

## Research Article

## Effect of Compensation and Work Environment on Employee Performance in PT. Seoilindo Primatama Bekasi

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**Abstract:** Employee performance is a measure set by the company, or in other words the target set by the company to individual employees in a company. Company performance will be achieved to the maximum by distributing all targets to be achieved in each sub-section that exists in the organizational structure of a company. This study aims to analyze the effect of compensation and work environment on employee performance both simultaneously and partially. The study was conducted at PT Seoilindo Primatama Bekasi. The population and research sample are all employees totaling 50 employees. The technique of saturated sampling and data analysis techniques using multiple linear regression analysis. The results showed that compensation and work environment influenced employee performance both simultaneously and partially.

**Keywords:** compensation, work environment, employee performance.

### INTRODUCTION

PT. Seoilindo Primatama Bekasi, which was founded in 1989, has operating hours that are no doubt among its competitors. However, this condition is not believed to be the management superiority of PT. Seoilindo Primatama Bekasi, which in recent years has decreased production which tends to decline every year. This phenomenon occurs due to many factors, such as the difficulty of importing quality plastic raw material, up to the factor of human resources that have not been able to utilize the facilities and technology used by the company. If seen further the use of machinery and technology used is expected to help the company in streamlining operational costs by reducing work hours and employee use. But on the other hand, the conditions that occur using high technology are not able to support the achievement of targets set by the company. One of the reasons is not yet achieved the target of each employee, operationally the performance of each employee will drive the achievement of company performance or it can be said that the better the performance produced by each employee, the better the productivity of the company.

Employee performance appraisal is a routine activity carried out by the company within a specified

time. The results of the performance appraisal can be used as a basis for company size in providing compensation or remuneration for employees. Providing compensation to employees is an important factor for the achievement of employee performance where everyone has a motive or desire to work that is to be able to meet the needs of life and can improve their welfare. Compensation has an important role for employees which can be seen from the provisions in providing compensation for employees that are regulated in government regulations and followed up by company regulations. However, many factors become unsuccessful in providing compensation to employees, such as fairness and eligibility, this discrepancy generally arises from the side of employees which lies in the amount of expectation to the company for the compensation given.

This phenomenon is revealed by Bharata (2016) who examined at the research center of science and technology with the results of research that revealed that compensation affects employee performance. A study conducted by Siddiqi and Tangem (2018) in the results of his research revealed that the formation of high and low performance of employees in insurance companies in Bangladesh in addition to being

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influenced by compensation is also influenced by the work environment. Sudarno, Priyono, and Sukmaningrum (2016) revealed that discussing the success of employee performance is strongly influenced by the provision of compensation for employees and the created work environment. In the literature revealed it is said that the work environment greatly affects employee performance. The work environment according to Sedarmayanti (2014) can be grouped into two namely physical work environment and non-physical work environment. The physical work environment is related to the completeness of the work facilities provided by the company, while the non-physical work environment relates to the support of co-workers or the company.

In carrying out the work given by employees can not be separated from the support of colleagues and leaders, especially the completeness of work facilities and infrastructure. A complete work environment helps employees carry out their work to the maximum. However, the forms of attention from the company both in the form of work facilities and infrastructure can not be fully used properly, due to lack of maintenance so that employees often experience obstacles related to the feasibility of work facilities. On the other hand, the problem of support from the leadership which is a form of attention from the leadership or organization is therefore felt to be very important in supporting the success of employees in working or developing their careers in the company. An interesting phenomenon occurred at PT. Seoilindo Primatama Bekasi where the opinions of employees still do not feel the leadership's support for employee career development.

## LITERATURE REVIEW

### Employee Performance

Mangkunegara (2013: 67) defines performance as a result of work in quality and quantity achieved by an employee in carrying out their duties following the responsibilities given to him. Gomes (2013: 195) suggests the definition of employee performance as expressions such as output, efficiency, and effectiveness are often associated with productivity. Meanwhile, according to Bernardin in Robbins (2007: 260), the performance of concepts that are universal which is the operational effectiveness of an organization, part of the organization and part of its employees based on standards and criteria that have been set. Pasolong (2007: 176) explains the performance of employees is the amount of effort expended by individuals inputting a certain amount of energy into work. Sutrisno (2012: 171) reveals employee performance is defined as the achievements obtained by someone in performing tasks. From some of these definitions in this study, employee performance is defined as the output or work output produced both in terms of quality and quantity of work and can be accounted for according to its role in the organization or company accompanied by the ability, skills, and skills in completing work.

