The Role of Job Satisfaction in Mediating the Effect of Work Environment on Employee Performance at the Tax Service Office Pratama Medan Belawan

Samuel Alexander Leonardo Sianturi, Husni Muharram Ritonga, Kiki Farida Ferine

Abstract

Employee performance is an important factor in determining the success of public organizations, especially in tax service agencies such as the Medan Belawan Tax Office (KPP). A conducive work environment is believed to improve employee performance, but this influence is not always direct and can be affected by psychological factors such as job satisfaction. This study aims to analyze the influence of the work environment on employee performance with job satisfaction as a mediating variable at the Medan Belawan Primary Tax Office. This study uses a quantitative approach with a survey method. The research population consists of all 100 permanent employees of the Medan Belawan Tax Office, and the entire population was used as the research sample. The data were analyzed using the Partial Least Square (PLS) method through the SmartPLS application. The results show that the work environment has a positive and significant effect on employee performance, the work environment has a positive and significant effect on job satisfaction, and job satisfaction has a positive and significant effect on employee performance. In addition, the results of the indirect effect test prove that job satisfaction acts as a mediating variable in the relationship between the work environment and employee performance. These findings indicate that improving employee performance depends not only on creating a good work environment but also on the level of job satisfaction felt by employees. This study is expected to contribute theoretically to the development of human resource management in the public sector and serve as practical consideration for leaders in formulating policies to improve the work environment and job satisfaction in order to promote sustainable employee performance.

Keywords: Work Environment, Job Satisfaction, Employee Performance

Samuel Alexander Leonardo Sianturi[1]
[1]Master's Student in Management, Universitas Pembangunan Panca Budi, Indonesia
e-mail: samuelalsianturi@gmail.com[1]

Husni Muharram Ritonga[2], Kiki Farida Ferine[3]
[2,3]Master's Student in Management, Universitas Pembangunan Panca Budi, Indonesia
e-mail: husnimuharram@dosen.pancabudi.ac.id[2], kikifaridaferine@dosen.pancabudi.ac.id[3]
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Introduction

Employee performance is a strategic factor in determining the success of public organizations, especially in service agencies such as the Medan Belawan Tax Office (KPP), which plays a direct role in tax administration and public service. Optimal employee performance at the Medan Belawan Tax Office ( ) is essential to support the achievement of state revenue targets, increase taxpayer compliance, and realize professional and accountable public services. According to Rahman and Lataruva (2023), employee performance reflects the level of individual success in carrying out tasks according to the standards set by the organization.

One important factor that affects employee performance is the work environment. A conducive work environment, both in terms of physical aspects such as workplace comfort, lighting, cleanliness, and facility completeness, as well as non-physical aspects such as interemployee relationships, communication, and leadership support, can increase employee concentration, motivation, and productivity. Research by Saefullah (2022) and Farismawarni and Sumbogo (2024) shows that a good work environment has a positive and significant effect on employee performance, especially in public sector organizations that demand precision and excellent service.

However, the influence of the work environment on employee performance is not always direct. Job satisfaction acts as a psychological factor that can strengthen the relationship between the work environment and performance. Job satisfaction reflects employees' positive feelings about their work, working conditions, relationships with superiors and coworkers, and the reward system they receive. Dewi and Putra (2023) state that employees with high job satisfaction tend to show greater commitment, loyalty, and performance than dissatisfied employees.

Several recent studies also confirm that job satisfaction acts as a mediating variable in the relationship between organizational factors and employee performance. Santya and Dewi (2022) as well as Nurseha and Ferine (2024) found that a conducive work environment will increase job satisfaction, which in turn has a significant impact on improving employee performance. In other words, a good work environment does not necessarily result in optimal performance if it is not accompanied by an adequate level of job satisfaction.

At the Medan Belawan Tax Office, job satisfaction is a relevant issue given the high workload, pressure to meet tax collection targets, rapid regulatory changes, and demands for the digitization of tax services. An unsupportive work environment has the potential to reduce employee job satisfaction, which in turn can lead to a decline in performance and quality of public services.

Based on this description, research on the role of job satisfaction in mediating the influence of the work environment on employee performance at the Medan Belawan Tax Office is important. This research is expected to contribute theoretically to the development of human resource management in the public sector and to provide a practical basis for leaders in formulating policies to improve the work environment, job satisfaction, and employee performance in a sustainable manner.

Literature Review Performance Definition of Employee Performance

According to Rahman & Lataruva (2023), employee performance is defined as the extent to which an employee is able to achieve the expected results or meet the standards set in the context of their work. Measurements include productivity, work quality, compliance with policies, creativity, initiative, attendance, and contribution to the achievement of organizational goals.

