The Effect of Implementing Work from Home Policies and Providing Compensation on Employee Performance Through Job Satisfaction as an Intervening Variable

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Abstract

This study aims to determine the effect of implementing work from home policies, and providing compensation on employee performance with job satisfaction as an intervening variable (study at PT. Electronic Payment Artjasa). This research method uses quantitative. The population in this study was 295 permanent employees. The sampling technique in this study used probability sampling techniques with simple random sampling, with a sample of 170 people. The research data was collected through the distribution of questionnaires. The data analysis method uses the Structural Equation Model –Partial Least Square (SEM-PLS). The results showed that: 1) work from home has a positive and significant effect on employee job satisfaction, 2) compensation has a positive and significant effect on employee job satisfaction, 3) work from home has a positive and significant effect on employee performance, 4) compensation has a positive and significant effect on employee performance, 5) job satisfaction has a positive and significant effect on employee performance 6) work from home positive and significant effect on employee performance mediated job satisfaction, 7) Compensation has a positive and significant effect on employee performance mediated job satisfaction. The contribution of this research is a finding that can be used as a basis for human resource management policies in improving company performance.
keywords: Work from Home, Compensation, Job Satisfaction, Employee Performance

INTRODUCTION

PT. Artajasa Elektronis, is a company engaged in electronic transaction services in Indonesia, especially infrastructure network providers for banks. Since its establishment in February 2000, PT. Artajasa Electronic Payments face various challenges in managing employee performance and optimizing business results. In recent years, the company has experienced annual revenue fluctuations reflecting challenges in achieving its sales targets (Metyopandi et al., 2023). Evaluation of employee performance is crucial in this context, given the close relationship between achieving sales targets and employee performance (Sadikoglu & Zehir, 2010).

According to Nurhandayani, (2023) employee performance is not just about work results in terms of quality and quantity, but also an indicator of the success and success of the company as a whole. Therefore, employee performance appraisal at PT. Artajasa Electronic Payment is the focus in an effort to improve the efficiency and productivity of the company. However, a number of factors have affected employee performance in recent years, especially since the advent of the COVID-19 pandemic. The work from home (WFH) policy implemented by the company in response to the pandemic has had a significant impact on work patterns and employee welfare. Research shows that WFH can increase work flexibility, but also pose psychological and social challenges for employees (Anugrah & Priyambodo, 2021; Hartono & Rahadi, 2021). In this context, it is important to understand the impact of WFH implementation on the performance of PT. Artajasa Electronic Payment. In addition, compensation is also an important component to make someone choose and stay in a company or organization. Compensation that is not in accordance with the workload and realization of employee work is also a factor that affects job satisfaction and employee performance (Anjani et al., 2021). Dissatisfaction with compensation can reduce employee motivation and performance, as well as negatively impact company productivity. Through an in-depth analysis of employee perceptions and experiences related to WFH Simatupang & Andika, (2021), companies can identify factors that affect performance and design appropriate strategies to increase productivity and job satisfaction.

Table 1 Employee feelings when the WFH scheme is implemented by the company

No	Statement	YES	Not
1	Does your environment not support your work while working from home (WFH)?	18	12
2	Do you find it difficult to divide your time between work and personal life during WFH?	16	14
3	Are you unable to feel the balance of work during WFH?	21	9
4	Is the salary you receive not in accordance with the task load given?	20	10
5	Are the incentives provided by the company not in accordance with the employee's work relation?	19	11
6	Does the company not pay attention to meeting the needs and facilities of employees?	24	6
7	Do you feel dissatisfied with the workload given, which is considered not in accordance with the abilities you have?	23	7
8	Are you dissatisfied with the level of supervision given by your boss?	20	10
9	Are you dissatisfied with the working conditions you face?	25	5

Source: Data processing by researchers

The table is the result of a pre-survey conducted by researchers to find out what things employees feel in doing their work during the WFH scheme implemented by the company.

The pre-survey results concluded that the pre-survey results of PT. Artajasa Pembayaran Elektronis shows that an unsupportive work environment, difficulties in dividing time between work and personal life, and mismatches between salaries and incentives with workload are the

main problems during the work from home (WFH) period. In addition, the fulfillment of employee needs and facilities as well as satisfaction with the workload and the level of superior supervision are also a concern (Ndandara et al., 2022). So management needs to address this problem to improve employee welfare and productivity during WFH.

