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The Effect of Compensation and the Physical Work Environment on Employee Work Motivation at PT. Exzer Amsal Mandiri

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Abstract

The urgency of this study is to determine how compensation and the physical work environment influence employee work motivation at PT Exzer Amsal Mandiri. Preliminary observations at PT Exzer Amsal Mandiri indicated concerns regarding the adequacy of compensation and unfavorable physical workplace conditions that could be associated with employee motivation. This study aims to examine the partial and simultaneous effects of compensation and the physical work environment on employee work motivation. A quantitative survey design was employed. The study population comprised all 41 employees of PT Exzer Amsal Mandiri. Using a census approach, questionnaires were distributed to all employees; however, four employees did not return their questionnaires within the data-collection period. Consequently, 37 complete and usable responses were analyzed, representing a response rate of 90.24%. The data were analyzed using multiple linear regression with SPSS version 25. The results show that compensation has a positive and significant effect on employee work motivation, with a regression coefficient of 0.137, a t-value of 2.075, and a p-value of 0.046. The physical work environment also has a positive and significant effect, with a regression coefficient of 0.254, a t-value of 3.087, and a p-value of 0.004. Simultaneously, compensation and the physical work environment significantly affect employee work motivation, as indicated by an F-value of 15.750 and a p-value below 0.001. The model explains 48.1% of the variation in employee work motivation. It can be concluded that compensation and the physical work environment, both partially and simultaneously, are important determinants of employee work motivation at PT Exzer Amsal Mandiri. Therefore, the company should improve the adequacy of employee compensation and provide more supportive physical workplace conditions to strengthen employee motivation.

Keywords: *Compensation, Physical Work Environment, Employee Work Motivation, Human Resource Management.*

Introduction

Employee work motivation plays an essential role in directing employees' effort, sustaining their persistence, and encouraging goal-oriented behavior that supports the achievement of organizational objectives (Grant & Shandell, 2022; Zulfiani et al., 2026). Although technology, capital, and operational facilities support organizational activities, these resources may not produce optimal outcomes when employees lack the motivation required to perform their duties effectively. Work motivation is shaped not only by employees' internal needs but also by how organizations reward their contributions and provide suitable workplace conditions (Deci et al., 2017). Compensation serves as an organizational reward for employees' contributions, whereas the physical work environment shapes their comfort, well-being, and ability to function effectively at work. Consequently, dissatisfaction with compensation and unfavorable physical

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workplace conditions may reduce employees' motivation and willingness to perform their duties effectively (Landry & Whillans, 2019; Kazlauskaitė et al., 2023). This relationship can be explained through the hierarchy of needs theory, which proposes that individuals are motivated by the fulfillment of physiological, safety, social, esteem, and self-actualization needs (Maslow, 1943). Compensation primarily supports employees' physiological and security needs, whereas suitable physical workplace conditions provide the safety and comfort required to sustain work motivation.

The relationship between compensation, physical workplace conditions, and employee work motivation represents an important organizational issue at PT Exzer Amsal Mandiri. Preliminary interviews involving 20 employees revealed concerns regarding salaries perceived as inadequate relative to assigned responsibilities and the infrequency of salary adjustments. These concerns indicate that employees may evaluate compensation not only according to the amount received but also in relation to workload, perceived fairness, and the consistency of remuneration policies. Employees who perceive a discrepancy between their contributions and the compensation they receive may develop unfavorable evaluations of the organization's appreciation of their efforts. Such perceptions may weaken their willingness to maintain enthusiasm, commitment, and consistent effort in performing their duties. Compensation policies that are perceived as fair, adequate, and transparent may play an important role in supporting employees' work motivation and strengthening their perceptions of organizational recognition (Shaari et al., 2022; Kurniawan, 2020).

