

The Effect of Work Environment, Career Development, and Incentives on Employee Job Satisfaction at PT XYZ

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Abstract

This study seeks to understand the impact of work, and thus analyze how goal setting can lead to work-life outcomes, as a productive transformation. This is significant because post-COVID adjustments in work modes and rhythms, along with shifts in international competitive conditions, are bringing greater economic pressures to the workplace. For businesses, this means that employee satisfaction with their jobs must remain high if strong worker productivity is to be maintained. This, in turn, leads to increased employee and department loyalty, which can expand their recruitment capabilities. This study adopted a quantitative research paradigm and followed an exploratory survey framework. Primary data were collected by administering a Likert-scale questionnaire to 120 randomly selected employees from various parts of PT XYZ. Data analysis was conducted using a Partial Least Squares Structural Equation Modeling (PLS-SEM) approach. The researchers found that the magnitude of rewards had a positive influence on job satisfaction of PT XYZ employees. Rewards, particularly those given in the form of performance-based bonuses and additional regular salary, directly resulted in excellent job satisfaction ratings. At the same time, in partial testing, the work environment and career development both failed to show a significant impact on job satisfaction. This research is limited because the data comes from only one company and is based on staff questionnaires. These findings are important for PT XYZ, which must replace its current three-tier incentive system with a simpler and more transparent performance-based system to improve job satisfaction and reduce staff turnover, or remain as is and see its competitiveness in the future.

Keywords:

Work Environment; Career Development; Incentives; Job Satisfaction.

1. INTRODUCTION

Organizational change is highly dynamic due to technological advances, shifting social values, and increasingly fierce business competition. This situation means that companies not only can enjoy significant increases in efficiency and productivity but also must begin to prioritize strategic human resource management as one of their goals. Job satisfaction is a crucial factor. It is linked to employee performance, loyalty, and creativity (Basalamah & As'ad, 2021). Satisfied employees tend to have higher commitment and lower employee turnover rates in organizations compared to those without. Nevertheless, according to PwC's 2023 Global Workforce Survey, approximately 57% of the working population worldwide is moderately to highly satisfied with their jobs. However, results vary significantly across countries. In Japan, South Korea, Hong Kong SAR, and Taiwan, the figures are much lower than in the Philippines or China. Vietnam also shows very positive results, but little is known about the details due to an insufficient interview sample. Now is the time to examine employee satisfaction in companies. Herzberg et al. (1959) and the Job Satisfaction Survey (2017) confirmed that a good work environment, career development opportunities, and incentive

systems play a significant role in shaping job satisfaction. Therefore, it is important to examine these factors at PT XYZ, as well as their implications for employee satisfaction.

PwC shows that among workers in Thailand and Indonesia, as many as 79 percent in Thailand have a high level of job satisfaction, placing them at the top of all participating countries from Asia. However, these figures still do not reach the expected peak of success, and further improvements are needed in company internal policies, especially those related to the physical workplace environment. Job satisfaction tends to affect a person's retention rate, productivity level, and loyalty to the company (Prayudi & Komariyah, 2023). The Gallup State of the Global Workplace report (2023) revealed that only 23% of the global workforce considers themselves highly engaged at work. This indicates a widening gap between employee expectations and workplace realities, especially regarding things like staff reward processes, incentive systems, or career advancement opportunities. According to data from the Central Statistics Agency (BPS, 2024), the level of job satisfaction among private sector employees in Indonesia is still very low. The employee turnover rate in companies dominated by the manufacturing and service sectors is 17.8%.

Gallup data from 2023 indicates that only 23% of workers worldwide have high engagement at their jobs, which correlates with lesser job satisfaction. In Indonesia, the Central Statistics Bureau (BPS, 2024) reports that private sector employees have a turnover rate of 17.8%. This is particularly true for manufacturing and services industries. These figures highlight the need to strengthen company policies and systems of human resources management in order to improve worker job satisfaction. Work environment is one of the most important factors determining whether individuals feel satisfied with their jobs. A study by Ma'ruf, Kilgour, and Rahmah (2025) shows that the physical work environment has as much impact on job satisfaction in the industrial sector. If you make workplaces ergonomic, provide room to work and seek to ensure good relations among employees; all this will lead to greater comfort and productivity. A second important finding from Basalamah and As'ad's (2021) work is that there is a strong relationship between work environment and job satisfaction.