Factors Affecting Performance

Factors Affecting Performance According to Rahman & Lataruva (2023):

1) Leadership Style

The leadership style of superiors, especially those that are participatory, transformational, or supportive, greatly influences the enthusiasm, direction, and performance achievements of subordinates.

2) Work Motivation
   The level of internal (intrinsic) and external (extrinsic) drive that motivates an individual to achieve work goals. High motivation can drive optimal performance.
3) Work Discipline (Abilities & Skills)
   The knowledge, expertise, and work experience possessed by employees greatly determine the quality and productivity of their work.
4) Work Environment
   Physical and non-physical: workplace comfort, employee relations, organizational culture, and overall work climate.
5) Work Discipline
   The level of employee compliance with rules, procedures, and work ethics. High discipline contributes directly to good performance.
6) Reward and Incentive System
   Forms of compensation, both financial and non-financial (recognition, promotion, bonuses), that encourage employees to work to their full potential.
7) Job Satisfaction
   The level of satisfaction with work, superiors, facilities, and opportunities for selfdevelopment also influences the consistency and quality of performance.

Performance Indicators

Performance Indicators according to Rahman & Lataruva (2023):

1) Work Quantity
   The amount of output or work completed within a certain period of time in accordance with the set target.
2) Work Quality
   The level of precision, accuracy, and correctness of work results compared to applicable standards.
3) Timeliness
   The ability to complete work within the specified time limit and work time efficiency.
4) Attendance and Discipline
   Level of attendance and discipline in following the work schedule, including compliance with organizational rules.
5) Cooperation with Colleagues
   Ability to work in a team, good communication, and active participation in completing joint tasks.
6) Initiative and Responsibility
   The tendency to take action or find solutions without waiting for instructions, as well as awareness of job responsibilities.
7) Understanding of Duties and Implementation of Procedures
   The extent to which employees understand their duties and perform their work in accordance with applicable procedures and instructions.

Job Satisfaction Definition of Job Satisfaction

According to Atmaja (2022), job satisfaction is a pleasant emotional attitude and love for one's work.

Indicators of Job Satisfaction

According to Atmaja (2022), job satisfaction can be measured through several indicators that describe employees' emotional responses to their work. These indicators include:

1) Satisfaction with the Job Itself
   Describes the extent to which employees feel that their work is meaningful, interesting, and in line with their abilities.
2) Satisfaction with Salary/Compensation
   This is the level of employee satisfaction with the fairness, adequacy, and accuracy of the compensation received (salary, incentives, benefits).
3) Satisfaction with Promotion Opportunities
   Assessing whether employees feel they have opportunities for growth, to obtain higher positions, with a transparent and fair promotion process.
4) Satisfaction with Supervision/Superiors
   Describes employees' feelings about their superiors' leadership style, support, communication, and fairness in leadership.
5) Satisfaction with Coworkers
   Measuring the extent to which employees feel comfortable and supported by their coworkers, including aspects such as cooperation, social relationships, harmonious communication, and team solidarity.

Work Environment Definition of Work Environment

Saefullah (2022) states that the work environment is everything that surrounds workers and can influence them in performing their jobs.

Work Environment Indicators

According to Saefullah (2022), the work environment can be measured through the following indicators:

1) Physical Work Environment
   This indicator focuses on the physical conditions of the workspace that affect employee comfort, thereby increasing focus and productivity.
2) Non-Physical Work Environment
   Includes psychological and social factors in the workplace, such as: a good social atmosphere promotes the psychological well-being of employees.
3) Leadership Support
   Supervisors have a strong influence on the quality of the work environment, such as supportive leaders who increase motivation and work enthusiasm.
4) Work Facilities
   Adequate facilities are crucial for smooth operations; good facilities enhance work efficiency and effectiveness.

Conceptual Framework

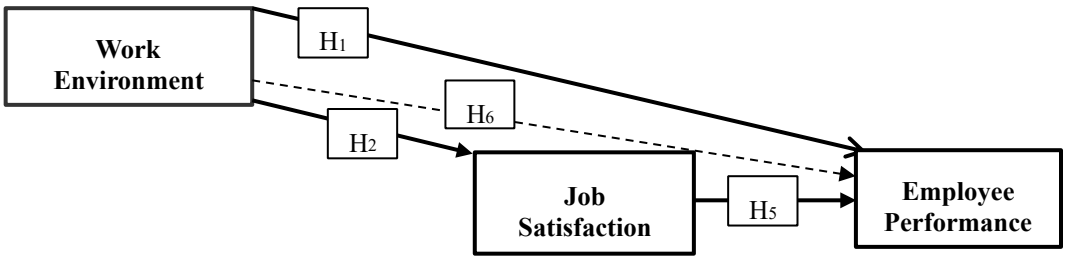

Figure 1. Conceptual Framework

Research Hypothesis

H_1 : The work environment has a positive and significant effect on employee performance at the Medan Belawan Primary Tax Office.