### Robbins (2007: 260) States That There Are Several Indicators To Measure The Performance Of Individual Employees, Including:

1. Quality. Work quality is measured by employee perceptions of the quality of work produced and the perfection of the task of the skills and abilities of employees.
2. Quantity. Represents the amount generated expressed in terms such as the number of units, the number of activity cycles completed.
3. Timeliness. Represents the level of activity completed at the beginning of the stated time, viewed from the point of coordination with the output results and maximizes the time available for other activities.
4. Effectiveness. Represents the level of use of organizational resources (energy, money, technology, raw materials) maximized to increase the yield of each unit in the use of resources.
5. Independence. Is the level of an employee who will be able to carry out their work functions. It is a level where employees commit to work with the company and employee responsibilities to the company.

### Compensation

Marwansyah (2010: 269) defines compensation as rewards or direct and fair financial and non-financial rewards that are fair and appropriate to employees in return for contributions/services to the achievement of organizational goals. Handoko (2008: 155) reveals the definition of compensation, that is, everything that employees receive as compensation for their work. Mondy and Noe in Marwansyah (2010: 269) defines compensation as an overall reward given to employees as retribution for their services or contributions to the organization.

Siagian (2009: 253) argues that a good reward or compensation system is a system that can guarantee the satisfaction of members of the organization which in turn allows the organization to obtain, maintain and employ some people with various positive attitudes and behaviors working with productivity for the benefit of the organization.

Based on the definition of compensation stated above, compensation in this study is defined as compensation that must be given by the organization to employees for contributions that have been given to the organization, and the payment must be adjusted to the regulations applicable in the region and accordance with the agreement of both parties, namely employees and organizations as users of labor.

Triton (2010: 126) reveals that the dimensions of compensation can be measured based on the nature of the acceptance, i.e:

1. Financial compensation. Financial compensation is compensation received by employees in the form of money or monetary value, such as salary or wages, bonuses, premiums, medication, insurance, and others as paid by the organization or company.
2. Non-financial compensation. Provided by organizations or companies primarily to retain employees over the long term. For example, the implementation of service programs for employees who strive to create pleasant working conditions and environments such as tourism programs, the provision of canteen or cafeteria facilities, the provision of places of worship at work, sports fields and others.

### **Work Environment**

Sutrisno (2012: 127) suggests that the work environment is the overall work facilities and infrastructure that are around employees who are carrying out work that can affect the implementation of work. This work environment includes the place of work, facilities, and job aids, cleanliness, lighting, tranquility as well as the relationships between people who are there. Sofyandi (2008: 82) defines the work environment as an environment where employees do their daily work.

Sedarmayanti (2011: 2) revealed that the work environment is the overall tools and materials faced, the environment in which a person works, his work methods and work arrangements both as individuals and as groups. From several definitions of a work environment in this study, it was confirmed that a work environment is a place where employees do their daily work, including physical and non-physical environments.

### **Sedarmayanti (2011: 28) States That The Work Environment Can Be Measured Through The Following Dimensions:**

#### **1. Physical Environment**

- a. Work equipment
- b. Lighting or light
- c. Air temperature
- d. Job security

#### **2. Non-Physical Work Environment**

- a. Employee relations with superiors
- b. Employee relations with colleagues
- c. Work relations with subordinates.

## **RESEARCH METHODS**

### **Object of Research**

The object of this research is the employee of the Directorate General of Tax, South Jakarta One who has an office domicile in Jend Gatot Subroto Road No. 40-42 Main Building Lt.24 DKI Jakarta

### **Population And Research Samples**

Umar (2008: 137) defines the population as a collection of elements that have certain characteristics in common and have the same opportunity to be selected as sample members. The total population of this study was 50 respondents. Then the sample according to Suharsimi (2010: 131) is part or representative of the population. To obtain a representative sample from the population, every subject in the population is strived to have the same opportunity to become a sample. The number of samples used was as many as 50 respondents. The sampling technique used in this study is saturated sampling. A saturated sample is a technique for determining the sample if all members of the population are used as samples (Sugiyono 2007: 68). This is related to all study populations considered to have the same characteristics.

### **Method of Collecting Data**

The method used in this research is a descriptive method using a quantitative approach. The purpose of this quantitative descriptive method is to make a systematic description of the facts and properties of the object under study and then combine the relationships between the variables used. This study also emphasizes his analysis of numerical data (numbers) that are processed using statistical methods.