Promotion opportunities provide new impetus and clarity for employees, enabling them to better understand the direction of their own development. Prayudi and Komariyah (2023) state that financial incentives associated with career advancement opportunities can increase motivation and commitment to the organization. Lestari et al. (2021) provide ample empirical evidence that restructuring and remuneration packages are significantly associated with employee loyalty in the form of job satisfaction. Robianto and Masdupi (2020) reinforce this idea by arguing that the clearer a person's career development, the more engaged they are in their work. Furthermore, monetary versus non-monetary rewards have been repeatedly shown to increase job satisfaction. Nathania et al. (2023) show that an appropriate reward system can increase commitment and feelings of appreciation. Employees also note that compensation, work environment, and career development have a significant influence on job satisfaction. Marlina et al. (2021)

The conceptual framework for this study focuses on explaining why the work environment, career development, and incentives can influence job satisfaction. Therefore, Human Capital Theory, the Resource-Based View (RBV), and the concept of Human Resource Management provide a framework for understanding the mechanisms of the relationship between these variables, as well as strengthening the research argument with organizational facts. Human capital theory was introduced by Becker (1964), who stated that investing in people through education and training is as important as investing in any other form of capital. According to this view, for example, the workforce is considered a productive asset with qualities that can be improved through knowledge, skills, and learning abilities. When organizations invest resources in employee development, the results not only lead to increased productivity but also create a perception that the company values staff contributions. This perception is important for job satisfaction, as job satisfaction is an employee's evaluation of their pay and working conditions (Handoko, 2016; Sutrisno, 2017). Within this framework, career development plays a crucial role in an organization's investment in human capital. Wau (2021) states that companies that invest in planned training programs and organizational career development systems have employees with higher levels of job satisfaction, as they perceive clear opportunities for advancement. The human capital indicators proposed by Gaol and Jimmy (2014) further explain how strengthening knowledge, skills, and attitudes can influence job satisfaction. Knowledge and skills enhance work capacity; abilities help adapt to change; and attitudes depend on willingness and loyalty all of which determine employees' assessments of their work. Therefore, career development at PT XYZ can be seen as an organizational strategy to enhance human capital while simultaneously potentially increasing employee job satisfaction.

The Resource-Based View (RBV), introduced by Barney (1991), offers a perspective that internal resources are a determining factor in organizational excellence. Competitive advantage will be sustained if a company possesses valuable, rare, difficult to imitate, and non-substitutable resources. In Barney's organizationally oriented view, human resources are seen as a strategic asset because employee skills, experience, and knowledge reside within individual workers and are difficult to transfer or imitate. The concepts of heterogeneity and immobility also mean that each organization has a unique mix of resources, making HRM strategies key to success. Liquid resources include plant, capital, and labor. Intangible resources include culture and reputation, and corporate knowledge. (Lubis 2003) We can divide these into two categories: On the one hand, there are types of work environments and incentive systems that can be

physically constructed, such as the existence of a physical location as a work environment; on the other hand, there are intangible aspects, such as social relationships within the company or the psychological climate and work culture (Sedarmayanti 2018). When PT XYZ provides a suitable work environment and implements a reasonable incentive system, the company can not only retain high-quality employees but also reduce the possibility of talent loss, which is fatal to competitiveness. Bokomudji (2023) argues that a logical compensation system and a good work environment not only provide short-term benefits when new staff need to be trained, but also in the long term increase the organization's ability to retain high-quality people. Incentives, seen from the RBV perspective, can strengthen commitment and work engagement. Incentives are an instrument for preserving strategic capital whose value is decreasing, such as the company's Human Resources.

The Human Resource Management (HRM) framework details how a company manages its people, namely its core workforce. Hasibuan (2020) describes HRM as the management of work relationships and employee functions to achieve company goals without neglecting employee interests. Humans as designers, implementers, and decision-makers cannot be equated with machine tools or physical assets. HRM functions include procurement, development, compensation, integration, maintenance, discipline, and separation, which are directly related to three research variables, namely the Work Environment. The Work Environment is related to maintenance because it demands physical health, comfort, and safety in the workplace. Career Development is related to development, which includes training, promotion, and competency support. Incentives are related to the compensation function as a form of recognition for work contributions. By mapping between the Work Environment, Career Development, and Incentives, employee job satisfaction at PT XYZ is one of the results: this can be explained in terms of the effectiveness of the HRM function.