Therefore, this study aims to investigate the effect of implementing work from home policies, providing compensation, and job satisfaction on the performance of PT employees. Artajasa Electronic Payment. This study will also analyze the role of job satisfaction as an intervening variable in the relationship between the independent variable (WFH and compensation) with the dependent variable (employee performance).

METHODS

This study used quantitative methods to examine the influence of independent factors such as work from home, compensation, and job satisfaction. This study used probability sampling method with simple random sampling technique (Sugiyono, 2020). Using questionnaires designed to elicit responses on a Likert scale. The population in this study is permanent employees of PT. Artajasa Electronic Payment. The sample in this study amounted to 170 people. The data analysis method in this study uses Structural Equation Modeling (SEM) using the Partial Least Square (Smart-PLS) program version 3.0 (Hadi Ismanto & Pebruary, 2021). The data will be checked using two models. A measurement model that connects indicators with their latent variables (Outer model) and a structural model that connects between latent variables (Inner Model).

RESULTS AND DISCUSSION

The results of the demographic analysis of respondents showed:

Table 2. Demographic Respondents

Profile	Frequency	%
1. Gender		
Man	116	68.2%
Woman	54	31.7%
2. Age		
21-35 Years	128	75.3%
36-50 Years	41	24.1%
>50 Years	1	0.6%
3. Education Baground		
Bachelor (S1)	153	90%
Postgraduate S2	17	10%

Profile	Frequency	%
4. Service Years		
<5 Years	36	21.2%
6-10 Years	77	45.3%
11-15 Years	42	24.7%
>15 Years	15	8.8%
5. Division		
Business and Development Division	19	11.2%
Commercial Division	36	21.2%
Information Technology Development Division	37	21.8%
Electronic Channel Division	7	4.1%
Operation & Service Division	44	25.9%
Financial Service Division	8	4.7%
Financial &; Accounting Division	6	3.5%
Human Resouces &; General Service Division	2	1.2%
BOD Support	11	6.5%

Outer Model Analysis

In this model, it is defined how each indicator can relate to its latent variables, or it can be said that the outer model can specify the relationship between latent and its indicators, as follows:

Table 3. Convergent Validity

Variable	Indicators	*Outer Loading Value*	Condition	Ket
Work From Home	X1.1	0,903	> 0.7	Valid
	X1.2	0,899	> 0.7	Valid
	X1.3	0,859	> 0.7	Valid
	X1.4	0,876	> 0.7	Valid
	X1.5	0,876	> 0.7	Valid
	X1.6	0,859	> 0.7	Valid
	X2.1	0,898	> 0.7	Valid
	X2.2	0,868	> 0.7	Valid
	X2.3	0,884	> 0.7	Valid
Compensation	X2.4	0,890	> 0.7	Valid
	X2.5	0,881	> 0.7	Valid
	X2.6	0,885	> 0.7	Valid
	X2.7	0,893	> 0.7	Valid
	X2.8	0,860	> 0.7	Valid
	Z1.1	0,884	> 0.7	Valid
	Z1.2	0,892	> 0.7	Valid
	Z1.3	0,861	> 0.7	Valid
	Z1.4	0,899	> 0.7	Valid
	Z1.5	0,860	> 0.7	Valid

Variable	Indicators	*Outer Loading Value*	Condition	Ket
Job Satisfaction (Z)	Z1.6	0,866	> 0.7	Valid
	Z1.7	0,888	> 0.7	Valid
	Z1.8	0,895	> 0.7	Valid
	Z1.9	0,872	> 0.7	Valid
	Z1.10	0,870	> 0.7	Valid
	Z1.11	0,890	> 0.7	Valid
	Z1.12	0,884	> 0.7	Valid
Employee Performance	Y1.1	0,877	> 0.7	Valid
	Y1.2	0,884	> 0.7	Valid
	Y1.3	0,890	> 0.7	Valid
	Y1.4	0,893	> 0.7	Valid
	Y1.5	0,870	> 0.7	Valid
	Y1.6	0,873	> 0.7	Valid
	Y1.7	0,855	> 0.7	Valid
	Y1.8	0,896	> 0.7	Valid
	Y1.9	0,883	> 0.7	Valid
	Y1.10	0,897	> 0.7	Valid

From the results of the analysis above, it can be seen that from all the loading factor values of each indicator in the variable and its dimensions are above 0.7, this proves that all indicators used in this study are valid or can meet convergent validity.

