



The Impact Of Work Environment And Compensation Toward Employee Performance

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ABSTRACT

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From this research, it can be known that the employee performance at Union Education Center Medan can be explained by work environment in 50.9% and the remaining of 49.1% can be explained by other factors. Compensation in 54.6% and the remaining of 45.4% can be explained by other factors. The regression equation is $Y=10.920+0.136X_1+0.028X_2$, which means the increase of 1 unit of work environment will lead to increase of 0.136 units of employee performance at Union Education Center and the increase of 1 unit of compensation will lead to increase of 0.028 units of employee performance at Union Education Center. It also can be seen that work environment and compensation has impact toward employee performance. Because it is $6.322 > 3.26$ ($F_{count} > +F_{table}$) this is why that the hypothesis alternative (H_a) is accepted while null hypothesis (H_0) is rejected. The study recommended that the company can provide a comfort workplace, more adequate equipment to support the teacher daily works. The company also need to pay attention to employee compensation to improve employee commitment and performance.

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1. Introduction

According to Tripathi (2014) "the work environment can be defined as the environment in which people work that include physical setting, job profile, culture and market condition". Each aspect is inter linked and impacts on employees overall performance and productivity. Based on the previous stated, it can be concluded that the definition of work environment is something that is around the employee both physical and non-physical which can influence in carrying out all the tasks that have been assigned to them. Work environment problems in a company are very important, in this case it is necessary to regulate and organize work environment factors in organizing organizational activities. Problems that are often experienced by companies today namely how to treat employees well and make employee comfortable working in the company. Many companies out there do not pay attention to the welfare of their employees but only pursue profits, employees are required to work optimally even beyond the existing work agreement in hopes of gaining more profits regardless of the conditions of the workers. The existence of these problems will provide additional tasks for each existing company to prioritize the welfare of its employee so that employees feel valued and prosperous. Maximum employee performance is also supported by several other factors, for example work environment and motivation. As Jayaweera (2015) has observed that the conditions of the work environment significantly influence performance. Every company have different work environment that can impact or effect employee performance. Besides this variable, compensation that given to employee can also improved employee performance The compensation means the provision of fringe benefits provided by the company to the employees, where the compensation is directly or indirectly received by the employees (Suprihatin,2013). Direct compensation is compensation for services to employees that are received directly, routinely or periodically. Direct compensation can be such as salaries, bonuses and commissions. While indirect compensation can be such as welfare supporting facilities. The compensation is closely related to the



company's strategy policies in building a strong and sturdiness man power in order to achieve the main objective of the company's business activities. Thus, it can be said that the management of good compensation will affect the performance of employees (Grabara,2013). From the results of observation above it shows that the decline of employee performance in Union Education Center is because of several factors including the most influential are work environment and compensation. In UEC from the writer temporary observation their compensation and work environment was not conducive. The company not provides the detail of the salary and also the bonus they get. Some employees were upset because their salary and bonus are not appropriate and there were no salary and bonus receipts, sometime also the incentive that they get not appropriate compared to their task or skills that they do. This problem will make the employee performance decreased. For the company environment, some employee can't focus and concentrate with their work due to noise. It makes the employee hard to communicate and do their task its make their performance getting decrease and other example which often happens that shows the employee performance in UEC decrease are when the boss wasn't in the office area or in company area, the employee will be lazy by play their phone and will delay their tasks.

2. Method

2.1. Work Environment

Environment is everything that is outside the company but have an influence on the growth and development of the company (Surjosuseno, 2015). In general, the environment cannot be controlled by the company so the company had to adjust to the environment. By paying attention to a good working environment or create working conditions that can provide the motivation to work (Sofyan, 2013. p. 22). According to Jain and Kaur (2014) "Workplace environment involves all the aspects which act and react on the body and mind of an employee". A congenial work environment minimizes fatigue, monotony and boredom as well as maximizes work performance. Workplace environment is one of the comprehensive concepts because it includes aspects of physical, psychological and social working conditions. The work environment can have a positive and negative effect on the psychology and welfare of employees. According to Siagian (2014:56), the work environment is an environment where employees do their daily work." Work environment, according to Nuraini (2013), "is everything around the employees which affects in performed an assigned task, for example, the availability of the air conditioner (AC), adequate lighting etc.". Work environment have numerous properties that may influences both physical and mental well being. A quality work spot is fundamental to keep workers on their various tasks and work effectively. This working environment consists of physical work environment and non-physically attached to the employee that cannot be separated from the business development of employee performance (Bushiri, 2014).