H_2 : The work environment has a positive and significant effect on job satisfaction at the Medan Belawan Primary Tax Office.

H_3 Job satisfaction has a positive and significant effect on employee performance at the Medan Belawan Primary Tax Office.

H_4 : The work environment has a positive and significant effect on employee performance through job satisfaction at the Medan Belawan Primary Tax Office.

Research Methodology Type of Research

The type of research used by the researcher is quantitative research. According to Sugiyono (2022), quantitative research can be defined as a method based on positivism philosophy, used to study a specific population or sample, with sampling techniques generally conducted randomly, data collection using research instruments, and quantitative/statistical data analysis with the aim of testing predetermined hypotheses. This type of quantitative research was conducted to create a study aimed at adjusting a study and analyzing the work environment and work discipline on employee performance with job satisfaction as a mediating variable at the Medan Belawan Tax Office.

Research Location and Time

The research location was at the Medan Belawan Primary Tax Office, located at Jalan Kolonel Laut Yos Sudarso No. 27 KM 8, RW.2, Tanjung Mulia, Medan Deli District, Medan City. The research was conducted over a period of 3 months, from October to December 2025.

Population and Sample

Sugiyono (2021) defines population as a generalization area consisting of objects or subjects that have certain qualities and characteristics determined by researchers to be studied and then conclusions drawn. The population and sample in this study are all permanent employees at the Medan Belawan Primary Tax Office. There are 100 civil servant employees at the Medan Belawan Primary Tax Office. In this study, the entire population was used as the sample, which is known as a population study.

Research Data Sources

The data source used in this study is primary data.

Results Outer Model Analysis

Outer Model Analysis using the PLS Algorithm produced the following results: **Validity Test**

Table 1. Outer Loadings Values

	Employee Performance	Work Environment	Work Satisfaction
X1.1		0.805	
X1.2		0.885	
X1.3		0.840	
X1.4		0.834	
X1.5		0.825	
Y.1	0.687		
Y.2	0.874		
Y.3	0.651		
Y.4	0.866		
Y.5	0.839		
	Employee Performance	Work Environment	Work Satisfaction
Y.6	0.886		

Y.7	0.823		
Z.1			0.794
Z.2			0.711
Z.3			0.858
Z.4			0.822
Z.5			0.887

Source: Smart PLS Output, 2025

Based on the values in Table 1 above, which show the results of outer model testing through loading factor/outer loadings values, all indicators in each variable have a loading value ≥ 0.60. This indicates that each indicator is measured validly and strongly. Therefore, it can be concluded that all items in the questionnaire have met the validity criteria, as shown in the following figure.

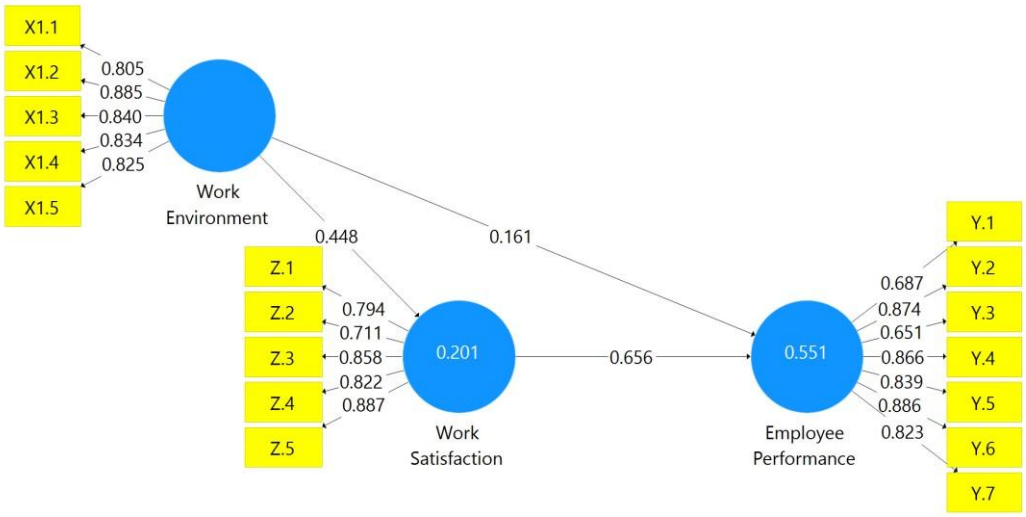

Figure 2. Outer Loading

Reliability Test

Table 2. Construct Reliability and Validity Test

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Employee Performance	0.909	0.919	0.929	0.654
Work Environment	0.894	0.898	0.922	0.702
Job Satisfaction	0.874	0.888	0.909	0.667

Source: Smart PLS Output, 2025

From Table 2 above, the reliability test results show that Cronbach's Alpha and Composite Reliability values for all constructs are above 0.70. This indicates that all indicators have high internal consistency and are reliable in measuring their respective constructs. Thus, the research instrument is declared reliable and suitable for use in structural model testing. **Coefficient of Determination (R^2)**

In assessing the model with PLS, we begin by looking at the R-square for each dependent latent variable. The table below shows the Rsquare estimation results using SmartPLS.