Table 3. Discriminant Validity

Indicators	*Work From Home*	Compensation	Employee Performance	Job Satisfaction	Description
X1.1	**0,903**	0,742	0,784	0,770	**Valid**
X1.2	**0,899**	0,762	0,756	0,766	**Valid**
X1.3	**0,859**	0,748	0,768	0,748	**Valid**
X1.4	**0,876**	0,695	0,745	0,741	**Valid**
X1.5	**0,876**	0,725	0,744	0,732	**Valid**
X1.6	**0,859**	0,695	0,717	0,729	**Valid**
X2.1	0,766	**0,898**	0,752	0,765	**Valid**
X2.2	0,700	**0,868**	0,758	0,722	**Valid**
X2.3	0,735	**0,884**	0,742	0,739	**Valid**
X2.4	0,722	**0,890**	0,750	0,779	**Valid**
X2.5	0,730	**0,881**	0,780	0,726	**Valid**
X2.6	0,727	**0,885**	0,746	0,752	**Valid**
X2.7	0,758	**0,893**	0,790	0,760	**Valid**
X2.8	0,707	**0,860**	0,699	0,720	**Valid**
Y1.1	0,735	0,747	**0,877**	0,760	**Valid**

Indicators	Work From Home	Compensation	Employee Performance	Job Satisfaction	Description
Y1.2	0,782	0,777	**0,884**	0,781	**Valid**
Y1.3	0,770	0,745	**0,890**	0,766	**Valid**
Y1.4	0,744	0,774	**0,893**	0,794	**Valid**
Y1.5	0,768	0,751	**0,870**	0,772	**Valid**
Y1.6	0,730	0,742	**0,873**	0,742	**Valid**
Y1.7	0,739	0,709	**0,855**	0,750	**Valid**
Y1.8	0,759	0,763	**0,896**	0,766	**Valid**
Y1.9	0,762	0,752	**0,883**	0,769	**Valid**
Y1.10	0,763	0,758	**0,897**	0,800	**Valid**
Z1.1	0,754	0,742	0,778	**0,884**	**Valid**
Z1.2	0,774	0,758	0,767	**0,892**	**Valid**
Z1.3	0,760	0,715	0,765	**0,861**	**Valid**
Z1.4	0,771	0,757	0,776	**0,899**	**Valid**
Z1.5	0,726	0,725	0,755	**0,860**	**Valid**
Z1.6	0,732	0,734	0,774	**0,866**	**Valid**
Z1.7	0,739	0,744	0,764	**0,888**	**Valid**
Z1.8	0,754	0,764	0,765	**0,895**	**Valid**
Z1.9	0,734	0,758	0,788	**0,872**	**Valid**
Z1.10	0,753	0,755	0,752	**0,870**	**Valid**
Z1.11	0,743	0,730	0,798	**0,890**	**Valid**
Z1.12	0,749	0,744	0,742	**0,884**	**Valid**

From the table above, it can be concluded that the value of each indicator of the *work from home* variable has a *greater loading factor* value to its main construct compared to other constructs. Thus the *convergent validity* and *discriminant validity* tests have been met, so it can be concluded that the research model and variables studied are valid.
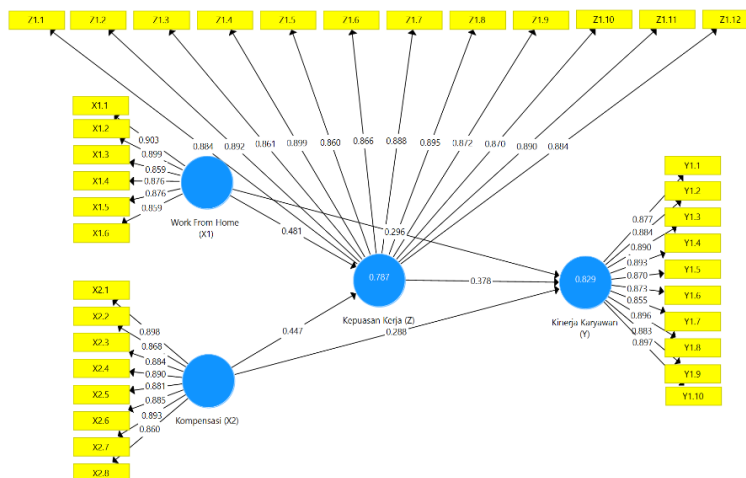