Sugiyono (2007: 147) argues that the descriptive method is a method used to analyze data that has been collected as it is without intending to make conclusions that apply to the public or generalization. While the definition of quantitative methods according to Sugiyono (2007: 8) is a research method based on the philosophy of positivism, used to examine a particular population or sample, collecting data using research instruments, analyzing quantitative or statistical data to test a predetermined hypothesis.

This study is intended to test the hypothesis using multiple regression analysis and simple regression. By using this statistical analysis it will be known the effect of compensation variables (X1), and work environment variables (X2) both simultaneously and partially on the Y variable (employee performance) to produce conclusions that will clarify the studied variables.

The type of data needed in this study is primary data and secondary data. According to Sugiyono (2007: 137) which states that primary data sources are data sources that directly provide data to data collectors. Primary data obtained by observation and interviews with employees. While the understanding of secondary data according to Sugiyono (2007: 137) is a data source that does not directly provide data to data collectors or researchers (for example through third parties such as websites, evidence, notes or annual reports that have been

compiled in archives or documentary data) published

and which is not published, as well as company profile.

**RESEARCH RESULTS AND DISCUSSION**

**1. Partial Effect Of Compensation On Employee Performance**

**Table 1. Results of Analysis Compensation on Employee Performance**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.964 <sup>a</sup>	.930	.928	.652

a. Predictors: (Constant), Compensation

The coefficient of determination (R<sup>2</sup>) obtained is equal to 0.930 or 93 percent. This value indicates that the formation of high and low employee performance is

influenced by compensation received by 93 percent, the remaining 7 percent is influenced by other variables outside of compensation.

**Table 2. Results of Analysis of the Effect of Partial Compensation on Employee Performance**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.635	.094		8.806	.000
	Compensation	.626	.025	.964	25.180	.000

a. Dependent Variable: Employee Performance

The partial effect of compensation variables on employee performance can be seen from the compiled equation  $Y = 4,635 + 0,626X_1$ . From the compiled equation it can be explained that the regression coefficient value of the compensation variable that is equal to 0.626 this value implies that by paying attention to compensation for employees, employee performance follows an increase of 0.626. The value of unstandardized coefficients (constant) is a constant that gives meaning without paying attention to compensation for employees, the employee's

performance has formed naturally which is equal to a constant value or 4,635.

The results of t arithmetic obtained were 25.180, the value of t arithmetic when compared with t-table (alpha = 0.05 DF = 48, then the t-table value of 1.681). From the calculated t value and t table obtained, when compared to the two values compared it can be concluded that the calculated t value is greater than t table. So the first hypothesis of this study is "compensation partially affects employee performance at PT. Seoilindo Primatama Bekasi "can be proven and accepted.

**2. Partial Influence of Work Environment on Employee Performance**

**Table 3. Results of Analysis of the Work Environment on Employee Performance**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.979 <sup>a</sup>	.958	.957	.502

a. Predictors: (Constant), Work Environment

The coefficient of determination (R<sup>2</sup>) obtained is equal to 0.958 or 95.8 percent. This value indicates that the formation of high and low employee performance is influenced by the work environment

created by the company by 95.8 percent, the remaining 4.2 percent is influenced by other variables outside the work environment variable.

**Table 4. Results of Analysis of the Effect of Partial Work Environment on Employee Performance**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.786	.142		21.689	.000
	Work Environment	.859	.026	.979	33.232	.000

a. Dependent Variable: Employee Performance

The partial influence of work environment variables on employee performance can be seen from the compiled equation  $Y = 1.786 + 0.859X_2$ . From the compiled equation it can be explained that the regression coefficient value of the work environment variable is 0.859. This value can be interpreted that by

observing the formation of the work environment, employee performance will follow an increase of 0.859. Unstandardized coefficient (constant) value is a constant that gives meaning without regard to the work environment, so employee performance has formed naturally which is equal to a constant value or 1.786.

The results of t arithmetic obtained were 33.232, the value of t arithmetic when compared with t-table (alpha = 0.05 DF = 48, then the t-table value of 1.681). From the calculated t value and t table obtained, when compared to the two values compared it can be

concluded that the calculated t value is greater than t table. So that the second hypothesis of this study is "the work environment has a partial effect on employee performance at PT. Seoilindo Primatama Bekasi "can be proven and accepted.

**3. Simultaneous Effects of Compensation and Work Environment on Employee Performance**

**Table 5. Results of Analysis of the Compensation and Work Environment on Employee Performance**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.979 <sup>a</sup>	.959	.958	.501

a. Predictors: (Constant), Work Environment, Compensation

The coefficient of determination (R<sup>2</sup>) obtained is equal to 0.959 or 95.9 percent. This value indicates that the formation of high and low employee performance is influenced by compensation and work environment by

95.9 percent, the remaining 4.1 percent is influenced by other variables outside of compensation and work environment.

