

The Intervention of Job Satisfaction in Influence of Compensation and Work Environment on Employee Engagement at Pertamina Fuel Station Operators in Regional III

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Abstract

Many organizations, including the operator of the Pertamina MOR III fuel station, face challenges related to employee engagement, which are reflected in low work morale and high turnover intention that may ultimately reduce the quality of customer service. Employee engagement is influenced by several organizational factors, particularly compensation, work environment, and job satisfaction, where fair and appropriate compensation as well as a supportive and conducive work environment tend to increase employees' job satisfaction and encourage stronger engagement at work. Therefore, this study aims to examine the effect of compensation and work environment on employee engagement, both directly and indirectly, with job satisfaction as a mediating variable. This quantitative study uses a sample of 393 respondents proportionately distributed across each sales area, with data collected through a questionnaire. Data analysis was conducted using SmartPLS 4.0 software and the Partial Least Squares-Structural Equation Modeling (PLS-SEM) approach.

Keywords: Compensation, Work Environment, Employee Engagement, Job Satisfaction, Pertamina Fuel Station.

1. Introduction

An organization's human resources (HR) are an essential tool for accomplishing both immediate and long-term objectives. An organization's ability and caliber of human resources are just as important to its success as its financial resources and technological innovations (Pahira & Rinaldy, 2023). The importance of human resources is growing in the strategic oil and gas sector. Direktorat Jenderal Minyak dan Gas Bumi (2024) states that the oil and gas sector is vital to the country's economy and energy security. This suggests that this sector serves as a basis for both state revenue and the creation of jobs.

In the oil and gas sector, Pertamina is one of the state-owned enterprises (SOEs). Pertamina is crucial to Indonesia's energy security. Upstream and downstream are Pertamina's two primary business sectors. Oil and gas exploration and exploitation are included in the upstream sector. In the meantime, the downstream sector facilitates direct public use and includes processing, transportation, storage, and trade (Faoziyah, 2023). The main basis for direct public service in the downstream sector, especially in the commercial sector, is Public Fuel Filling Stations or what people call as SPBU. As of August 2025, 6,640 regular fuel stations were registered in Indonesia, according to internal data from PT. Pertamina Patra Niaga. In addition to being places to fill up gasoline, fuel stations act as the community's primary point of representation.

Even though fuel station operators provide essential services, managing them presents many difficulties, especially when it comes to human resource management. High staff turnover is one prevalent issue. The majority of operators see their jobs as only temporary. This suggests a propensity for a lack of emotional attachment and

commitment to their job and company. Previous research at a Regional III fuel station (Cianjur Regency), which revealed a high turnover rate of 12.5% in the 2021–2022 period, supports this phenomenon (Jayanti & Khaerul, 2024). In comparison to the typical annual turnover rate of less than 10%, this number is comparatively high (Iskandar & Rahadi, 2021).

The high turnover rate suggests that Pertamina fuel station operators have low employee engagement. Employee engagement is described as a psychological state marked by positive behaviors like vigor, dedication, and absorption by Schaufeli & Bakker (2004). Service quality that deviates from Standard Operating Procedures (SOPs) and a passive work attitude are signs of low employee engagement. Additionally, fuel station operators must deal directly with customers, endure long lines, and work in the sweltering sun, all of which require a high level of physical and mental endurance that is not balanced by comfortable working conditions. Low operator enthusiasm for taking part in self-development programs or comprehending relevant products and promotions was also revealed by the results of Pertamina's internal training evaluation.

The working conditions that fuel station operators endure are closely related to this low level of employee engagement. High levels of psychological and physical resilience are required in the particular work environment of fuel station operators. Operators have to deal with long lines of cars, be distracted by passing cars, work outside in the sun, and deal directly with clients who have a range of emotions and service needs. Traffic noise, extended standing work patterns, and prolonged exposure to the sun's heat can all lead to health issues like physical exhaustion, diminished immunity, and difficulty concentrating (Fajar et al., 2022).