The work environment and its corresponding measurement standards continue to strengthen research and demonstrate its impact on job satisfaction. To this end, it is useful to use a classification system that divides jobs into two types: physical environments involving standing and moving; and then personal tasks, followed by a combination of both. Sedarmayanti's (2018) theory divides the work environment into physical and non-physical components. The physical environment encompasses the material conditions surrounding the workplace, while the non-physical environment encompasses social relationships between superiors, subordinates, and coworkers (Sedarmayanti, 2017 in Amalia, 2017). Sunyoto (2012) further elaborates on this new 'landscape' approach, adding points such as employee relationships, noise levels, work regulations, lighting, air conditioning temperature settings, and safety aspects. Omar and Demong (2023) add that the comfort employees find in their work environment fosters optimal work motivation and contributes to job satisfaction. Furthermore, because Tanzelmansao will teach people how to comply with regulations, Anwar and Donie (2018) also emphasize that the work environment involves the facilities and infrastructure that underpin the performance of tasks by employees. Therefore, if XYZ Corp. creates a safe, comfortable, and efficient work environment like home, employees will certainly feel better about their work and experience higher job satisfaction as a result.

Regarding the content of career development variables, Sutrisno (2017) indicates that career development is an effort to improve the quality of one's current work so that their individual goals can be achieved. According to Afandi (2018), career development is the process of increasing work motivation to achieve career goals effectively, and this requires organizational planning and support from it. Saks and Gruman (2020) state that career advancement opportunities serve to strengthen staff motivation and commitment, a situation in which both employees (subjects) and employers (objects) mutually benefit. In addition, the goals of career development as stated by Sutrisno (2017) include clarifying career paths, increasing the organization's attractiveness to good employees, organizing HR development programs for employees, and assisting with promotions and transfers. Career development factors according to Rivai and Sagala in Budiyanto and Wikan (2020) include job performance, organizational loyalty, mentors and sponsors, subordinate support, and growth opportunities. Forms of career development described by Sugiharjo Rustinah (2017) also include education and training, promotions, and job transfers. Individual career growth, career coaching by the HR department, and performance feedback. All of these components demonstrate that career development is not just the promise of a promotion but a system that provides employees with a path forward, education, evaluation, and support. Therefore, career development at PT XYZ can be crucial for job satisfaction, as employees often feel more valued when the organization demonstrates a willingness to provide them with opportunities for learning and advancement.

For incentive variables, Bonnie's definition tends to be more dominant. Incentives are additional rewards that encourage target achievement and productivity, and this is why incentives influence job satisfaction. Ayu and Sinaulan (2018) define incentives as something extra to show appreciation to employees who perform beyond their capabilities at work. Almaududi et al. (2021) argue that incentives are money given by companies as a reward for work performance and to motivate future achievements. Salsabila et al. (2024) show that a fair and transparent incentive system improves work morale. The reason employees feel valued at work is because they can see something in return for their efforts—tangible recognition. Rahayu and Ruhamak (2017) explain the function of incentives for companies, namely as a way to retain experienced workers, prevent absenteeism from work and workforce turnover, and increase productivity; while for employees, incentives mean a better quality of life and positive enthusiasm. Therefore, Rahayu

(2017) divides incentives into financial and non-financial categories. Monetary incentives include salaries, wages, bonuses, commissions, and indirect forms of remuneration such as insurance. Meanwhile, non-monetary incentives include job satisfaction, growth opportunities, interesting work, and good coworkers. Mangkunegara provides five criteria for incentives, including work quality, work quantity, work scope, and employee attitudes (Mangkunegara, 2022). Well-managed incentives at PT XYZ can influence people's perceptions of fairness and recognition, which ultimately significantly impacts job satisfaction. This occurs when employees compare their contributions with the actual rewards they receive.

2. RESEARCH METHOD

The research was conducted at PT XYZ as the research object, with a period covering September to February 2026. Active employees of PT XYZ who met the criteria became respondents. Primary data were collected by administering questionnaires to them. Sekaran and Bougie (2016) explain that what is meant by research design is a systematic plan for collecting, measuring, and analyzing data to answer research questions. This study uses a quantitative research approach and survey method with the aim of exploring how the work environment, career development, and incentives can influence employee satisfaction at PT XYZ. The motivation for using a quantitative approach is because it is based on a positivistic paradigm that emphasizes hypothesis testing through data analysis (Sugiyono, 2023). To conduct sampling, researchers examined the work system and also the career development program followed by workers; while looking at the company's incentive policies in their own company. Unfinished work is employee job satisfaction. (Maybe this). The independent variables in this study are: work environment (X_1), career development (X_2), and incentives (X_3). Incentives were defined based on Mangkunegara's (2022) specific approach, using a four-point Likert scale, where 1 means "strongly disagree." Data were analyzed to test hypotheses and examine the strength of relationships between variables. Inferostatistics can be used to determine the effectiveness of the results (for cross-referencing purposes).