Physical workplace conditions also emerged as an important concern during the preliminary investigation. Employees reported uncomfortable working environments, including poorly functioning air-conditioning systems, disorganized workspace arrangements, and inadequate cleanliness, particularly in the warehouse area. A one-month preliminary observation identified additional challenges, such as long working hours, relatively heavy workloads, limited air circulation, dusty rooms, and insufficient cooling facilities. These conditions suggest that employees may encounter physical obstacles while carrying out their daily responsibilities. Inadequate ventilation, uncomfortable temperatures, and poorly organized workspaces may increase discomfort and fatigue, potentially making it more difficult for employees to sustain concentration and enthusiasm throughout the working day. Access to adequate facilities, a clean workspace, sufficient lighting, and effective air circulation may help create conditions that support employees' comfort and readiness to work. A physical work environment that does not adequately accommodate employees' needs may consequently be associated with lower work motivation, whereas improvements in workplace conditions may support more favorable work experiences (Aboulfotouh et al., 2022).

Employee complaints, declining enthusiasm, lateness, and expressed intentions to seek employment elsewhere indicate the importance of examining work motivation at PT Exzer Amsal Mandiri. These preliminary observations suggest potential challenges in maintaining employees' commitment, attendance, and willingness to fulfill their responsibilities consistently. Compensation and physical workplace conditions warrant particular attention because both are directly related to employees' experiences within the organization. Perceptions of inadequate compensation may influence how employees evaluate organizational recognition, while uncomfortable physical conditions may create difficulties in completing daily tasks effectively. Although these preliminary findings do not establish causal relationships, they provide an empirical foundation for investigating whether compensation and the physical work environment are associated with variations in employee work motivation. A clearer understanding of these relationships may help management identify areas requiring improvement, develop more

appropriate employee policies, and strengthen organizational practices that support employee engagement, attendance, and workforce stability (Martini et al., 2023; Solikhah & Andriani, 2023).

Recent empirical research has demonstrated the relevance of compensation to employee work motivation. Compensation was found to have a positive and statistically significant effect on the work motivation of private-sector employees, indicating that adequate financial rewards may encourage employees to perform their responsibilities more enthusiastically (Sholihah et al., 2025). Compensation has also been identified as a contributing factor to employee motivation in research examining its relationship with employee performance (Karay & Ardiyanti, 2023). These findings suggest that compensation serves not only as a source of economic security but also as a form of organizational recognition. Employees who perceive their compensation as fair and appropriate may be more willing to invest effort in their assigned duties.

The motivational effects of compensation may nevertheless depend on the design of the payment system and employees' perceptions of its implementation. Individual performance-based variable pay may undermine intrinsic motivation when employees perceive the system as controlling rather than supportive (Kuvaas et al., 2020). Compensation should therefore be assessed according to its adequacy, perceived fairness, consistency, and alignment with employees' responsibilities rather than its monetary value alone (Henn et al., 2025; Olafsen et al., 2024). These considerations provide a rationale for examining compensation alongside physical workplace conditions to understand their respective relationships with employee work motivation at PT Exzer Amsal Mandiri.

Research has also established the relevance of the work environment to employee motivation. The previous studied reported that the work environment positively affected employee motivation in a public-sector institution (Matualaga et al., 2024). While the another studied demonstrated that the relationship between the work environment and motivation could involve employees' job satisfaction (Sinulingga & Kasmiruddin, 2024). However, the term "work environment" is frequently used as a broad construct that combines physical and non-physical conditions. This approach makes it difficult to determine the specific contribution of physical attributes such as lighting, temperature, air circulation, cleanliness, workspace arrangement, noise, and work facilities. The previous studied found that physical work environment studies have predominantly focused on employee satisfaction and productivity, while other employee outcomes and non-office environments have received less attention (Schilleci, 2023). More recently, emphasized the need for a more integrated understanding of how physical workplace characteristics influence employees' psychological and behavioral outcomes (Oyedeji et al., 2025).

The existing literature presents several limitations that warrant further investigation. First, employee work motivation is frequently positioned as a mediating variable linking compensation or the work environment to employee performance, rather than being examined as the primary outcome requiring explanation. Second, many studies conceptualize the work environment as a broad construct without explicitly distinguishing physical workplace conditions from social and non-physical aspects. Third, compensation and the physical work environment are often investigated separately or in relation to outcomes such as performance, productivity, and job satisfaction. Consequently, empirical evidence concerning the partial and simultaneous effects of compensation and the physical work environment on employee work motivation remains comparatively limited. Previous findings also suggest that monetary rewards do not

automatically enhance motivation, as their effects may depend on employees' perceptions of the compensation system and its implementation.