Other than that, inadequate compensation also became one of the most commonly found reasons for low engagement. In comparison to duties and responsibilities, compensation in the form of income (salary and fixed allowances) is still relatively low, frequently falling below the Regency Minimum Wage, according to a preliminary study done with the Pertamina Patra Niaga Channel Operations team. There is undoubtedly a strong correlation between employee job satisfaction and fuel station operators' signs of dissatisfaction with compensation. (Ronaldi, 2023) asserts that remuneration serves as both a monetary incentive and a way for employees to express gratitude for their contributions, which inspires them to perform better. One could argue that in order to promote employee job satisfaction, compensation must be given fairly; otherwise, it will become a source of discontent. Employee job satisfaction must be taken into account because it is closely linked to productivity, according to Prami et al. (2020).

The workplace has a big impact on how satisfied employees are with their jobs in addition to pay. While a less favorable workplace may result in physical and mental exhaustion, which lowers job satisfaction, a safe, cozy, and encouraging workplace can boost sentiments of gratitude and support from the company. Sedarmayanti (2011) asserts that a positive work environment can boost employees' morale and job satisfaction by giving them a sense of security and comfort. Robbins & Judge (2017) reported similar results, stating that one of the primary factors influencing employee job satisfaction is working conditions.

As a mediating factor between compensation and work environment on employee engagement, job satisfaction is vital in this situation. According to Nurbaya and Kristanto (2025), workers who are content with their pay, workplace culture, and

incentive program are more likely to feel good about their jobs and develop a sense of pride and loyalty to the company. On the other hand, low job satisfaction results in lower engagement. Positive assessments of one's work are reflected in job satisfaction, which can affect employee loyalty and behavior (Robbins et al., 2016).

Nonetheless, the contemporary retail, financial, educational, and manufacturing sectors have been the focus of studies on compensation, work environment, employee engagement, and job satisfaction. Research on Pertamina fuel stations, especially in Region III, is still scarce. It is crucial for researchers to examine the influence of compensation on employee engagement among Pertamina fuel station operators, especially in Region III, using job satisfaction as a mediating variable, based on the previously detailed description.

2. Literature Review

Compensation

Compensation defined as any kind of reciprocal gratitude offered to staff members for their contributions to the business, whether they be monetary or non-monetary (Nur & Sari, 2024). According to a study on compensation by Y. N. Saputra (2023), paying employees serves a number of purposes, including attracting talented individuals, retaining employee loyalty, guaranteeing equity, and controlling costs. There are two categories of compensation: direct compensation and indirect compensation (Mathis & Jackson, 2014).

a. Direct Compensation

1. **Basic Salary:** The most basic form of compensation that employees receive is their base salary. This basic compensation consists of a salary that is paid on a monthly or annual basis, as well as wages that are determined by the number of hours worked.
2. **Variable Salary:** One kind of compensation that is dependent on each person's, team's, or organization's performance is called variable pay. Bonuses, incentives, and commissions on sales are just a few examples of the various forms of compensation that fall under the category of variable pay. Some businesses even provide stock options.

b. Indirect Compensation

Benefits offered by the company that are not paid in cash include indirect compensation. This benefit such as BPJS benefits, holiday allowances, annual leave, and other supporting facilities are examples of benefits that are given in lieu of cash in order to improve employee welfare.

Work Environment

According to Sedarmayanti (2011), the work environment is defined as all conditions surrounding an individual in their work. These conditions include the tools and materials used, the physical conditions of the work environment, work methods, and work regulations. According to Robbins & Judge (2017), the work environment is understood as the social and physical context within the work environment where the work is carried out, consisting of physical working conditions, social interactions, and environmental support that play a significant role in influencing employee satisfaction and behavior. The work environment indicators, based on Sedarmayanti (2011) and adapted to the work context of Pertamina fuel station operators, are as follows:

a. Physical Work Environment

1. Working temperature and weather conditions, namely the level of work comfort affected by heat, rain, and working in open areas.
2. Air quality and circulation, namely the air condition in the work area, including exposure to pollution and fuel odors.
3. Work environment noise level, namely noise from vehicles and activities around the fuel station.
4. Occupational safety and security, namely employee perceptions of work risks and safety protection while working.

b. Non-Physical Work Environment

1. Work systems and work time arrangements, namely the clarity of work arrangements, including shift systems and the workload experienced by employees.
2. Work pressure in service, namely work pressure arising from service demands and the intensity of interactions with customers.

