, it can be said that the mediating variable has an indirect effect on the relationship between the two variables (See Table 5).

Based on Table 5 and 6, it shows that:

- Hypothesis 6: The influence between the work environment on police performance is mediated by work motivation comparing the direct effect value < the indirect effect value, testing the relationship between the two variables shows a value of  $0.134 < 0.299$ , this shows that employee work motivation mediates the influence of the work environment on police performance. This means that the better the employee's work motivation, it will strengthen the amount of influence between the work environment and the police performance.
- Hypothesis 7: The effect of compensation on police performance is mediated by work motivation by comparing the direct effect < indirect effect value, testing the relationship between the two variables shows a value of  $0.140 < 0.362$ . This shows that work motivation mediates the effect of compensation on police performance. This means that the better the employee's work motivation, it will strengthen the amount of influence between employee compensation on police performance.

## 5. Discussion

### 5.1. The Influence of Work Environment on Work Motivation

The estimated parameter value of the standardized regression weight coefficient is 0.446 and the value of C.R is 5.459, this shows that the relationship between the work environment and positive motivation, the better the work environment, the the better will be the motivation to put better performance. Testing the relationship between the two variables shows a probability value of 0.000 ( $p < 0.05$ ), so that Hypothesis 1 (H1) which reads “The Work Environment has a positive and significant effect on the Motivation of Members of Directorate of Traffic of the Regional Police D.I. Yogyakarta” is accepted. This means that the work environment has a positive effect on the work motivation of members, if the work environment is getting better, the work motivation of the members will also increase. This research is also supported by previous research conducted by Damayanti (2016), Nguyen et al. (2020). The findings of Sudiardhita et al. (2018) show that compensation has a positive and significant effect on work motivation at PT. Bank XYZ (Persero) Tbk. This means that if the compensation received is higher than the employee’s motivation will be better in carrying out the tasks assigned. In addition, research conducted by Prakoso et al. (2014) shows that the work environment has a significant effect on work motivation.

### 5.2. Effect of Compensation on Work Motivation

The estimated parameter value of the standardized regression weight coefficient is 0.583 and the value of C.R is 6.405. This shows that the relationship between compensation and positive motivation, the better the compensation, the better will be the motivation to work. Testing the relationship between the two variables shows a probability value of 0.000 ( $p < 0.05$ ), so that Hypothesis 2 (H2) which reads “Compensation has a positive and significant effect on the Motivation of Members of Directorate of Traffic of the Regional Police D.I. Yogyakarta” is accepted. This means that compensation has a positive effect on the work motivation of members, if the compensation is increased, the work motivation of the members will also increase. This research is also supported by previous research conducted by Rahardjo (2015) showed a significant positive relationship between work motivation and variables taken individually and collectively; learning and compensation organization. Also, this study is supported by the results of research conducted by Kusuma et al. (2015) show that the Compensation has a significant effect on employee motivation. In addition, research conducted by Putrayasa et al. (2014) that compensation has a significant effect on

work motivation. The research conducted by Haryani et al. (2015) indicate the magnitude of the correlation coefficient influences between the variables of financial compensation and non-financial compensation with work motivation variables.

### 5.3. The Influence of the Work Environment on Police Performance

The estimated parameter value of the standardized regression weight coefficient is 0.121 and a C.R value of 2.177, this shows that the relationship between work environment and performance is positive, the better the work environment, the better will be the performance. Testing the relationship between the two variables shows a probability value of 0.033 ( $p < 0.05$ ), so that Hypothesis 3 (H3) which reads “The Work Environment has a positive and significant effect on the Performance of Members of Directorate of Traffic of the Regional Police D.I. Yogyakarta” is accepted. This means that compensation has a positive effect on the performance of members, if the work environment is better, the member performance will also increase. This research is also supported by previous research conducted by Al-Omari and Haneen (2017); Aflah et al. (2021); Astuti et al. (2020); Haryono et al. (2020); Paais & Pattiruhu (2020); Pancasila et al. (2020); and Sukhumvito et al. (2020) that the work environment has a significant effect on performance. This study is also supported by research conducted by Moulana et al. (2017) that the work environment has a positive effect on performance. The research conducted by Prakoso et al. (2014) indicate the magnitude of the correlation coefficient influences between work environment variables affect employee performance.