The identified research gaps provide the basis for three research questions: Does compensation affect employee work motivation at PT Exzer Amsal Mandiri? Does the physical work environment affect employee work motivation at the company? Do compensation and the physical work environment simultaneously affect employee work motivation? This study aims to examine the partial and simultaneous effects of compensation and the physical work environment on employee work motivation. The analysis is expected to clarify the individual and combined contributions of financial rewards and tangible workplace conditions to employees' motivation within the organizational context under investigation.

The novelty of this study lies in integrating compensation and a specifically defined physical work environment into a single analytical model, with employee work motivation positioned as the dependent variable. The study distinguishes physical workplace conditions, including workspace organization, cleanliness, air circulation, and cooling facilities, from the broader work environment construct. This distinction enables a more focused examination of the workplace conditions relevant to employees' daily activities. The research also addresses an organizational setting involving both office and warehouse operations, where compensation practices and physical working conditions may be experienced differently across work areas. The findings are expected to contribute context-specific empirical evidence on how compensation and physical workplace conditions are associated with employee work motivation in a private company.

Method

This study employed a quantitative explanatory survey design to examine the partial and simultaneous effects of compensation and the physical work environment on employee work motivation. The study was conducted at PT Exzer Amsal Mandiri, located in Medan, North Sumatra, Indonesia. Compensation and the physical work environment were treated as independent variables, while employee work motivation was treated as the dependent variable. This design was appropriate because the study sought to statistically test the relationships specified in the research hypotheses using numerical data collected directly from employees.

The study population comprised all 41 employees of PT Exzer Amsal Mandiri. Given the relatively small population size, a census sampling approach was employed, whereby all employees were invited to participate in the study. A total of 41 questionnaires were distributed, of which 37 were returned complete and deemed suitable for analysis, yielding a usable response rate of 90.24%. The remaining four questionnaires were not returned within the designated data-collection period. Accordingly, the final dataset consisted of responses from 37 employees. The difference between the population and the final sample was considered when interpreting the findings, as the analysis reflected the responses of participating employees rather than the entire workforce.

Data were collected through preliminary interviews and a structured questionnaire to obtain contextual and quantitative information relevant to the research objectives. The interviews explored organizational concerns regarding compensation, physical workplace conditions, and employee work motivation, providing an initial understanding of issues requiring further examination. The questionnaire comprised 13 statements measured on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Each response reflected the employee's perception of the measured variables, with higher scores indicating stronger agreement with the corresponding statements.

Employee work motivation was measured using three indicators: physical needs, safety and security needs, and social needs. Compensation was assessed through five indicators, comprising salary, health benefits, holiday allowances, bonuses or incentives, and recreational benefits. The physical work environment was evaluated through five indicators: lighting, air circulation, workspace layout, noise, and work facilities. All measurement indicators were adapted from the framework presented by Edison et al. (2020). The questionnaire operationalized the three research variables through these dimensions to facilitate quantitative assessment. The collected responses were subsequently prepared for statistical analysis to examine the partial and simultaneous effects of compensation and the physical work environment on employee work motivation at PT Exzer Amsal Mandiri.

The data were analyzed using Statistical Package for the Social Sciences (SPSS) version 25. The analysis commenced with an examination of respondent characteristics to provide an overview of the participants included in the study. Instrument quality was subsequently assessed through validity and reliability testing. Item validity was determined by comparing each item's correlation coefficient with the critical correlation value at a 5% significance level. Items were considered valid when their correlation coefficients exceeded the corresponding critical values. Instrument reliability was evaluated using Cronbach's alpha, with coefficients greater than 0.60 regarded as acceptable. These preliminary analyses were conducted to establish whether the measurement items demonstrated adequate validity and internal consistency before proceeding to the main statistical analysis.