***Figure 4* Total Overall *Loading Factor* Value (*Convergent Validity*)**

Table 4. Composite Reliability, AVE & Cronbach Alpha

Variable	Cronbach Alpha	Composite Reliability	AVE Value
Work From Home (X1)	0,941	0,953	0,772
Compensation (X2)	0,959	0,966	0,779
Job Satisfaction (Z)	0,968	0,972	0,775
Employee Performance (Y)	0,974	0,976	0,778

From the results of the analysis above, the composite reliability value for all variables all illustrates that the variables have a very good consistency value. Cronbach's Alpha value is used to test the consistency of each indicator used to measure latent variables. From the results of external analysis the value of Cronbach's Alpha for each variable shows excellent consistency for each indicator in measuring its latent variable (Ursachi et al., 2015). The recommended AVE value is > 0.50, which represents the magnitude of the variance of the extracted indicators, the latent construct is greater than its error. Because all variables have an AVE value of > 0.5, they can be declared accurate or valid.

Inner Model Analysis

The inner model represents the power of estimation or the relationship between latent variables. In data analysis using the SEM technique to predict the relationship between latent variables, namely exogenous and endogenous variables based on the theory built (Harahap & Pd, 2020). In evaluating *the inner model* or hypothesis test in this study through steps, namely by evaluating the value R^2, and evaluating the value of *predictive relevance (*Q2).

Table 5. R- Square

	R Square
Job Satisfaction	0,787
Employee Performance	0,829

Based on the table above, inner model testing by viewing is done to see the alignment of the models. The explanation of the job satisfaction variable has a value of 0.787 which can be interpreted that the ability of variation that can be explained by the variable work from home, compensation, while for the performance variable has a value of 0.826 which means the ability of variation that can be explained by the variable work from home and compensation for the variable performance of 82.6% while the remaining 17.4% is influenced by other variables that are not studied in this study.R^2

Table 6. Predictive Relevance (Q2) *Test Results*

	SSO	SSE	Q^2 (=1-SSE/SSO)
Work From Home (X1)	1020,000	1020,000	
Compensation (X2)	1360,000	1360,000	
Job Satisfaction (Z)	2040,000	815,567	0,600
Employee Performance (Y)	1700,000	619,460	0,636

Based on the test results in the table above that the results of the calculation show a value = 0.600 in the employee performance variable shows a value = 0.636 and it can be concluded that the values of the models arranged are all >0, so that the model is stated to have met the predictive relevance where the model has been reconstructed properly.$Q^2 Q^2 Q^2$

Table 7 Path Coefficient, STDEV, T-Values, P-Values

Influence	Original Sample	Standard Deviation	T Statistics	P Values
Work From Hom -> Job Satisfaction	0,481	0,113	4,258	0,000
Compensation-> Job Satisfaction	0,447	0,114	3,901	0,000
Work From Hom-> Employee Performance	0,296	0,093	3,196	0,001
-> Employee Performance Compensation	0,288	0,092	3,130	0,002
Job Satisfaction->Employee Performance	0,378	0,106	3,571	0,000
Work From Home -> Job Satisfaction -> Employee Performance	0,182	0,066	2,737	0,006
Compensation -> Job Satisfaction -> Employee Performance	0,169	0,067	2,519	0,012

Hypothesis 1. The Effect of Work rom Home on Job Satisfaction

Based on the results of this test it was found that a moderate effect (O = 0.481 and t-statistics 4.258>1.98 with p-values 0.000 <0.005, it can be concluded that work from home has a moderate, positive and significant influence on job satisfaction. Therefore the hypothesis proposed can be **accepted**. This means that by working from home, employees can feel more comfortable and flexible at work, which can increase their job satisfaction and ultimately have a positive impact on the productivity and overall performance of the company.