### 5.4. Effect of Compensation on Police Performance

The estimated parameter value of the standardized regression weight coefficient is 0.137 and a C.R value of 2.092, this shows that the relationship between compensation and positive performance is that the better the compensation, the better will be the performance. Testing the relationship between the two variables shows a probability value of 0.038 ( $p < 0.05$ ), so that Hypothesis 4 (H4) which says “compensation has a positive and significant effect on the performance of the Members of Directorate of Traffic of the Regional Police D.I. Yogyakarta” is accepted. This means that compensation has a positive effect on the performance of members, if the compensation is increased then the performance of the members will also increase. This research is also supported by previous research conducted by Darma and Achmad (2017) that compensation is in form of salary, wages, bonuses, facilities, travel programs and

holiday allowance directly has a positive effect on employee performance. The research is also supported by Hardiyana and Adhie (2016) indicate that compensation has an effect on work motivation and performance. Wijaya and Fransisca (2015) show that motivation and compensation have a positive and significant effect on employee performance. Leonardo and Fransisca (2015) also show that compensation has a positive and significant effect on employee performance.

### **5.5. The Influence of Motivation on Police Performance**

The estimated parameter value of the standardized regression weight coefficient is 0.608 and the value of C.R is 6.765, this shows that the relationship between motivation and positive performance is the better motivation will lead to an increase in performance. Testing the relationship between the two variables shows a probability value of 0.000 ( $p < 0.05$ ), so that Hypothesis 5 (H5) which reads “Motivation has a positive and significant effect on the performance of Directorate of Traffic of the Regional Police D.I. Yogyakarta” is accepted. This means that work motivation has a positive effect on the performance of members, if work motivation is increased, the performance of members will also increase. This research is also supported by previous research conducted by Suharno and Dara (2017) show that work motivation is able to influence employee performance. This study also supported by research conducted by Philipppus et al. (2016) that motivation has a direct positive and significant influence towards working performance.

### **5.6. The Influence of Work Environment on Police Performance Mediated by Work Motivation**

The influence between the work environment on performance is mediated by work motivation comparing the direct effect < indirect effect value, testing the relationship between the two variables shows a value of  $0.134 < 0.299$ , this shows that work motivation mediates the effect of the work environment on performance. So that (H6) which reads “Work motivation is able to mediate the work environment on the performance of the members of the DIY Traffic Police” is accepted and it can be stated that if the work motivation is good it will increase the amount of influence between the work environment on employee performance. This research is also supported by previous research conducted by Noorizan et al. (2016) that motivation is able to mediate the work environment on performance and it is also supported by research conducted by Moulana et al. (2017). Prakoso et al. (2014) indicate that the work environment affects motivation for work and therefore, performance of an employee.

### **5.7. The Effect of Compensation on Police Performance Mediated by Work Motivation**

The effect of compensation on performance is mediated by work motivation comparing the direct effect < indirect effect value, testing the relationship between the two variables shows a value of  $0.140 < 0.362$ , this shows that work motivation mediates compensation to positive performance. So that (H7) which reads “Compensation is able to mediate the work environment on the performance of the members of the Directorate of Traffic of the Regional Police D.I. Yogyakarta” is accepted and it can be stated that if the work motivation is good it will increase the amount of influence between compensation on employee performance. This research is also supported by Haryani et al. (2015) that compensation has a positive effect on work motivation and employee performance. Putrayasa et al. (2014) show that a compensation has a positive effect on work motivation and employee performance. Kusuma et al. (2015) also shows that motivation is able to mediate the effect of the compensation variable on employee performance.

## **6. Conclusion**

This study concludes that:

1. There is a positive influence of work environment on work motivation.
2. There is a positive influence of the compensation on work motivation.
3. There is a positive influence of work environment on police performance.
4. There is a positive influence of compensation on police performance.
5. There is a positive influence of the motivation on police performance.
6. Work motivation is able to mediate the effect of work environment on police performance.
7. Compensation is able to mediate the effect of work environment on police performance.

The implications of this study show that (1) the social impact of this study can create socio-economic conditions, especially Directorate of Traffic of the Regional Police D.I. Yogyakarta and increase the handling of related social problems: poverty, unemployment, street children, orphans, nursing homes in both cities and villages; and (2) the environmental impact of this research is expected to be able to change the existing order of services in Directorate of Traffic of the Regional Police D.I. Yogyakarta and also government agencies in D.I. Yogyakarta.

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