The classical assumptions of multiple linear regression were examined before model estimation to assess the suitability of the data for regression analysis. Data normality was assessed using the Kolmogorov–Smirnov test, while multicollinearity was evaluated using tolerance and variance inflation factor (VIF) values. Heteroscedasticity was examined by inspecting a scatterplot of standardized residuals to identify potential patterns in the distribution of residual variance. Multiple linear regression was then employed to estimate the relationships of compensation and the physical work environment with employee work motivation. Individual predictor effects were assessed using *t*-tests, whereas the joint significance of the independent variables was evaluated using an *F*-test.

Conceptual Framework

Employee work motivation may develop through the interaction between employees' needs and the organizational conditions supporting their work. Based on the hierarchy of needs theory, compensation contributes to the fulfillment of physiological and security needs, while a supportive physical work environment provides safety, comfort, and suitable conditions for performing work (Maslow, 1943). Accordingly, this study positions compensation and the physical work environment as independent variables and employee work motivation as the dependent variable. Compensation is expected to affect motivation through employees' perceptions of salary, benefits, incentives, and organizational recognition. Meanwhile, the physical work environment is expected to influence motivation through lighting, air circulation, workspace layout, noise levels, and work facilities. The framework examines the individual effect of each independent variable and their simultaneous effect on employee work motivation.

Hypothesis Development

The Effect of Compensation on Employee Work Motivation

Compensation provides employees with economic resources to meet their basic needs and represents organizational recognition of their contributions. Adequate and equitable salaries,

benefits, and incentives can create a sense of security and encourage employees to exert greater effort in performing their duties. The previous studied found that compensation had a positive and significant effect on employee work motivation (Sholihah et al., 2025). Nevertheless, the effect of compensation depends on how the reward system is perceived. The previous studied demonstrated that performance-based pay could reduce intrinsic motivation when perceived as controlling (Kuvaas et al., 2020). These findings suggest that compensation is more likely to strengthen motivation when it is perceived as adequate, equitable, and appreciative rather than merely as a mechanism for controlling employee behavior. Therefore, the first hypothesis is formulated as follows: H1: Compensation has a positive and significant effect on employee work motivation at PT Exzer Amsal Mandiri.

The Effect of the Physical Work Environment on Employee Work Motivation

The physical work environment comprises tangible workplace conditions that employees experience while performing their duties, including lighting, air circulation, workspace arrangement, noise, cleanliness, and work facilities. Suitable physical conditions can reduce discomfort and distractions, support concentration, and provide employees with a sense of safety. Conversely, inadequate ventilation, excessive noise, poor workspace arrangements, and insufficient facilities may create physical strain and reduce employees' willingness to perform their work. The previous studied found that the work environment positively and significantly affected employee motivation (Matualaga et al., 2024). The physical workplace attributes, including ambience and spatial configuration, can influence employee motivation and attitudes (Oyedeji et al., 2025). Therefore, the second hypothesis is formulated as follows: H2: The physical work environment has a positive and significant effect on employee work motivation at PT Exzer Amsal Mandiri.

The Simultaneous Effect of Compensation and the Physical Work Environment on Employee Work Motivation

Compensation and the physical work environment represent two complementary forms of organizational support. Compensation addresses employees' economic and recognition-related needs, whereas the physical work environment supports safety, comfort, and the effective performance of daily tasks. Providing adequate compensation without suitable workplace conditions may not fully support motivation because employees may continue to experience physical discomfort. Similarly, a comfortable workplace may be insufficient when employees perceive their compensation as inadequate or inequitable. The previous studied found that compensation and the work environment simultaneously had a positive and significant effect on employee motivation (Manao, 2022). Similar evidence was reported by the previous studied, although their studies were conducted in public-sector and educational contexts (Fauzi et al., 2023; Azzahra et al., 2024). Therefore, the third hypothesis is formulated as follows: H3: Compensation and the physical work environment simultaneously have a positive and significant effect on employee work motivation at PT Exzer Amsal Mandiri.

Results

Respondent Profile

Questionnaires were distributed to all 41 employees of PT Exzer Amsal Mandiri. Thirty-seven questionnaires were completed and returned, while four were not returned, resulting in a usable response rate of 90.24%. All 37 returned questionnaires were included in the statistical analysis. The respondents' demographic characteristics are presented in Table 1.

