

The Effect of Work Environment and Compensation on Employee Performance at PT Tirta Investama



Abraham Yedija Bimantoro¹, Ika Korika Swasti²

ABSTRACT The purpose of this research is to explain the effect of the work environment and compensation on employee performance using the research object of PT Tirta Investama. This study uses a quantitative approach by distributing questionnaires. The population in this study are distribution department employees of PT Tirta Investama. While the sample in this study were 56 respondents in the distribution department of PT Tirta Investama. All tests using the Smart PLS Application show that all tests get scores above the required values so that the tests are declared reliable. This study uses a data analysis design in the form of descriptive statistics and PLS analysis. The results of the study show that the influence of the work environment can affect the performance of employees of PT Tirta Investama, as well as compensation that can encourage the performance of employees of PT Tirta Investama.

KEYWORDS: Work Environment; Compensation; Employee Performance

I. INTRODUCTION

Performance is used to measure the results that have been achieved in connection with company activities. Employee performance is about doing work and the results achieved from that work (Ibrahim & Brobbey, 2015). Bernardin and Russel argue that performance or achievement is a record of the results obtained from certain job functions or activities during a certain period of time. Meanwhile, Smith states that performance is the result or output of a process (Daningrum, 2017).

Researchers took PT Tirta Investama as the object of research, PT Tirta Investama which is a company engaged in the manufacture and distribution of mineral water which produces drinking water in various kinds of packaging such as gallons, plastic bottles and cups. Based on the company's annual report on PT Tirta Investama in 2020-2022, it can be seen that the performance achieved by PT Tirta Investama experienced sales fluctuations in 2020-2022 which illustrates the performance of PT Tirta Investama. The increase in performance occurred in 2021, there was an increase in sales of 3.22% from 2020, but there was a decrease in sales in 2022 compared to the previous year. The decline that occurred in PT Tirta Investama's sales in 2022 can be an indication of a decrease in employee performance which has an impact on the decline in organizational performance. The data also shows that the realization of PT Tirta Investama's performance did not reach the predetermined target. This decrease in employee performance can occur due to the many challenges faced by employees.

One example of the challenges that must be faced by employees of PT Tirta Investama based on the results of interviews with Human Resource Development (HRD) PT Tirta Investama on March 8, 2023 and April 3, 2023 obtained information that the performance system of PT Tirta Investama has a work system that prioritizes a family system, but this is inversely proportional to the situation of employees who often bring personal problems into the work environment and lack a place to complain about employees so that it affects employee focus. This can lead to a decrease in the level of professionalism of employees which will directly affect employee performance. This requires employees to be able to prioritize professionalism at work. Employee performance is influenced by various factors, one of which is the employee's work environment.

The work environment can create a binding working relationship between the people in the environment. According to Mahmudah, (2019) the work environment is everything that is around employees who work and that can affect employees in carrying out the tasks that have been given. The work environment greatly affects employee performance. This can be supported by harmonious coworkers, a comfortable work atmosphere and facilities that support work while increasing employee enthusiasm. Work enthusiasm is one of the crucial factors for the company, because employees who have work enthusiasm will certainly try their best to complete their tasks, and employees will feel responsible for their work so that all tasks given will certainly be carried out with good results as well (Kessi, 2023).

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In addition to the work environment, there are other factors that also affect employee performance, one of which is compensation. According to Setiawan, (2017) one of the drivers of employee performance is the implementation of compensation that is equivalent to the responsibilities given by the organization. By giving compensation intentionally to company employees, it aims to increase employee morale, so that productivity and performance increase. The provision of compensation, among others, is as a bond of cooperation, job satisfaction, effective procurement, motivation, and employee stability.