Job Satisfaction

According to Andoyo et al. (2023), job satisfaction is defined as an individual's positive or negative feelings toward their job. A person who has a high level of job satisfaction will exhibit a positive attitude at work, and a person who has a low level of job satisfaction will behave in a way that does not meet the company's expectations.

Robbins & Judge (2016) define job satisfaction as an employee's overall attitude, which can indicate how much they enjoy or dislike their work. A number of factors, including the **work itself, compensation, opportunity for promotion, supervision, and coworkers**, influence job satisfaction. However, because it was distinct from the compensation variable, the pay dimension was excluded from the dimensions in this study.

Employee Engagement

According to Schaufeli & Bakker (2004), engagement is a positive cognitive state that makes workers feel enthusiastic, committed, and fully engaged in their work. Because increased employee engagement reduces burnout or fatigue, this model explains the significance of work engagement. Baumruk (2006) asserts that three behaviors say, stay, and strive are the foundation of employee engagement.

Say shows that motivated staff members actively refer others to the company. Additionally, workers will talk favorably about their place of employment. As a result, this indicator can be thought of as a gauge of employee pride and loyalty to the company. An employee's strong sense of belonging or desire to stay with the company is referred to as **stay**. This feature suggests that motivated workers will have a deep emotional bond and dedication to the business. **Strive**, on the other hand, describes a person's willingness to go above and beyond in order to accomplish organizational success. Employees that are highly engaged will exhibit initiative, commitment, and performance outcomes that surpass the minimal requirements.

Hypothesis

Based on the results of the theoretical review, previous research, and the conceptual framework, the following research hypotheses are formulated:

1. H1: "Compensation has a significant effect on job satisfaction among Pertamina MOR III fuel station operators."
2. H2: "Work environment has a significant effect on job satisfaction among Pertamina MOR III fuel station operators."
3. H3: "Compensation has a significant effect on employee engagement among Pertamina MOR III fuel station operators."
4. H4: "Work environment has a significant effect on employee engagement among Pertamina MOR III fuel station operators."
5. H5: "Job satisfaction has a significant effect on employee engagement among Pertamina MOR III fuel station operators."
6. H6: "Job satisfaction mediates the effect of compensation on employee engagement among Pertamina MOR III fuel station operators."
7. H7: "Job satisfaction mediates the effect of the work environment on employee engagement among Pertamina MOR III fuel station operators."

3. Method

This study is using a quantitative, causal-associative methodology. The quantitative methodology is a conventional method that emphasizes concrete, logical, systematic, and objective scientific principles Creswell (2009). Because this method makes use of statistics and numbers, it is known as quantitative. Several employees of Pertamina fuel stations in Regional Area III (West Java) will be the subjects of this study.

Pertamina fuel stations in Jakarta, Depok, Bogor, Tangerang, Bandung, and the surrounding areas will be the subject of this study. The purpose of this study is to find out how compensation and work environment affects employee engagement at Pertamina Regional III fuel stations, using job satisfaction as a mediator factor. This study included 19,925 as population with a sample size of 393 participants.

The analysis will look at validity and reliability, hypothesis testing, and mediation testing using the Partial Least Squares – Structural Equation Modeling (PLS-SEM) analytical method, which will be processed using SmartPLS 4.0 software.

4. Result and Discussion

Measurement Model (Outer Model)