Table 1. *Respondent Characteristics*

Characteristic	Category	Frequency	Percentage
Gender	Male	21	56.8
	Female	16	43.2
Age	Below 20 years	1	2.7
	20–25 years	16	43.2
	26–30 years	14	37.8
	Above 30 years	6	16.2
Length of service	Less than 1 year	9	24.3
	1–3 years	13	35.1
	More than 3 years	15	40.5

The 37 respondents comprised 21 males and 16 females. Most respondents were aged 20–25 years (43.2%), followed by those aged 26–30 years (37.8%). Regarding length of service, 40.5% of respondents had worked for more than three years, 35.1% had one to three years of service, and 24.3% had less than one year of service.

Measurement Quality

Item validity was assessed by comparing each item correlation coefficient with the critical value of 0.325 at a 5% significance level and 35 degrees of freedom. All item correlation coefficients exceeded the critical value. The compensation items produced coefficients ranging from 0.792 to 0.914, the physical work environment items ranged from 0.785 to 0.831, and the employee work motivation items ranged from 0.773 to 0.907. Therefore, all 13 questionnaire items met the validity criterion.

Table 2. *Instrument Validity and Reliability*

Variable	Number of Items	Item Correlation Range	Cronbach's Alpha	Result
Compensation	5	0.792–0.914	0.903	Valid and reliable
Physical work environment	5	0.785–0.831	0.867	Valid and reliable
Employee work motivation	3	0.773–0.907	0.794	Valid and reliable

The reliability analysis yielded Cronbach's alpha coefficients of 0.903 for compensation, 0.867 for the physical work environment, and 0.794 for employee work motivation. All coefficients exceeded the minimum acceptable threshold of 0.60, indicating satisfactory internal consistency across the three measurement scales. These results confirmed that all instruments met the established reliability criteria and were suitable for subsequent statistical analysis.

Regression Assumption Tests

Regression diagnostics indicated that the residuals did not significantly deviate from normality (Kolmogorov–Smirnov = 0.102, p = 0.200). Multicollinearity was not indicated, as the tolerance value was 0.672 and the variance inflation factor (VIF) was 1.488. The residual scatterplot also showed no discernible pattern, suggesting no apparent heteroscedasticity. These findings supported proceeding with the regression analysis.

Table 3. *Results of the Regression Assumption Tests*

Test	Indicator	Result	Criterion
Normality	Kolmogorov–Smirnov statistic	0.102	—
	p-value	0.200	> 0.05
Multicollinearity: compensation	Tolerance	0.672	> 0.10
	VIF	1.488	< 10
Multicollinearity: physical work environment	Tolerance	0.672	> 0.10

	VIF	1.488	< 10
Heteroscedasticity	Scatterplot pattern	No systematic pattern	Random distribution

The diagnostic results indicated that the regression model satisfied the principal classical assumptions. The residuals met the normality criterion, while tolerance and variance inflation factor values indicated no evidence of multicollinearity among the independent variables. The residual scatterplot also revealed no discernible heteroscedasticity pattern, supporting the suitability of the data for multiple linear regression analysis.

Multiple Regression and Hypothesis Testing

Multiple linear regression was employed to examine the partial effects of compensation and the physical work environment on employee work motivation while controlling for the other independent variable. The analysis estimated the direction and magnitude of each relationship. Based on the unstandardized regression coefficients, the resulting regression equation is presented as follows:

$$Y = 3.959 + 0.137X_1 + 0.254X_2$$

Where (Y) denotes employee work motivation, (X_1) represents compensation, and (X_2) represents the physical work environment. The multiple linear regression analysis was conducted to examine the individual and combined relationships of the independent variables with employee work motivation. The estimated regression coefficients and corresponding statistical test results are presented in Table 4.