2.2. Compensation

According to Hasibuan (2017: 119) "Compensation is all income in the form of money, goods directly or indirectly received by employees as compensation for services provided to companies". The establishment of an effective compensation system is an important part of human resource management because it helps attract and retain talented jobs. In addition, the company's compensation system has an impact on strategic performance. According to Handoko (2014: 155) "Compensation is everything that employees receive as a reward for their work". Compensation programs are also important for the company, because they reflect the organization's efforts to maintain human resources According to Marwansyah (2016: 269) "Compensation is an award or reward directly or indirectly, financially and non-financially, that is fair and decent to employees, in return or contribution / service to the achievement of company goals". From the definitions above, it can be concluded that compensation given to employees is not only in the form of money, but can be in the form of goods and services. Compensation is given to every employee who has worked in a company as a reciprocal for the work done by the employee. The level of compensation provided can affect employee performance in increasing productivity. The higher compensation given to employees will be motivated to do their jobs better. If the compensation given is low, the employee's performance will decrease because the employee feels the compensation provided is not in accordance with the workload.

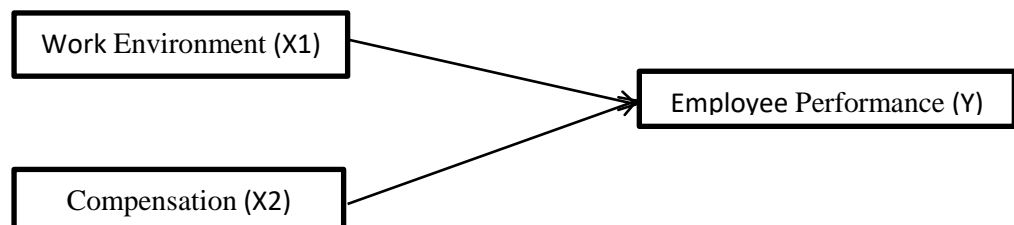
2.3. Employee Performance

Performance in an organization is one element that cannot be separated in carrying out organizational tasks. Performance as the results of the function of work /activity of a person or group in an organization that is influenced by various factors to achieve organizational goals in a certain time The function of the work or



activity intended is the implementation of the results of work or activities of a person or group which is the responsibility of someone in the organization. Performance in an organization is one of the elements that cannot be separated in an organizational institution, both government institutions and private institutions. Performance comes from the word Job Performance or Actual Performance that is the actual performance or achievement achieved by a person. According to Mangkunegara (2013: 67) “the definition of performance is the work of quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him”. According to Mathis and Jackson, in Priansa (2014: 269) “states that performance is basically what employees do or don't do in their jobs”. Whereas, according to Priansa (2014: 269) “performance is the level of success of employees in completing their work”. Measures of performance should be able to provide evidence of the desired results that have been achieved or not and the extent to which the work holders have 38 achieved these results. So that it becomes the basis for providing feedback information that will be used to monitor them themselves. Based on the understanding of the performance of several experts, it can be concluded that employee performance is the result of the level of achievement of tasks and responsibilities given to employees that are measured through quality and quantity in a certain period.

2.4. Framework



2.5. Hypothesis

- H01 = Work environment doesn't has impact employee performance at Union Education Center
- Ha1= Work environment has impact toward employee performance at Union Education Cente
- H02= Compensation doesn't has impact toward employee performance at Union Education Center
- Ha2= Compensation has impact toward employee performance at Union Education Center
- H03= Work environment and compensation doesn't have impact toward employee performance at Union Education Center
- Ha3= Work environment and compensation have impact toward employee performance at Union Education Center

3. Result and Discussion

3.1 Research design

The writer uses descriptive research methods that are by collecting, categorizing, analyzing, and also interpreting the data relevant with the problem. The purpose of using this method is to test the hypothesis and provide the description and explanation on existing phenomena in a company based on factors and the data collected is then arranged systematically (Sugiyono,2014:238). It focuses on certain aspect that shows the existing condition and occurrence in the object research. In addition, in this research, the writer uses correlational research. According to Sugiono (2014:87) “Correlational method is a method that tries to connect between one element with others to create new form that different from the previous form” .Correlational research design is the research used to know how is the relationship, and level of relationship between two variables or more.

3.2 Population and Sample

According to Sugiyono (2014:80) “Population is a region of generalization, object/subject that has certain qualities and characteristics set by the researcher to be studied and then conclusions drawn”. The population is the entire research object element that has certain quality and characteristic to be studied in order to provide the conclusion. The population in this research is teacher in Union Education Center, Medan with 40 teachers. Sample is part of population as representative that can describe the population. According to Sugiyono (2014:81) “argue that the sample part of the number and characteristics possessed by the

population”. Sample must have a good size to warrant the analysis. The sample is all employee in this company amounted to 40 teachers.