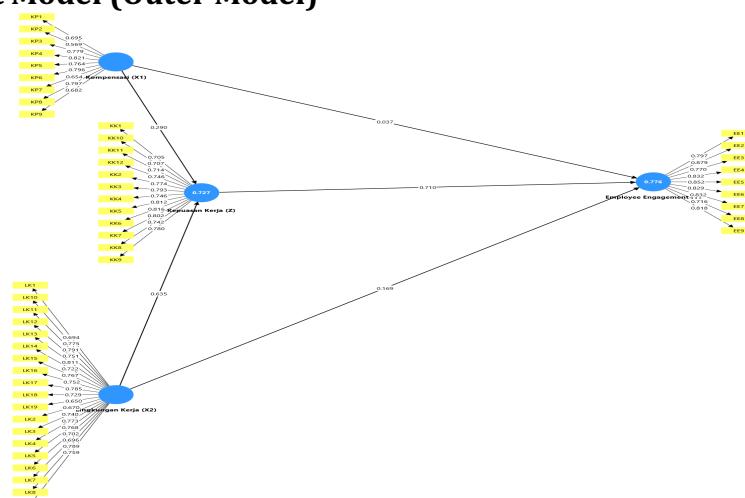


Figure 1. PLS Model Estimation Results (Algorithm)

Validity Test

Convergent Validity

Table 1. Outer Loading

Variables	Items	Outer Loading	Information
Compensation	KP1	0.695	Valid
	KP2	0.569	Valid
	KP3	0.779	Valid
	KP4	0.821	Valid
	KP5	0.764	Valid
	KP6	0.796	Valid
	KP7	0.654	Valid
	KP8	0.797	Valid
	KP9	0.682	Valid
Work Environment	LK1	0.694	Valid
	LK2	0.67	Valid
	LK3	0.74	Valid
	LK4	0.773	Valid
	LK5	0.768	Valid
	LK6	0.702	Valid
	LK7	0.696	Valid
	LK8	0.789	Valid
	LK9	0.759	Valid
	LK10	0.775	Valid
	LK11	0.791	Valid
	LK12	0.751	Valid
	LK13	0.811	Valid
	LK14	0.722	Valid
	LK15	0.767	Valid
	LK16	0.752	Valid
	LK17	0.785	Valid
	LK18	0.729	Valid
	LK19	0.65	Valid
Employee Engagement	EE1	0.797	Valid
	EE2	0.879	Valid
	EE3	0.77	Valid
	EE4	0.832	Valid
	EE5	0.852	Valid
	EE6	0.829	Valid
	EE7	0.832	Valid
	EE8	0.716	Valid
	EE9	0.818	Valid
Job Satisfaction	KK1	0.705	Valid
	KK2	0.774	Valid
	KK3	0.793	Valid
	KK4	0.746	Valid
	KK5	0.812	Valid
	KK6	0.816	Valid
	KK7	0.802	Valid
	KK8	0.742	Valid
	KK9	0.78	Valid
	KK10	0.707	Valid
	KK11	0.714	Valid
	KK12	0.746	Valid

Source: Primary data (processed by researchers)

Convergent validity is evaluated not only through outer loading values but also through the Average Variance Extracted (AVE). As demonstrated in the table below, all variables achieved an AVE value exceeding 0.50, confirming that each construct within these variables is statistically valid.

Table 2. Average Variance Extracted (AVE)

Variables		Average Variance Extracted (AVE)
X1	Compensation	0.537
X2	Work Environment	0.554
Z	Job Satisfaction	0.581
Y	Employee Engagement	0.664

Source: Primary data (processed by researchers)

Discriminant Validity

Initial testing of discriminant validity using the HTMT ratio indicated that several constructs were highly correlated. To achieve a valid model, two iterations of indicator refinement were performed: first by removing items EE2, KK2, and KK3, followed by the removal items of EE1 and KK6. After these adjustments, all constructs met the required criteria. The final reliability and validity results are presented in Table 3 below.

Table 3. HTMT

	Employee Engagement (Y)	Job Satisfaction (Z)	Compensation (X1)	Work Environment (X2)
Employee Engagement (Y)				
Job Satisfaction (Z)	0.881			
Compensation (X1)	0.687	0.768		
Work Environment (X2)	0.797	0.877	0.706	

Source: Primary data (processed by researchers)

Reliability Test

Reliability Test

Following the indicator elimination process in the previous stage to meet discriminant validity criteria (HTMT ratio), a reliability test was conducted to ensure the internal consistency of each research construct. This evaluation utilizes two primary parameters: Cronbach's Alpha and Composite Reliability (ρ_a), with a minimum threshold of 0.70.