Table 4. *Multiple Regression and Partial Hypothesis Test Results*

Predictor	B	Standard Error	Standardized Beta	t	p-value	Decision
Constant	3.959	1.523	—	2.600	0.014	—
Compensation	0.137	0.066	0.313	2.075	0.046	H1 supported
Physical work environment	0.254	0.082	0.465	3.087	0.004	H2 supported

Compensation produced a positive regression coefficient of 0.137, with a t-value of 2.075 and a p-value of 0.046. Thus, H1 was supported. The physical work environment produced a positive regression coefficient of 0.254, with a t-value of 3.087 and a p-value of 0.004. Thus, H2 was also supported. Compensation had a positive and statistically significant association with employee work motivation (β = 0.137), (t = 2.075), (p = 0.046)). The result supported H1, indicating that higher compensation scores were associated with higher work motivation, holding the physical work environment constant. The physical work environment also showed a positive and statistically significant association with work motivation (β = 0.254), (t = 3.087), (p = 0.004)), supporting H2. Its larger coefficients suggest a stronger estimated association with work motivation than compensation, although direct comparison should consider the coefficient scales used.

Table 5*. Simultaneous Test and Model Summary*

Model Statistic	Value
F-value	15.750
Regression df	2
Residual df	34
p-value	< 0.001
R	0.693
R^2	0.481
Adjusted R^2	0.450
Standard error of the estimate	1.19865

The simultaneous test produced an F-value of 15.750 with 2 and 34 degrees of freedom and a p-value below 0.001. Therefore, compensation and the physical work environment simultaneously had a statistically significant effect on employee work motivation, supporting H3. The model produced an R^2 value of 0.481 and an adjusted R^2 value of 0.450. Thus, compensation and the physical work environment accounted for 48.1% of the observed variation in employee work motivation, while the remaining 51.9% was not explained by the model.

Discussion

The Effect of Compensation on Employee Work Motivation

The results support H1 by demonstrating that compensation has a positive and statistically significant effect on employee work motivation ((β= 0.137), (t = 2.075), (p = 0.046)). This finding indicates that employees' perceptions of salary, health benefits, holiday allowances, bonuses or incentives, and other organizational benefits are positively associated with their work motivation. Compensation represents more than an economic exchange for completed work; it can also communicate organizational recognition and appreciation of employee contributions. Employees who perceive their compensation as appropriate to their responsibilities may be more willing to devote effort to their duties and support organizational objectives. The statistical significance of this relationship suggests that compensation is a relevant factor in explaining variations in work motivation among employees at PT Exzer Amsal Mandiri.

The finding can be interpreted through Maslow's hierarchy of needs theory, particularly its emphasis on physiological and safety needs. Salary enables employees to meet essential daily needs, while health benefits and other employment-related provisions may contribute to a sense of financial and personal security. The fulfillment of these fundamental needs can provide a basis for employees to concentrate on their work and pursue higher-level goals (Maslow, 1943). Compensation may therefore support motivation by reducing concerns about basic economic needs and strengthening employees' perceptions that their employment provides tangible benefits. The present finding is consistent with research showing that compensation has a positive and statistically significant effect on the work motivation of private-sector employees (Sholihah et al., 2025). Compensation has also been identified as a contributor to employee motivation in research examining its relationship with employee performance, although motivation in that study served as an intervening variable (Karay & Ardiyanti, 2023).

The positive relationship identified in this study does not necessarily mean that every compensation arrangement will strengthen employee motivation. The motivational consequences of financial rewards may depend on how employees perceive the purpose, fairness, and implementation of the compensation system. Individual performance-based pay may undermine intrinsic motivation when employees interpret it as a mechanism for controlling their behavior rather than recognizing their contributions (Kuvaas et al., 2020). This distinction highlights the importance of considering the characteristics of compensation instead of assuming that higher monetary rewards invariably produce stronger motivation.

The present study examines a broader range of compensation components, including regular salary, health benefits, holiday allowances, incentives, and other organizational benefits. These components may contribute to employees' perceptions of economic security, employment stability, and organizational appreciation in different ways. Compensation is therefore more likely to support work motivation when employees perceive the overall package as adequate, fair, consistent, and proportionate to their responsibilities. Transparent

compensation policies and appropriate benefit provisions may help strengthen these perceptions, although the present regression results do not directly establish which compensation component contributes most strongly to motivation.

The practical implication for PT Exzer Amsal Mandiri is that compensation policies should be evaluated in relation to employees' responsibilities and expectations, rather than focusing exclusively on the monetary amount provided. Periodic salary reviews, clear incentive criteria, and appropriate employment benefits may help the company address employee concerns and maintain motivation. The findings support compensation as a relevant factor in employee work motivation within the organization, while the observational nature of the analysis warrants caution in interpreting the relationship as definitively causal.