3.3 Validity Test

TABLE 1
VALIDITY FOR VARIABLE X1

Question	Value	Status
WE1	.591	Moderate validity
WE2	.826	Very high validity
WE3	.579	Moderate validity
WE4	.417	Moderate validity
WE5	.491	Moderate validity
WE6	.278	Low but sure validity
WE7	.794	High validity
WE8	.641	High validity
WE9	.608	Moderate validity
WE10	.426	Moderate validity
WE11	.406	Low but sure validity

TABLE 2
VALIDITY FOR VARIABLE X2

Question	Value	Status
C1	.370	Low but sure validity
C2	.394	Low but sure validity
C3	.681	High validity

TABLE 3
VALIDITY FOR VARIABLE Y

Question	Value	Status
EP1	.685	High validity
EP2	.727	High validity
EP3	.481	Moderate validity
EP4	.727	High validity
EP5	.565	Moderate validity

3.4 Reliability Test

TABLE 4
VARIABLE X1 RELIABILITY STATISTICS – WORK ENVIRONMENT

Cronbach's Alpha	N of Items
.851	11

TABLE 5
RELIABILITY STATISTICS

Cronbach's Alpha	N of Items
.658	3

TABLE 6
RELIABILITY STATISTICS

Cronbach's Alpha	N of Items
.833	5



3.5 Normality Test

TABLE 6
RELIABILITY STATISTICS

		WORKENVIR ONMENT	COMPENSATI ON	EMPLOYEEPE RFORMANCE
N		40	40	40
Normal Parameters ^{a,b}	Mean	35.13	7.13	15.68
	Std. Deviation	5.229	2.345	1.803
Most Extreme Differences	Absolute	.171	.193	.197
	Positive	.100	.193	.124
	Negative	-.171	-.171	-.197
Test Statistic		.171	.193	.197
Asymp. Sig. (2-tailed)		.075 ^c	.080 ^c	.100 ^c

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

3.6 Correlation Test

Correlation Test Result between Work Environment with Employee Performance.

TABLE 7
MODEL SUMMARY

Model	R	R Square	Adjusted RSquare	Std. Error of the Estimate
1	.714 ^a	.509	.496	1.280

Correlation Test Result between Compensation with Employee Performance

TABLE 8
MODEL SUMMARY

Model	R	R Square	Adjusted RSquare	Std. Error of the Estimate
1	.716 ^a	.512	.499	1.267

Correlation Test Result between Work Environment and Compensation with Employee Performance

TABLE 9
MODEL SUMMARY

Model	R	R Square	Adjusted RSquare	Std. Error of the Estimate
1	.739 ^a	.546	.522	1.247

3.7 Determination Test

Through the test of determination, the writer will be able to identify how large the portion of variable Y will be determined by the variable X1 and X2. The closer determinant coefficient approach to 100%, the greater influence of variable X1 and X2 contribute to the value of variable Y.

TABLE 10
MODEL SUMMARY

Model	R	R Square	Adjusted RSquare	Std. Error of the Estimate
1	.714 ^a	.509	.496	1.280

The determination coefficient result is 50.9%. This value shows that 50.9% of variable Y (Employee Performance) is average influenced and determined by the value of variable X1 (Work Environment). While the remaining 49.1% are influenced by the other factor.

TABLE 10
MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.716 ^a	.512	.499	1.267

The determination coefficient result is 51.2%. This value shows that 51.2% of variable Y (Employee Performance) is high influenced and determined by the value of variable X2 (Compensation). While the remaining 48.8% are influenced by the other factor.

TABLE 10
MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.739 ^a	.546	.522	1.247

The determination coefficient result is 54.6%. This value shows that 54.6% of variable Y (Employee Performance) is high influenced and determined by the value of variable X1 (Work Environment) and X2 (Compensation). While the remaining 45.4% are influenced by the other factor.

3.8 Multiple Linear Regression Test

TABLE 11
MODEL SUMMARY

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.920	2.952		3.699	.001
	WORK ENVIRONMENT	.136	.088	.251	3.549	.030
	COMPENSATION	.028	.143	.131	2.192	.029

From the table above, it can be seen that regression equation is $Y = 10.920 + 0,136X1 + 0,028X2$. Which means if each one unit of work environment increase, then the employee performance will increase 0,136 unit. And each one unit of compensation increase, then the employee performance will increase 0,028 unit.