Table 3. R Square Results

	R Square	Adjusted R-Square
Work Satisfaction	0.201	0.193

Employee Performance	0.551	0.541

Source: Smart PLS, 2025

Table 3 shows the R square values for both dependent variables. For the job satisfaction variable, the R square value is 0.201, meaning that the influence of the work environment is 0.201 or 20.1%, with the remainder attributable to other variables outside the model. The Rsquare value for employee performance is 0.551, meaning that the work environment and job satisfaction account for 0.551 or 55.1%, with the remainder attributable to other variables outside the model.

Structural Model Testing (Inner Model) Hypothesis Testing Direct Influence Between Variables

The direct effect between variables can be seen in the path coefficients. The data analysis results show the direct effect values in the following table.

Table 4. Path Coefficients (Direct Effects)

	Original Sample	T Statistics	P Values	Conclusion
Work Environment -> Employee Performance	0.161	2.045	0.041	Accepted
Work Environment -> Job Satisfaction	0.448	5.957	0.000	Accepted
Work Satisfaction -> Employee Performance	0.656	9,479	0	Accepted

Source: Smart PLS Output, 2025

The results in Table 4 show the following direct effect values:

1. The work environment has a positive and significant effect on employee performance with a t-statistic value of 2.045 above 1.96 and a significance of 0.041 below 0.05, meaning that the work environment has a real effect on employee performance because the significance value is above 0.05 . The results of this study are in line with previous studies, namely that the work environment has a positive and significant effect on employee performance (Ferine & Surya, 2025).
2. The work environment has a positive and significant effect on job satisfaction with a tstatistic value of 5.957 above 1.96 and a significance of 0.000 below 0.05, meaning that the work environment has a real effect on job satisfaction because the significance value is below 0.05. The results of this study are in line with previous studies, namely that the work environment has a positive and significant effect on job satisfaction (Maulita & Mesra, 2024).
3. Job satisfaction has a positive and significant effect on employee performance with a tstatistic value of 9.479 above 1.96 and a significance of 0.000 below 0.05, meaning that job satisfaction has a real effect on employee performance because the significance value is below 0.05. The results of this study are in line with previous studies, namely that job satisfaction has a positive and significant effect on employee performance (Nurseha & Ferine, 2024; Supardam et al., 2024; Wahyuni & Anwar, 2025).

Indirect Influence Between Variables

The indirect effect between variables can be seen in the specific indirect effects value. The data analysis results show the indirect effect value in Table 5 below.

Table 5. Specific Indirect Effects (Indirect Effects)

	Original Sample	T Statistics	P Values	Conclusion

Work Environment -> Work Satisfaction -> Employee Performance	0.294	4.851	0.000	Accepted

Source: Smart PLS, 2025

Table 5 shows the indirect effect between variables, namely: work environment has a positive and significant effect on employee performance through job satisfaction with a tstatistic value of 4.851 above 1.96 and a significance value of 0.000 below 0.05, meaning that job satisfaction acts as an intervening variable between work environment and employee performance.

Conclusion

1. The work environment has a positive and significant effect on employee performance at the Medan Belawan Primary Tax Office.
2. The work environment has a positive and significant effect on job satisfaction at the Medan Belawan Tax Office.
3. Job satisfaction has a positive and significant effect on employee performance at the Medan Belawan Primary Tax Office.
4. The work environment has a positive and significant effect on employee performance through job satisfaction at the Medan Belawan Primary Tax Office.

Recommendations

1. Employee performance with the lowest score was "I complete my work according to the set deadline." Therefore, the recommendation is that the Medan Belawan Tax Office should improve its workload management and consistent time discipline monitoring so that work completion according to the set deadline can be optimized.
2. Job satisfaction with the lowest score was "I am satisfied with my salary or compensation." The Medan Belawan Tax Office is advised to conduct periodic evaluations of the compensation system and ensure its suitability with the workload and performance of employees in order to improve job satisfaction and performance on an ongoing basis.
3. Work environment with the lowest score: "Leaders develop and communicate a clear work vision to employees." The Medan Belawan Tax Office is advised to ensure that leaders consistently communicate the vision and direction of work through formal and informal forums so that all employees have a common understanding and alignment in achieving organizational goals.

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