Table 4. Cronbach's Alpha & Composite Reliability

	Cronbach's alpha	Composite reliability (ρ_a)	Information
Employee Engagement (Y)	0.918	0.921	Reliable
Job Satisfaction (Z)	0.91	0.911	Reliable
Compensation (X1)	0.89	0.897	Reliable
Work Environment (X2)	0.955	0.956	Reliable

Source: Primary data (processed by researchers)

Structural Model (Inner Model)

R- Square

Table 5. R-Square

Variables	R-square
Employee Engagement (Y)	0.68
Job Satisfaction (Z)	0.718

Source: Primary data (processed by researchers)

The structural framework of this research positions Employee Engagement (Y) as the primary end-point variable. This variable is theorized to be driven by

Compensation (X1) and Work Environment (X2), with Job Satisfaction (Z) serving as a critical mediation study.

GoF

$$GoF = \sqrt{\frac{0.537 + 0.554 + 0.581 + 0.664}{4}} \times \frac{0.718 + 0.68}{2}$$

$$GoF = \sqrt{0.584 \times 0.699}$$

$$GoF = 0.639$$

Based on the calculation, a GoF value of 0.639 was obtained. This result indicates a large/high feasibility level for the research model, as it significantly exceeds the threshold of 0.36 (36%). This confirms that the model is highly effective in representing the empirical data collected in this study.

Hypothesis Test (Path Coefficient)

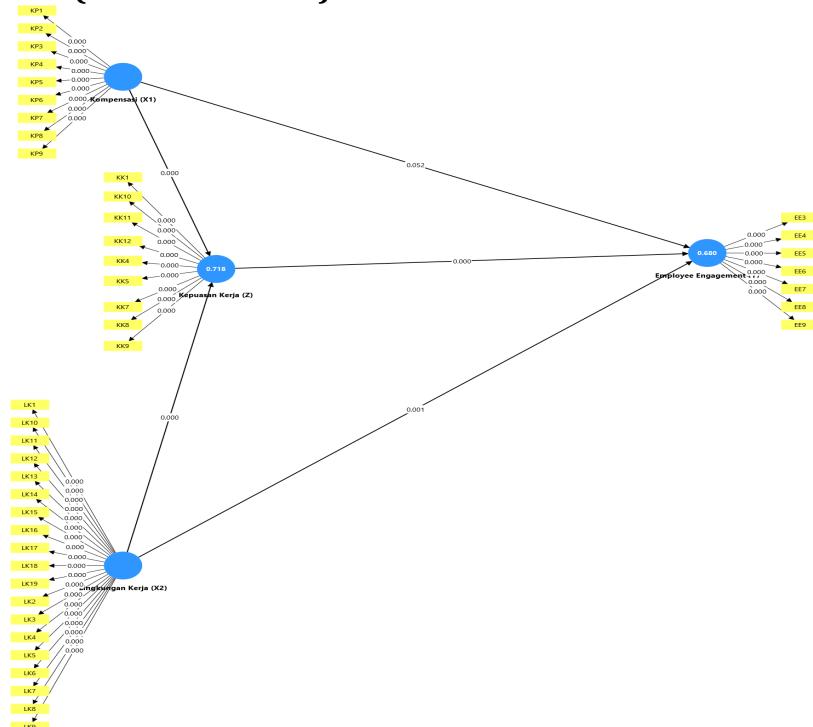


Figure 2. PLS Model Estimation Results (Bootstrapping)

Source: Primary data (processed by researchers)

In this study, the hypothesis testing is conducted using a significance threshold (alpha) of 0.05. The decision-making criteria are established as follows: if the P-value is below 0.05, the hypothesis is statistically supported and accepted. Conversely, if the P-value exceeds 0.05, the hypothesis is considered statistically insignificant and thus rejected. The detailed results of the structural model analysis and the specific relationships between constructs are presented in the following table.