**Table 6. Results of Analysis Simultaneous of Compensation and Work Environment on Employee Performance**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.965	.307		3.285	.000
	Compensation	.144	.133	.222	2.086	.000
	Work Environment	1.052	.179	1.199	5.865	.000

a. Dependent Variable: Employee Performance

The simultaneous effect of compensation and work environment variables on employee performance can be seen from the compiled equation  $Y = 1,965 + 0,144X_1 + 1,052X_2$ . From the compiled equation it can be explained that the regression coefficient value of the compensation variable that is equal to 0.144 this value can be interpreted that giving compensation to employees will have an impact on employee performance of 0.144. For the variable value of the work environment regression coefficient of 1.052, this value means that the implementation of a conducive

work environment will have an impact on employee performance of 1.052. The constant value of the simultaneous compensation equation and work environment for employee performance is 1.965. This value can be interpreted that without attention to the provision of compensation and the work environment around employees, employee performance has been formed at 1,965. The formation of this constant value can be explained by other independent variables not included in this equation.

**Table 7. Results of the Simultaneous Compensation and Work Environment on Employee Performance**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	278.421	2	139.210	54.851	.000 <sup>b</sup>
	Residual	11.792	47	.251		
	Total	290.213	49			

a. Dependent Variable: Employee Performance  
b. Predictors: (Constant), Work Environment, Compensation

The results of the f-arithmetic obtained are equal to 54,851 when compared with f-table (alpha = 0.05 DF = 2; 48), then the value of the f-table is 3.21. From the results of the f-arithmetic and f table obtained when compared can be concluded that the value of f arithmetic is greater than f-table. This reflects that there is a simultaneous effect of compensation and work environment on employee performance at PT. Seoilindo Primatama Bekasi. Based on the analysis and discussion that has been done, it can be concluded that the third hypothesis of this study is "compensation and work environment simultaneously affect the performance of employees at PT. Seoilindo Primatama Bekasi "is accepted and proven.

**CONCLUSIONS AND SUGGESTIONS**

**Conclusion**

**The Conclusions That Can Be Drawn From The Analysis And Discussion That Have Been Carried Out Include The Following:**

1. The effect of compensation on employee performance can be seen from the compiled equation, namely:  $Y = 4,635 + 0,626X_1$ . The coefficient of determination (R<sup>2</sup>) obtained is equal to 93 percent. The results of t arithmetic obtained were 25,180 > t-table (alpha = 0.05 DF = 48, then the value of t-table was 1.681).

2. The partial influence of the work environment on employee performance can be seen from the compiled equation, namely:  $Y = 1.786 + 0.859X_2$ . The coefficient of determination ( $R^2$ ) obtained is equal to 0.958 or 95.8 percent. The results of t arithmetic obtained were  $33.232 > t$ -table ( $\alpha = 0.05$  DF = 48, then the t table value of 1.681).
3. The simultaneous effect of compensation and work environment on employee performance can be seen from the compiled equation, namely:  $Y = 1,965 + 0,144x_1 + 1,052X_2$ . The coefficient of determination ( $R^2$ ) obtained is equal to 0.959 or 95.9 percent. The results of the f count were 54,851  $>$  f-table ( $\alpha = 0,05$  DF = 2; 48).

### SUGGESTIONS

**As Input That Can Be Conveyed From The Results Of The Analysis And Discussion That Has Been Made, The Following Recommendations Are Described:**

1. From the results of the regression analysis both partially and simultaneously, it is proven that there is an effect of compensation and work environment variables on employee performance. As input that can be conveyed, namely, the consideration of compensation from each employee is expected to be a stimulant for employee morale and in turn, can help the company in achieving the work targets given to its employees.
2. In addition to the compensation variable, the work environment is expected to be able to support employees in achieving work targets and targets owned by each employee through the support of both physical and non-physical work environments.
3. For other studies that want to raise the compensation and work environment variables related to employee performance, it is expected to pay more attention to determining measurements and indicators attached to the discussion variables and determining the number of samples. The author realizes that the research results are still far from perfection, both in terms of determining the samples and theoretical studies presented, so that the combination of measurements and dimensions attached to the discussion variables are expected to further enhance this research and ultimately will enrich the study and literature in the field of source management human resources specifically related to the formation of high and low employee performance.

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