Hypothesis 2: The effect of compensation on job satisfaction

Based on the results of this test it was found that the effect was moderate (O = 0.447 and t- statistics 3.901>1.98 with p - values 0.000 <0.005. then it can be concluded that compensation has a moderate, positive and significant influence on job satisfaction. Therefore the hypothesis proposed is acceptable. This means that appropriate compensation can make employees feel valued for the work they do, and motivate employees to be more productive. So that it can

increase employee job satisfaction which in turn can have a positive impact on the productivity and overall performance of the company

Hypothesis 3. The effect of Work From Home on employee performance

Based on the results of this test, it was found that there was a moderate effect (O = 0.296) and t-statistics of 3.196 >1.98 with p values = 0.001 < = 0.05. So it can be concluded that work from home has a moderate, positive and significant relationship influence on employee performance, therefore the hypothesis proposed can be accepted. This means that working from home provides a balance between the world of work and the personal lives of the employees themselves and can also help companies complete work effectively and efficiently. In other words, working from home can automatically provide time allowance for employees, so employees do not need to do their work activities directly from home.

Hypothesis 4. The effect of compensation on employee performance

Based on the results of this test found a moderate effect (O = 0.288) and t- statistics 3.130 >1.98 with p-values 0.002<0.05, it can be concluded that compensation has a moderate, positive and significant influence on employee performance. Therefore the hypothesis proposed is acceptable. This means that if the company increases the compensation given to employees, then employee performance also increases. Providing appropriate compensation will provide satisfaction and encourage employee motivation to be able to achieve company goals.

Hypothesis 5. The Effect of Job Satisfaction on Employee Performance

Based on the results of this test, a moderate influence was found (O = 0.378 and t- statistics 3.571>1.98 with p values = 0.000 < = 0.05. So it can be concluded that job satisfaction has a moderate, positive and significant influence on employee performance satisfaction. Therefore the hypothesis proposed is acceptable. This means that the higher the level of employee job satisfaction, the higher the employee's performance. This can be done by providing a conducive work environment, providing appropriate rewards and incentives, and providing opportunities for career development and training during WFH (Almahdali et al., 2021).

Hypothesis 6. The effect of work from home on employee performance through job satisfaction

Based on the table above, it is known that work from home on employee performance through job satisfaction as an intervening/mediation variable has a path coefficient score of 0.182 with a t-statistic value of 2.737 >1.98 and a p-value of 0.006 < 0.05. Then mediation is proven

partially or partial mediation occurs in the model (partial mediated). So it is stated that job satisfaction as a partial mediator between the influence of work from home on employee performance. That is, the job satisfaction variable can act as a mediating variable as well as an independent variable. It also explains that work from home variables are able to directly affect employee performance variables without / through job satisfaction mediator variables (Nauval et al., 2022).

Hypothesis 7. The effect of compensation on employee performance through job satisfaction

Based on the table above, it is known that compensation for employee performance through job satisfaction as an intervening/mediating variable has a path coefficient score of 0.169 with a T-statistic value of 2.519 >1.98 and a p-value of 0.012 < 0.05. Then mediation is proven partially or partial mediation occurs in the model (partial mediated). So it is stated that job satisfaction as a partial mediating between the effect of compensation on employee performance. That is, the job satisfaction variable can act as a mediating variable as well as an independent variable. It also explains that compensation variables are able to directly affect employee performance variables without / through mediator variables of job satisfaction (Jufrizen, 2016).

CONCLUSION

One of the objectives of this paper is to determine the effect of work from home and compensation on employee performance during covid 19 through job satisfaction as an intervening variable. Based on the results of this study, Work From Home has a positive and significant effect on job satisfaction. It also shows that the higher the work from home, the higher the job satisfaction. The way employees work wherever it is that employees consider comfortable. This comfort includes flexibility, supporting facilities, and a working atmosphere that allows employees to work effectively. Compensation has a positive effect on job satisfaction. This is because the higher the company provides compensation to its employees, the higher the job satisfaction. This is because adequate compensation can have a positive impact on employee job satisfaction itself. Work From Home has a positive and significant effect on the performance of PT. Artajasa Electronic Payment. This is because the higher the work from home, the higher the performance of employees. Compensation has a positive and significant effect on employee performance. This is because the higher the company provides compensation to its employees, the higher the performance of its employees. Job satisfaction has a positive effect on employee performance. This is because the higher the job satisfaction, the higher the performance of the employees. Job satisfaction that arises when employees do their work that can improve performance both in terms of quality and quantity of work produced. Work From Home positively affects employee performance through job satisfaction as an intervening variable. This is because job satisfaction can play a role in increasing employee motivation so that they can work optimally

so that with WFH employees feel satisfied with these changes. Compensation positively affects employee performance through job satisfaction as an intervening variable. This means that increased job satisfaction caused by adequate compensation can have a positive impact on employee performance.

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