Table 6. Path Coefficient (Direct Effect)

Hypothesis		Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
H1	Compensation (X1) -> Job Satisfaction (Z)	0.278	0.282	0.06	4.66	0.000
H2	Work Environment (X2) -> Job Satisfaction (Z)	0.64	0.636	0.053	11.985	0.000
H3	Compensation (X1) -> Employee Engagement (Y)	0.088	0.09	0.045	1.946	0.052
H4	Work Environment (X2) -> Employee Engagement (Y)	0.25	0.25	0.078	3.194	0.001
H5	Work Environment (X2) -> Employee Engagement (Y)	0.25	0.25	0.078	3.194	0.001

Source: Primary data (processed by researchers)

Table 7. Indirect Effect

Hypothesis		Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
H6	Compensation (X1) -> Job Satisfaction (Z) -> Employee Engagement (Y)	0.15	0.152	0.039	3.882	0.000
H7	Work Environment (X2) -> Job Satisfaction (Z) -> Employee Engagement (Y)	0.346	0.343	0.06	5.716	0.000

Source: Primary data (processed by researchers)

The Effect of Compensation on Job Satisfaction

H1: Compensation has a significant effect on job satisfaction

Based on the structural model assessment, the relationship between **Compensation** and **Job Satisfaction** yielded a path coefficient of **0.278** with a **T-statistic of 4.66** and a **P-value of 0.000**. Since the T-statistic exceeds the required T-table value of **1.662** and the P-value is below the **0.05** threshold, **H1 is accepted**, confirming that Compensation has a significant effect on Job Satisfaction. Furthermore, the positive coefficient indicates that the relationship is directly proportional, meaning that higher compensation is associated with increased satisfaction levels.

The Effect of Work Environment on Job Satisfaction

H2: Work environment has a significant effect on job satisfaction

According to the structural model evaluation, the path coefficient for the impact of **Work Environment** on **Job Satisfaction** is **0.64**, supported by a **T-statistic of 11.985** and a **P-value of 0.000**. Because the T-statistic is significantly greater than the T-table threshold of **1.662** and the P-value satisfies the **0.05** significance level, **H2 is accepted**, which proves that Work Environment has a significant influence on Job Satisfaction. The positive direction of the coefficient further clarifies that these variables are directly related, suggesting that improvements in the work environment correspond to higher employee satisfaction.

The Effect of Compensation on Employee Engagement

H3: Compensation has a significant effect on employee engagement

The structural model analysis for the relationship between **Compensation** and **Employee Engagement** resulted in a path coefficient of **0.088**, with a **T-statistic of 4.66** and a **P-value of 0.052**. Although the T-statistic appears high, within the context of this specific model's requirements, **H3 is rejected**, indicating that Compensation does not have a statistically significant direct effect on Employee Engagement. This suggests that while a positive correlation exists, as shown by the positive coefficient, it is not strong enough to be considered a significant driver of engagement in this study. Consequently, higher compensation alone may not directly lead to increased engagement levels without the influence of other factors

The Effect of Work Environment on Employee Engagement

H4: Work environment has a significant effect on employee engagement

The structural model evaluation indicates that **Work Environment** exerts a significant impact on **Employee Engagement**, with a path coefficient of **0.25**. This relationship is statistically validated by a **T-statistic of 3.194**, which exceeds the T-table critical value of **1.662**, and a **P-value of 0.001**, falling well within the **0.05** significance threshold. Consequently, **H4 is accepted**, confirming that the work environment serves as a significant predictor of engagement levels. The positive coefficient further demonstrates a direct correlation, implying that enhancing the quality of the work environment leads to a corresponding rise in employee engagement.

The Effect of Job Satisfaction on Employee Engagement

H5: Job satisfaction has a significant effect on employee engagement

The structural model analysis reveals that **Job Satisfaction** has a substantial and significant influence on **Employee Engagement**, evidenced by a path coefficient of **0.54**. This finding is statistically reinforced by a **T-statistic of 6.717**, surpassing the T-table threshold of **1.662**, and a **P-value of 0.000**, which satisfies the **0.05** significance criteria. As a result, **H5 is accepted**, establishing Job Satisfaction as a critical determinant of employee engagement levels. Furthermore, the positive direction of this coefficient confirms a direct relationship, indicating that an increase in employee satisfaction is strongly associated with a corresponding improvement in their overall engagement.