Table 1. Operational Variable Table

Variable	Reference	Conceptual Definition	Indicators	Scale
Work Environment (X_1)	Akinwale & George (2020)	Physical and social conditions in the workplace that affect employee comfort and productivity.	1) Physical conditions (lighting, ventilation, cleanliness) 2) Relationships with colleagues 3) Supervisor support 4) Facilities and workplace safety	Likert (1–4)
Career Development (X_2)	Latan et al. (2022)	A planned process to enhance employees' capacity and career advancement within the organization.	1) Job promotions 2) Training and education 3) Job alignment with career goals 4) Performance evaluation	Likert (1–4)
Incentives (X_3)	Elrayah & Semlali (2023)	Financial and non-financial reward systems to increase employee motivation and well-being.	1) Salary and bonuses 2) Allowances 3) Non-financial recognition 4) Fairness of the incentive system	Likert (1–4)
Job Satisfaction (Y)	Hoxha et al. (2024)	Positive psychological state of employees regarding their work when expectations and needs are met.	1) Job satisfaction 2) Work relationships 3) Salary and benefits 4) Career opportunities and work-life balance	Likert (1–4)

The study, "The Influence of Work Environment, Career Development, and Incentives on Employee Job Satisfaction at PT XYZ," involved all employees at PT XYZ as part of the survey target. Your research population encompasses all elements you target and therefore serves as the basis for your conclusions (Sekaran & Bougie, 2016). With a total of 120 employees, PT XYZ used a complete census technique, or census interview, to make all workers active respondents. The recommended sample size for multivariate analysis, as suggested by Hair et al. (2021), is 5–10 times the number of indicators. With 33 research indicators, 160–330 respondents seem ideal. Finding the reason for this should be quite simple. However, because the survey did not cover the entire population of 120 employees, the entire population was used as the research sample.

The research instrument was a questionnaire with closed-ended statements, using a Likert scale of 1 to 4. If an item received a score of 1, it meant the respondent strongly disagreed, and a score of 4 indicated strongly agreed. Incentives, career development, and work environment were the independent variables (X_3), while job satisfaction was the dependent variable in this study. The data consisted of original data collected directly from questionnaire respondents and secondary data taken from the literature and previous research

(Sugiyono, 2023). Data analysis was performed using Partial Least Squares-based Structural Equation Modeling (PLS-SEM). SmartPLS 4.0 software assisted in this process. According to Wati and Momon (2021), PLS-SEM can be used for relatively small samples. Furthermore, PLS-SEM does not require normally distributed data. Model evaluation included, first, testing the outer model and its validity and reliability. This was followed by testing the inner model (R^2 , Q^2 , and SRMR). Hypothesis testing is based on a T-statistic value greater than 1.96, with a p-value less than 0.05 which is significant at the 5 percent confidence level.

3. RESULTS AND DISCUSSION

3.1. Results

The research was conducted at PT XYZ, which currently surveyed a total of 120 respondents. Among the information collected was data obtained through a structured questionnaire survey. This survey aimed to measure how employees felt about the work environment and whether they had experienced skill or career development. All questionnaires were successfully collected and suitable for further analysis. Based on data entry and editing, an outline of the overall characteristics of the respondents was obtained, with particular attention to age and gender. With regard to age, most respondents were in the productive age range, indicating a workforce that mostly consists of active employees who require high mobility and strong work performance. The gender of the respondents also showed a balanced distribution, with male and female staff forming the majority. The general profile of human resources at PT XYZ also serves as a basis for interpreting the results of subsequent research analysis. A more detailed description of the characteristics of the respondents is presented as follows.

Table 2. Respondents by Gender

Gender	Frequency	Percentage
Male	67	55.8%
Female	53	44.2%
Total	120	100%

Source: Processed data, 2025

Table 2 shows that this study involved 120 employees as survey subjects. Of these, 67 were male, representing 55.8% of the respondents; while 53 were female, representing 44.2%. This composition is also influenced by the type of work within the company, which is largely male-oriented and generally has a larger staff. Men occupy positions requiring a relatively higher level of technical expertise and physical effort, such as software development.