This research can be described as follows:

- a. Multiple Correlation test result between variable X1 (Work Environment) with variable Y (Employee Performance) is 0.714, which indicates strong positive relationship between variable X1 and Y. Correlation test result between variable X2 (Compensation) and variable Y (Employee Performance) is 0.716, which indicates strong positive relationship between variable X2 and Y. And correlation test result between variable X1 and X2 with Y is 0.739 which indicates strong positive relationship between variable X1 and X2 with Y.
- b. The result of multiple determination is 50.9% which means variable X1 (Work Environment) has average influence on variable Y (Employee Performance). The result of multiple determination is 51.2% which means variable X2 (Work Environment) has high influence on variable Y (Employee Performance). The result of multiple determination is 54.6% which means variable X1 (Work Environment) and X2 (Work Environment) has high influence on variable Y (Employee Performance).
- c. Multiple linear regression result for X1 (Work Environment) and X2 (Compensation) with Y (Employee Performance) is $Y = 10.920 + 0,136X1 + 0,028X2$. Which means if each one unit of work environment increase, then the employee performance will increase 0,136 unit. And each one unit of compensation increase, then the employee performance will increase 0,028 unit.
- d. For the T test of the impact of work environment toward employee performance, the Tcount (3.549) >Ttable (2.03) which means work environment do impact employee performance in Union Education Center For the T test of the impact of compensation toward employee performance, the Tcount (2.193) >Ttable (2.03) which means compensation do impact employee performance in Union Education Center.



- e. The results shows that $F_{count} > F_{table}$; $6.322 > 3.26$ with 95% of confidence. It means the null hypothesis (H_0) is rejected while alternative hypothesis (H_a) is accepted. Work Environment and Compensation has impact on employee performance in Union Education Center.

3.9 T-Test

T-Test is done to know the significant impact of work environment and compensation partially toward employee performance at Union Education Center. The result of T-Test can be seen as follows:

TABLE 12
COEFFICIENTS^A

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.920	2.952		3.699	.001
	WORKENVIRONME NT	.136	.088	.251	3.549	.030
	COMPENSATION	.028	.143	.131	2.192	.029

The ttable with margin of error 5% is 2.03. The result shows that tcount of work environment is 3.549. The hypothesis is accepted that there is impact of work environment towards employee performance because tcount (3.549) > ttable (2.03). Therefore, it can be concluded that there is impact of work environment toward employee performance at Union Education Center. The ttable with margin of error 5% is 2.03. The result shows that tcount of compensation is 2.192. The hypothesis is accepted that there is impact of work environment towards employee performance because tcount (2.192) > ttable (2.03). Therefore, it can be concluded that there is impact of compensation toward employee performance at Union Education Center.

3.10 F-Table

F – Test is done to know the significant impact of work environment and compensation simultaneously toward employee performance in Union Education Center. The result of F – Test can be seen as follows

TABLE 13
ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8.455	2	4.227	6.322	.048 ^b
	Residual	118.320	37	3.198		
	Total	126.775	39			

Where, $F_{count} < +F_{table}$ Null Hypothesis (H_0) is accepted $F_{count} > +F_{table}$ Null Hypothesis (H_0) is rejected. The result shows that F_{count} 6.322 > 3.26 with 95% of confidence. It means that null hypothesis (H_0) is rejected while alternative hypothesis (H_a) is accepted. Work Environment and Compensation has impact on employee performance in Union Education Center.

4. Conclusion

After some research and review from the previous chapters, the writer cordially would like to present some conclusions which answer the problem identifications made which are the work environment situation at Union Education Center according to the employee answer results was not so good. The environment around the school area was too noisy and makes the teacher can't focus when they taught. The compensation at Union Education Center according to the employee answer results was not so good. The compensation that employee's received not accordance to the employee's achievement and work that they have done. This makes all employees lazy to do their tasks and makes the company hard to achieve their goals. For the employee performance at this company, as the write says before from the compensation that the employee received can impact their performance because if the compensation they received not balanced with the tasks they have been done, the employee performance will be decrease. This is the problem that happened at Union Education Center currently.

The result of the hypothesis test for variable X_1 , $T_{count} > T_{table}$ ($3.549 > 2.03$), the alternative hypothesis (H_a) is accepted. Work Environment has impact toward employee performance at Union

Education Center. For variable X2 $T_{count} > T_{table}$ ($2.192 > 2.03$), the alternative hypothesis (H_a) is accepted. Compensation has impact toward employee performance at Union Education Center. The result of hypothesis test for X1 and X2, $F_{count} > F_{table}$; $6.322 > 3.26$ with 95% of confidence. It means the null hypothesis (H_0) is rejected while alternative hypothesis (H_a) is accepted. Work Environment and Compensation has impact on employee performance in Union Education Center. Meanwhile the results from the multiple correlation test got result between variable X1 (Work Environment) with variable Y (Employee Performance) is 0.714, which indicates strong positive relationship between variable X1 and Y. Correlation test result between variable X2 (Compensation) and variable Y (Employee Performance) is 0.716, which indicates strong positive relationship between variable X2 and Y. And correlation test result between variable X1 and X2 with Y is 0.739 which indicates strong positive relationship between variable X1 and X2 with Y.

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