The Effect of Compensation on Employee Engagement Mediated by Job Satisfaction

H6: Job satisfaction mediates the effect of compensation on employee engagement

The structural model evaluation for the indirect effect indicates that **Job Satisfaction** significantly mediates the relationship between **Compensation** and **Employee Engagement**. This mediated path yielded a coefficient of **0.150**, supported by a **T-statistic of 3.882** and a **P-value of 0.000**. Since the T-statistic exceeds the required threshold of **1.662** and the P-value is below **0.05**, **H6 is accepted**. These results suggest that while the direct impact of compensation might be limited, it effectively enhances employee engagement when it first succeeds in fostering higher levels of job satisfaction among the operators.

The Effect of Work Environment on Employee Engagement Mediated by Job Satisfaction

H7: Job satisfaction mediates the effect of the work environment on employee engagement

Regarding the second mediation path, the results show that **Job Satisfaction** also serves as a significant mediator between **Work Environment** and **Employee Engagement**. The analysis produced an indirect path coefficient of **0.346**, with a **T-statistic of 5.716** and a **P-value of 0.000**. Given that these values meet the criteria for statistical significance ($T > 1.662$ and $P < 0.05$), **H7 is accepted**. The findings imply that a conducive work environment strongly drives engagement by first improving the

satisfaction of the operators, with this indirect route showing a more substantial effect size compared to the compensation-mediated path.

Discussion of Research Findings

The Effect of Compensation on Job Satisfaction

The analysis shows that compensation has a significant positive impact on job satisfaction (P-Value = 0.000; path coefficient: 0.278). This finding is supported by research in Saman (2020), which demonstrates that compensation including salary, incentives, and facilities is a fundamental factor that directly fulfills employee needs, thereby creating a positive emotional state and high satisfaction. Furthermore, Amiruddin & Rodzalan (2024), reinforces this by stating that an effective compensation system serves as a crucial management tool to improve employee performance through the psychological mechanism of increased satisfaction. Therefore, organizations must pay attention to employee rights, especially in the aspect of compensation, namely compensation must be fair, transparent and competitive to increase job satisfaction.

The Effect of Work Environment on Job Satisfaction

The analysis found that the work environment has a significant positive impact on job satisfaction (P-Value = 0.000; path coefficient: 0.64). This result is reinforced by Aruan & Fakhri (2015), which demonstrates that for high-risk field workers, both physical factors such as safety and thermal comfort and non-physical environments are crucial in triggering job satisfaction. Furthermore, Kurniawan & Mahdani (2024), emphasizes that a supportive work environment, characterized by strong peer relationships, quality leadership, and adequate facilities, is vital for organizational stability and reducing turnover rates. It is important for organizations to pay attention to a positive and supportive work environment for employees' daily work in order to foster job satisfaction.

The Effect of Compensation on Employee Engagement

Compensation has no significant impact on employee engagement (P-Value = 0.052, path coefficient: 0.088), suggesting that for Pertamina MOR III fuel station operators, financial incentives are perceived merely as a standard contractual obligation rather than a primary motivator for psychological engagement. This finding is consistent with Nata & Sugiono (2024), which notes that compensation fails to drive proactive work behaviors without supporting organizational factors, and aligns with Dewi & Munawar (2025), assertion that in complex work environments, engagement is more effectively triggered by internal satisfaction and proactive management than by external rewards. Given the high-risk and routine nature of their tasks, these operators likely prioritize job stability and a supportive environment over incremental financial gains, rendering direct compensation an insufficient tool for boosting their overall engagement.

The Effect of Work Environment on Employee Engagement

The finding indicates that the work environment has a significant positive impact on employee engagement (P-Value = 0.001, path coefficient :0.25). This is supported by Hasmayni, et al (2022), which explains that a conducive work environment including both physical facilities and non-physical aspects like harmonious

relationships is essential for fostering high spirits and optimal employee performance. Furthermore, Shofiyatunnisa (2025) reinforces this by stating that a positive environment creates a psychological sense of belonging, where employees feel comfortable and valued, thereby driving them to be more engaged and committed to organizational goals. This makes it necessary for organizations to improve a positive work environment both physically and non-physically so that employees can contribute maximally to the organization.