Gender Distribution (120 Responses)

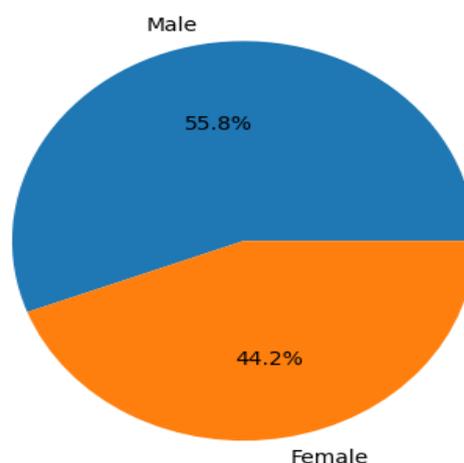


Figure 1. Respondents by Gender

Table 3. Respondents by Age

Age	Frequency	Percentage
18–25 Years	27	22.5%
26–35 Years	52	43.3%
36–45 Years	29	24.2%
46–55 Years	10	8.3%
>56 Years	2	1.7%
Total	120	100%

Source: Processed data, 2025

Table 3, the age distribution of PT XYZ respondents, shows that 27 workers (22.5%) are aged 18-25. The largest group is the 26-35 age group, with 52 respondents (43.3%). Furthermore, the 36-45 age group comprises 29 respondents (24.2%). However, only 10 (8.3%) are aged 46-55. Finally, there are 2 individuals aged 56 and above (1.7%). In general, the majority of PT XYZ employees are in their peak productive age. This indicates that our staff tend to have high levels of energy and motivation that can be channeled into supporting job performance. Having a staff rich in people of productive age should have a positive impact on company performance. In this regard, such a workforce will benefit the achievement of company goals and also increase employee job satisfaction through an effective work environment, career development opportunities, and an appropriate incentive system.

Age Distribution (120 Responses)

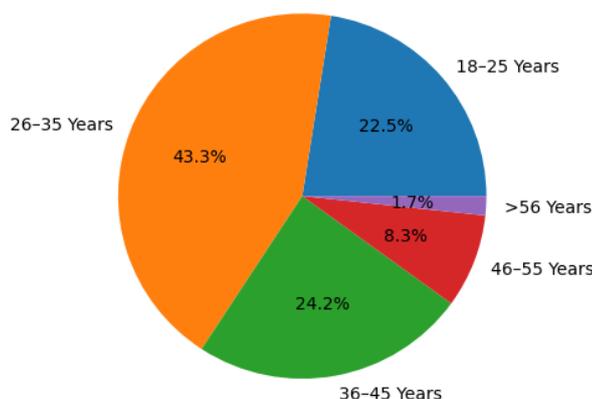


Figure 2. Respondents by Age

Table 4. Respondents by Education Level

Education Level	Frequency	Percentage
High School / Equivalent	27	22.5%
Bachelor’s Degree (S1)	84	70%
Master’s Degree (S2)	9	7.5%
Total	120	100%

Source: Processed data, 2025

Conclusions based on the research subjects at PT XYZ from Table 4. Most respondents here are bachelor's degree holders, namely 84 people (70%). Approximately 27 respondents (22.5 percent) with only a high school education are fewer, and those who are currently pursuing a master's degree are nine people (7.5%). This seems to indicate that most employees in this company have a high level of education. This profile is consistent with the need for an academic background to manage responsibilities. A solid education can provide a more comprehensive and detailed analytical approach, and help improve overall performance. Therefore, educational qualifications are very important to support the achievement of organizational goals.

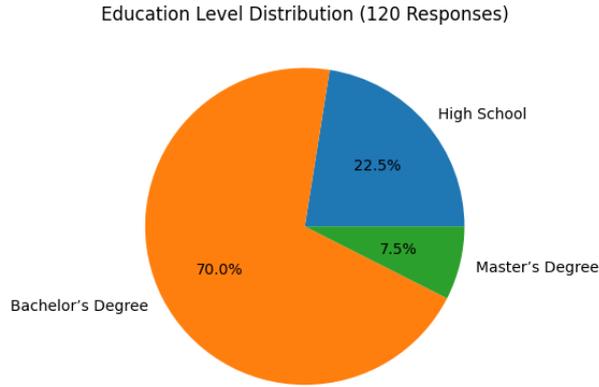


Figure 3. Education Level

Based on this research section, the following is the distribution of respondents' answers for each indicator under the four variables for this study. Using the questionnaire as its entity, additional comments can be made to provide an overview of respondents' perceptions regarding the work environment, career development, bonuses, and job satisfaction. The data collected in this study were statistically processed and descriptively organized into tables that help reveal the patterns of respondents' answers. This descriptive presentation aims to present the empirical conditions as an intermediate step before a more complex study of the relationships between variables.