The Effect of the Physical Work Environment on Employee Work Motivation

The results support H2 by demonstrating that the physical work environment has a positive and statistically significant effect on employee work motivation ((β = 0.254), (t = 3.087), (p = 0.004)). The estimated coefficient indicates that more favorable perceptions of physical workplace conditions are associated with higher work motivation, holding compensation constant. The physical work environment also had a larger regression coefficient than compensation in the estimated model, suggesting a comparatively stronger association with motivation among the respondents. This finding is particularly relevant to PT Exzer Amsal Mandiri, where employees perform their duties in office and warehouse settings and interact daily with physical conditions involving lighting, air circulation, workspace layout, noise, and available work facilities.

A supportive physical work environment can help employees perform their responsibilities by reducing discomfort, minimizing unnecessary interruptions, and facilitating concentration. Adequate lighting, effective air circulation, organized workspaces, manageable noise levels, and appropriate facilities can make routine tasks more comfortable and manageable. In contrast, poorly ventilated rooms, disorganized layouts, excessive noise, and inadequate facilities may increase physical discomfort and make it more difficult for employees to sustain attention. Employees may consequently need to expend additional effort to overcome workplace obstacles rather than concentrate fully on their assigned responsibilities. The physical workplace therefore represents an organizational resource that may either facilitate or constrain employees' capacity and willingness to maintain work motivation.

The findings are consistent with previous research demonstrating that the work environment has a positive and statistically significant relationship with employee motivation (Matualaga et al., 2024). Research has also indicated that employees' satisfaction with their working conditions may be relevant to understanding the relationship between the work environment and motivation (Sinulingga & Kasmiruddin, 2024). A broader conceptualization of the physical work environment distinguishes among ambient conditions, spatial configuration, and aesthetics, dimensions that can shape employee attitudes and workplace experiences (Oyedeji et al., 2025). The indicators used in the present study, including lighting, air circulation, workspace layout, noise, and facilities, primarily reflect ambient conditions and spatial configuration. These dimensions are particularly relevant to employees who must maintain their activities in environments with different physical demands.

The study also contributes to research examining the physical work environment by positioning employee work motivation as the primary outcome rather than focusing exclusively on job satisfaction or productivity. Previous research has frequently examined physical

workplace conditions in relation to satisfaction and productivity, leaving room for further investigation of their relationship with other employee outcomes (Schilleci, 2023). By specifying tangible workplace characteristics and examining their association with motivation, the present study provides context-specific evidence from a company operating across office and warehouse environments.

The practical implications concern the need to maintain a workplace that supports employees' daily activities. PT Exzer Amsal Mandiri could prioritize adequate lighting, improved ventilation and cooling, organized workspace arrangements, noise management, and the availability of appropriate work facilities. These improvements may help create more comfortable working conditions and support employee motivation. Nevertheless, the larger coefficient observed for the physical work environment should be interpreted within the limits of the sample and measurement model. It does not establish that physical conditions will always be more important than compensation in other organizational contexts.

The Simultaneous Effect of Compensation and the Physical Work Environment on Employee Work Motivation

The results support H3 by demonstrating that compensation and the physical work environment simultaneously have a statistically significant effect on employee work motivation. The regression model explains 48.1% of the variation in employee motivation, indicating that these two organizational factors jointly account for a substantial proportion of the differences observed among respondents. The remaining 51.9% represents variation not explained by the predictors included in the model and may be associated with other factors, such as leadership style, career development opportunities, job characteristics, interpersonal relationships, organizational culture, and individual employee needs. These results suggest that employee motivation at PT Exzer Amsal Mandiri is associated with multiple organizational conditions rather than a single factor.