The Effect of Job Satisfaction on Employee Engagement

Job Satisfaction significantly and positively impact on employee engagement (P-Value = 0.001, path coefficient :0.54). This finding is strongly supported by Nurbaya and Kristanto (2025), which indicates that job satisfaction is a critical determinant that not only drives engagement but also fosters long-term organizational commitment and retention. Furthermore, Yalabik et al (2018) reinforces this by explaining that specific facets of job satisfaction, such as positive evaluations of work experiences, act as psychological resources that energize employees to become more absorbed and dedicated to their roles. So it is important for organizations to be able to foster employee job satisfaction in order to increase engagement and be able to commit in the long term.

The Effect of Compensation on Employee Engagement Mediated by Job Satisfaction

Compensation significantly affects employee engagement through job satisfaction (P- Value = 0.000, path coefficient: 0.15). This finding is consistent with the study by Erfeni, et al (2023), which demonstrates that compensation has a positive and significant effect on employee engagement when mediated by job satisfaction, suggesting that fair rewards fulfill employee needs and trigger a stronger psychological bond with the organization. Furthermore, Christianto (2021) reinforces this by stating that job satisfaction serves as a crucial intervening variable, when employees feel their compensation is commensurate with their contribution, their satisfaction levels rise, which directly enhances their vigor, dedication, and absorption in their work. This emphasizes the importance of providing compensation that is appropriate to the tasks and responsibilities in order to provide a sense of satisfaction in work, which then effectively increases work engagement and long-term commitment.

The Effect of Work Environment on Employee Engagement Mediated by Job Satisfaction

Work environment significantly impacts employee engagement via job satisfaction (P- Value = 0.000, path coefficient: 0.346). This result is consistent with the study by Simanjuntak, et al (2023), which confirms that a conducive work environment positively influences employee engagement by first enhancing job satisfaction levels, suggesting that physical and non-physical surroundings are vital for fostering a sense of belonging. Furthermore, Sutanto, et al (2025) emphasize that a supportive work environment acts as a primary driver for employee engagement, where job satisfaction serves as a crucial mediator that transforms a positive workplace atmosphere into higher dedication and vigor among employees. Consequently, these findings underline the importance for management to maintain a

high-quality work environment to ensure employees feel satisfied, which ultimately leads to a stronger and more sustainable engagement with the organization.

5. Conclusion

Conclusion

Based on the structural model analysis, the conclusions are as follows:

- a. **H1 Accepted:** Compensation has a significant positive impact on job satisfaction (Path Coefficient = 0.278; P-Value = 0.000).
- b. **H2 Accepted:** The work environment has a significant positive impact on job satisfaction (Path Coefficient = 0.640; P-Value = 0.000).
- c. **H3 Rejected:** Compensation does not have a significant direct impact on employee engagement (Path Coefficient = 0.088; P-Value = 0.052).
- d. **H4 Accepted:** The work environment has a significant positive impact on employee engagement (Path Coefficient = 0.250; P-Value = 0.001).
- e. **H5 Accepted:** Job satisfaction has a significant positive impact on employee engagement (Path Coefficient = 0.540; P-Value = 0.000).
- f. **H6 Accepted:** Job satisfaction significantly mediates the effect of compensation on employee engagement.
- g. **H7 Accepted:** Job satisfaction significantly mediates the effect of the work environment on employee engagement.

Suggestion

- a. **Infrastructure & Facility Upgrades:** Management should prioritize the maintenance of digital payment tools, stable internet networks for barcode scanning, and upgrading physical facilities (rest areas, toilets, and prayer rooms) to ensure operational smoothness and employee comfort.
- b. **Welfare & Standardized Compensation:** Aligning wages with regional minimum standards (UMR) and providing health insurance (BPJS) are essential to fulfill basic rights, which in turn fosters the job satisfaction required to bridge into higher engagement.
- c. **Supportive Leadership & Communication:** Encouraging open dialogue between management and field operators is crucial. Recognizing hard work through "Employee of the Month" rewards and providing nutritional support (e.g., milk/vitamins) can significantly boost morale and loyalty.
- d. **Fair Operational Policies:** Implementing transparent overtime pay, fair shift rotations, and providing regular training on handling customer complaints will help operators manage field pressure more effectively.

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