Table 5. Data Distribution

Variable / Item	1 (F/%)	2 (F/%)	3 (F/%)	4 (F/%)	Mean
Work Environment (X1)					3.37
X1.01	0 (0%)	13 (10.8%)	65 (54.2%)	42 (35%)	3.24
X1.02	2 (1.7%)	14 (11.7%)	67 (55.8%)	37 (30.8%)	3.16
X1.03	0 (0%)	2 (1.7%)	45 (37.5%)	73 (60.8%)	3.59
X1.04	0 (0%)	4 (3.3%)	48 (40%)	68 (56.7%)	3.53
X1.05	0 (0%)	9 (7.5%)	72 (60%)	39 (32.5%)	3.25
X1.06	0 (0%)	8 (6.7%)	60 (50%)	52 (43.3%)	3.37
X1.07	0 (0%)	9 (7.5%)	60 (50%)	51 (42.5%)	3.35
X1.08	1 (0.8%)	3 (2.5%)	58 (48.3%)	58 (48.3%)	3.44

Source: Processed data, SmartPLS (2025)

Validity testing aims to examine whether the indicator reflects what is measured by the latent variable. In evaluating construct robustness, this involves processing the introduced value data using SmartPLS software. According to Hair et al. (2021), if the factor loading value is greater than or equal to 0.50, the indicator is valid. Conversely, indicators with values lower than that are considered invalid. If the value is less than the average, the indicator should be removed from the testing model.



Figure 4. Loading Factor

Based on the figure above, the outer loadings value, 0.7 should be the cutoff point for the internal loading indicator, because from the actual conditions, the indicator has limited convergent validity. From the figure, the work environment indicators x1.01, x1.02, x1.03, x1.04, and x1.07 all have loading factors below 0.7, so they must be removed. For career development, indicators x2.01, x2.02, and x2.05 also have loading

factors below 0.7 and should not be retained. In the incentive variable, x3.07 should be removed, while for the job satisfaction indicators y.01, y.02, and y.05 whose external loading values are below 0.7 must be removed. We can see a glimpse of the loading value of each indicator.

The analysis continued with a reliability test, which was now used to measure the level of internal harmony between indicators representing latent constructs. Reliability was assessed using Cronbach's Alpha, Composite Reliability (ρ_a), and Composite Reliability (ρ_c). Hair et al. (2003) showed that an instrument is considered reliable if the Cronbach's Alpha and Composite Reliability values are both greater than 0.70. Based on these results, all constructs in this study have met their respective reliability criteria.

Table 6. Reliability Test

Variable	Cronbach's Alpha	Composite Reliability (ρ_a)	Composite Reliability (ρ_c)	Description
Work Environment (X1)	0.781	0.793	0.859	Reliable
Career Development (X2)	0.860	0.864	0.900	Reliable
Incentives (X3)	0.816	0.821	0.878	Reliable
Job Satisfaction (Y)	0.819	0.830	0.879	Reliable

Source: Processed data, SmartPLS (2025)

The Work Environment variable has a Cronbach's Alpha of 0.781 and a Composite Reliability of 0.859. Career Development shows values of 0.860 and 0.900. Incentives recorded 0.816 and 0.878, while Job Satisfaction has a Cronbach's Alpha of 0.819 and a Composite Reliability of 0.879. These results confirm that all constructs are reliable and suitable for use in the structural model analysis.

Table 7. Convergent Validity Test

Variable	Average Variance Extracted (AVE)	Description
Work Environment (X1)	0.604	Valid
Career Development (X2)	0.643	Valid
Incentives (X3)	0.644	Valid
Job Satisfaction (Y)	0.645	Valid

Source: SmartPLS data processing results (2025)

According to the data above, all constructs have AVE values above the minimum level. X₁, Work Environment, received an AVE of 0.604, indicating that the indicator measuring it largely corresponds to the trait it purports to represent. This depends on whether common standards have been followed in explaining what is considered valid. Meanwhile, Career Development (X₂) had an AVE of 0.643, indicating that the indicator provides a high level of explanation and high convergence with other measures (i.e., reliability). Incentives (X₃) also reached the threshold value with an AVE of 0.644. And Job Satisfaction (Y) received an AVE of 0.645. This indicates that the variance of the indicator is more strongly explained by the latent construct than... Back to you.