The simultaneous significance of compensation and the physical work environment indicates that these variables provide complementary forms of organizational support. Compensation helps employees meet their economic needs and may communicate recognition of their contributions, whereas the physical work environment provides the comfort, safety, and facilities necessary to perform daily tasks. The combination of these factors offers a broader perspective on employee motivation because financial rewards alone may not address difficulties arising from uncomfortable workplace conditions. Similarly, a comfortable and well-equipped workplace may not fully meet employees' expectations when compensation is perceived as inadequate or inconsistent with their responsibilities. Coordinating compensation policies with improvements in physical workplace conditions may therefore provide a more comprehensive approach to supporting employee motivation.

The findings are consistent with previous research indicating that compensation and the work environment jointly have a positive and statistically significant relationship with employee work motivation (Manao, 2022). Related studies have also investigated the combined contribution of compensation and the work environment to employee motivation in public-sector and educational settings, supporting the relevance of examining these factors within an integrated analytical model (Fauzi et al., 2023; Azzahra et al., 2024). The present study extends this line of inquiry to a private company whose operations involve both office-based and warehouse activities. This organizational context provides an opportunity to examine how compensation practices and employees' immediate physical working conditions relate to motivation in a setting where administrative and operational responsibilities may involve different

workplace demands. The study also offers a more focused examination of the physical work environment by emphasizing observable conditions, including ventilation, lighting, workspace organization, cleanliness, and work facilities, rather than treating the work environment as an undifferentiated organizational construct. Differences in research settings, measurement instruments, and employee characteristics should be considered when comparing the present findings with those of previous studies.

The findings also align with the theoretical expectation that employee motivation is associated with organizational resources that address economic needs, workplace security, and the practical conditions required to perform tasks effectively. Compensation may contribute to employees' perceptions of financial adequacy and organizational recognition, while a supportive physical environment may help reduce workplace discomfort and facilitate the completion of daily responsibilities. Examining these factors simultaneously provides a broader understanding of the organizational conditions associated with employee motivation. The study contributes to existing research by positioning work motivation as the primary outcome rather than examining it exclusively as an intervening variable linking organizational factors with employee performance or job satisfaction. The regression results indicate that compensation and the physical work environment have explanatory relevance within the context investigated. The findings should nevertheless be interpreted as statistical associations because the observational research design does not establish definitive causal relationships.

The practical implications for PT Exzer Amsal Mandiri concern the coordinated management of compensation and physical workplace conditions. Compensation policies should be reviewed in relation to employees' responsibilities, perceived fairness, salary-adjustment practices, and benefit needs. Workplace improvement initiatives should prioritize adequate air circulation, effective cooling systems, sufficient lighting, organized workspace layouts, noise management, cleanliness, and functional work facilities, particularly in warehouse areas. Regular employee feedback may help management identify persistent concerns and evaluate whether implemented improvements correspond to employees' needs. Integrating compensation reviews with practical workplace improvements may provide a more comprehensive organizational response and help establish conditions conducive to sustained employee work motivation.

Conclusion

This study concludes that compensation and the physical work environment have positive and significant effects on employee work motivation at PT Exzer Amsal Mandiri. Compensation had a regression coefficient of 0.137 (p = 0.046), while the physical work environment had a coefficient of 0.254 (p = 0.004), indicating that the physical work environment had a comparatively stronger effect. Simultaneously, the two variables significantly affected employee work motivation (F = 15.750; p < 0.001) and explained 48.1% of its variation. These findings imply that financial rewards and physical workplace conditions are complementary organizational resources. Employee motivation may be strengthened when appropriate compensation is accompanied by a safe, comfortable, and adequately equipped workplace.

The findings are limited by the use of 37 respondents from a single company, a cross-sectional and self-reported design, and a three-item measure of employee motivation that may overlap conceptually with the independent variables. Physical workplace conditions were also measured through employee perceptions rather than objective environmental measurements.

PT Exzer Amsal Mandiri should periodically review salaries, benefits, and incentives in relation to employee responsibilities and workloads. The company should also prioritize

ventilation, cooling systems, lighting, cleanliness, workspace layout, noise control, and work facilities. Future studies should involve larger samples from multiple companies, use validated multidimensional measures, and incorporate objective environmental measurements and longitudinal or mixed-method designs. Leadership, career development, organizational culture, and job characteristics may also be examined to explain the remaining variation in employee motivation.

Acknowledgment

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