To ensure that the path coefficient estimates are stable, it is checked whether the exogenous constructs in the structural model are not too closely related. These conditions may well reduce our test results if not met. We can see Variance Inflation Factor (VIF) values on this characteristic. As Hair et al (2021) puts it, a model is free of multicollinearity if the VIF values fall to below 5.00. The results reveal that all VIF values for paths to Job Satisfaction (Y) are less than the threshold, so causality in the model can be observed. R-Square represents the ability of the independent variables to explain declines in dependent variables. Every independent variable takes a share from the whole amount of change that is divided among them and which total sum equals R². With an R-Square of 0.597 and an Adjusted R-Square of 0.587, 59.7% of the variation in employee job satisfaction can be explained by Work Environment (X₁), Career Development (X₂), Incentives (X₃) whereas the remaining 40.3% is due largely to other factors. The small difference between R² and Adjusted R² indicates a relatively stable model.

Effect size (f²) measures how much each external variable contributes to the endogenous variable. For Haleh roots a (biz04-root), see Table 1. The original literature use d this data-set for both root functions estimation and estimating parameters such f 1 and f %>2 In Hair et al. (2021), of 0.02 is a small effect and 0.15 is medium importance, while >0.35 where a big scene setting effect such as that of having your house on fire in the middle night--may be bad for you! Work Environment (0.022) and Career Development (0.057) belong to the small effects, while Incentives (0.344) are toward large. Incentives is the main factor to Job Satisfaction. Work Environment and Career Development rank the respective peers behind it. This finding is also in line with Vroom's theory. It has some logical sense then about far East and where ex Aft is western leaves dew's fall. The ultimate report should be the theme that best fits with need definition theory (1964).

The predictive ability of the model through Q²predict, comparing the PL model with a model based on the average prediction error. A positive Q²predict value outperforms the average in prediction. There is good

forecasting efficiency at $z_{0.55}$. Both the RMSE (0.685) and MAE (0.535) values indicate low prediction errors, so the model effectively and reliably predicts variations in employee Job Satisfaction using the test variables. We use the t statistic to conduct hypothesis testing. If the t statistic is greater than 1.96 at the 5% significance level, we consider this as a rejection of one or more null hypotheses. Work Environment ($p = 0.174$) and Career Development ($p = 0.110$) produce positive but insignificant effects, indicating their influence is not sufficient to explain significant variations in employee job satisfaction. Meanwhile, Performance Incentives show a positive and significant influence with an impact coefficient of 0.528 ($p = 0.000$), which means that an effective incentive system increases employee job satisfaction.

Table 8. Structural Model Evaluation

Test Aspect	Indicator	Path/Variable	Value	Criteria/Interpretation	Result
Collinearity	VIF	X1 → Y	1.547	VIF < 5	Free from multicollinearity
Collinearity	VIF	X2 → Y	2.144	VIF < 5	Free from multicollinearity
Collinearity	VIF	X3 → Y	2.008	VIF < 5	Free from multicollinearity
R-Square	R ²	Job Satisfaction (Y)	0.597	Closer to 1 is better	Moderate explanatory power (59.7%)
R-Square	Adjusted R ²	Job Satisfaction (Y)	0.587	Small difference → stable model	Stable
Effect Size	f ²	X1 → Y	0.022	Small	Small effect
Effect Size	f ²	X2 → Y	0.057	Small	Small effect
Effect Size	f ²	X3 → Y	0.344	Medium–large	Dominant effect
Predictive Relevance	Q ² predict	Job Satisfaction (Y)	0.55	Q ² > 0 → good predictive relevance	Good predictive relevance
Predictive Accuracy	RMSE	Job Satisfaction (Y)	0.685	Lower is better	Low error
Predictive Accuracy	MAE	Job Satisfaction (Y)	0.535	Lower is better	Low error
Hypothesis Test	Path (O), t, p	X1 → Y	O=0.117; t=1.361; p=0.174	t > 1.96 significant	Positive, not significant
Hypothesis Test	Path (O), t, p	X2 → Y	O=0.222; t=1.599; p=0.110	t > 1.96 significant	Positive, not significant
Hypothesis Test	Path (O), t, p	X3 → Y	O=0.528; t=5.188; p=0.000	t > 1.96 significant	Positive, significant

Source: Processed results using SmartPLS (2025)

Structural model testing for multicollinearity issues among independent variables: all VIFs are below 5. The amount of unexplained variance in employee job satisfaction which reflects in both R² is 0.597(adjusted 0.587), 59.7% of all variation can be explained by Work Environment X1 X2 X3. The largest effect size comes from Incentives (0.344) Small X1 and X2 Value will vanish. A positive forecast Q² (0.55) with low RMSE and MAE gives highly reliable predictive evidence. Hypothesis testing shows that only Incentives have a clear positive impact on job satisfaction.

3.2. Discussion

On Employee Job Satisfaction, Work Environment, Development Strategy, and Incentive System Surveyed Based on research conducted at PT XYZ, employers wanted to know: does one of these independent variables affect job satisfaction? Analysis of the main influence of the work environment on employee job satisfaction did not show a significant difference: there are employees who are basically good people regardless of their own choices. The path coefficient is 0.117, but the t statistic has a value of 1.361. This shows that although it has been confirmed with a p value of 0.174 which is not significant enough in practice and is above the threshold in any case (Bruce, 2005). Although the relationship is positive, the results are not statistically significant. This finding is consistent with Herzberg's Two-Factor Theory (1966), which states that the work environment is a hygiene factor that prevents dissatisfaction but does not directly

increase satisfaction. According to Human Capital Theory and the Resource-Based View (Becker 1964), the work environment provides incentives for production. However, whether it actually increases output and satisfaction depends on the conditions of the organization. The average score of 3.16 indicates that the current work environment at PT XYZ is satisfactory. Therefore, it is no longer the primary factor contributing to employee job satisfaction. This observation aligns with research conducted by Rasyid and Tanjung (2020) and Astuti et al. (2022), which found no statistically significant effect of the work environment on job satisfaction.

Career advancement does not result in significant job satisfaction. Moreover, the calculated path coefficient is 0.222 with a t-statistic of 1.599 and $p=0.110$. This is not significant. In theory, according to Becker (1964), only investment in the development of human resources make productivity increased and potentially satisfying. However, as Barney (1991) points out, competitive advantage is always strategic and only exists when these resources are extremely useful. However, at PT XYZ, programmes on career development exist and no one sees these as a major factor influencing satisfaction. Staff are more concerned about achieving short-term results than long-term career prospects. It is consistent with the following studies that cannot be found in the PRA. Mansur et al. (2023) and Herdiana and Sampurna (2024) all report that career development hardly has an impact at all on job satisfaction.

In contrast, incentives showed a significant positive effect on employee job satisfaction. The path coefficient was 0.528 with a t-statistic of 5.188 and a p-value of 0.000, indicating a strong effect; the effect size contribution was $f^2=0.344$. Vroom's (1964) Expectancy Theory explains that when employees expect rewards commensurate with their efforts, the product will motivate them. Human Capital Theory (Becker 1964) and the Resource-Based View (Barney 1991) also agree that an appropriate reward system will help ensure employee retention. At PT XYZ, incentives are crucial for job satisfaction.

The study results indicate that incentives are the most influential factor on employee job satisfaction at PT XYZ. The R^2 value of 59.7% shows that the model explains most of the variation in job satisfaction. Practically, PT XYZ should prioritize a fair, transparent, and performance-based incentive system to enhance satisfaction and retain employees. The already adequate work environment should be maintained, while career development programs need to be strengthened so that their impact becomes more significant in the long term.

4. CONCLUSION

This study on employee job satisfaction at PT XYZ yielded mixed results regarding how most independent variables influence employee job satisfaction. The analysis showed that employees with a poor work environment may experience the same job satisfaction as those with good working conditions. The work environment did not significantly impact employee physical well-being, team morale, or job satisfaction. This indicates a positive relationship, but it was not statistically significant. In other words, this suggests that at PT XYZ the work environment is already quite good and no longer has a significant influence on job satisfaction. Career development projects were also ineffective in increasing employee job satisfaction levels. The path coefficient was 0.222 with a p-value greater than 0.1; this does not exceed the threshold for statistical significance. This suggests that existing career development projects have not yet gained widespread acceptance among employees as elements that directly contribute to employee satisfaction. And here's what we found: Employees preferred things that had tangible benefits to them, such as overtime pay or severance pay. However, incentives showed a positive and statistically significant effect on job satisfaction. The path coefficient of 0.528 with a p-value of 0.000 indicates that incentives are the most important factor determining employee job satisfaction at PT XYZ. With an R^2 value of 59.7%, our research model explains most of the variation in employee job satisfaction. To improve employee satisfaction and retention, companies should also focus on creating fair and transparent performance-based incentive plans that are built internally as a key strategy in their development programs.

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