According to interviews that researchers have conducted, the decline in company performance occurred because due to the impact of the spread of COVID-19 and the implementation of social distancing or Large-Scale Social Restrictions, it requires the company to reduce employee working hours in the office to only 4 hours. With reduced optimal working hours, it will indirectly affect employee compensation, especially employee financial compensation and will also affect overall employee performance. The decline in company performance can be strengthened by data on employee compensation per month in 2022. Based on this data, it can be illustrated that PT Tirta Investama's compensation is still relatively low, especially in the incentive allowance given to grade worker employees. The data is supported by the number of employees who complain and feel dissatisfied that the incentives received do not match what is done. This can be an indication of a decrease in the performance of PT Tirta Investama employees.

The phenomenon found by the author during the interview shows that there is a decrease in employee productivity which has an impact on performance from year to year which tends to remain and not increase. The author indicates that this happens in relation to several factors such as compensation and organizational environment which have an impact on employee performance that is less than optimal at PT Tirta Investama.

II. LITERATURE REVIEW

A. Work Environment

Work Environment The work environment is a physical and social work environment that includes physical conditions, space, places, work equipment, types of work, superiors, coworkers, subordinates, people outside the company, company culture, company policies and regulations (Tran, 2021). Meanwhile, according to (Nabawi, 2020) the work environment is the overall tooling and materials faced, the surrounding environment in which a person works, his work methods, and his work arrangements both individually and as a group.

The work environment in a company is very important for management to prioritize. A comfortable work environment can ensure that employees are eager to work. This shows that the employee has a great responsibility so that it can improve his performance. The feeling of pleasure shown by employees and the employee's compatibility with company regulations reflect a comfortable work environment. This can improve the performance of these employees (Krisnaldy & Lidya D, 2019). Although the work environment does not directly carry out the production process in a company, the work environment has a direct influence on employees who carry out the production process. A pleasant work environment for employees will be able to create a sense of enthusiasm at work so as to avoid boredom and fatigue. If the work environment is not fulfilled according to employee needs, it will cause boredom and fatigue which will have an impact on employee morale which will decrease so that employees do not carry out their tasks effectively and efficiently (Nabawi, 2020). This has been proven by Apriyansyah, (2023). In his research which shows that the work environment can affect the performance of employees of the South Sumatra Province Maritime and Fisheries Service with positive and significant results. this research is in line with the findings in previous research on employees of PT Jamkrindo Branch Office.

B. Compensation

Compensation is everything that employees receive in return for their work. If compensation is given correctly, employees will be more satisfied and motivated to perform better in order to achieve organizational and personal goals. Compensation is important for employees as individuals because the amount of compensation reflects the size of the value of their work among the employees themselves, their families and society (Kurniasari, 2021).

Suryani (2020) states that the size of compensation reflects the status, recognition, and level of fulfillment of needs enjoyed by employees and their families. So that if the compensation he receives is higher, his status will be better and the fulfillment of the needs he enjoys will be better too. This is in accordance with Alam's research (2020) which argues that providing proper compensation can not only affect the material conditions of employees, but can also reassure employees' minds to work more diligently and have initiative. Therefore, the compensation given to each employee must be proportional to the contribution that the employee has made to the company. Nurlina (2020) adds that compensation refers to all forms of wages or rewards that apply to and arise from their work and has three components. There are direct financial payments in the form of salaries, incentives, commissions or bonuses. The results of research conducted by Hari Apriyansyah, M. Idris and Choiriyah (2023) work

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compensation has a positive and significant effect on employee performance at the South Sumatra Province Maritime and Fisheries Service. According to (D.P. Dewi, 2019) there are at least five indicators of compensation, including: (1) Salary, (2) Incentives, (3) Allowances.

C. Employee Performance

Performance is the result of work achieved by an employee on the implementation of job duties which are assessed based on certain assessment criteria or standards (Ahman & Syamsiah, 2018). Meanwhile, according to (Pramudya, 2020) Performance is a performance evaluation system in one institution that is able to describe the effort and work completed by its employees properly, so that differences in work results will be seen between one employee and another.

Another definition of employee performance according to (Buil, 2019) performance is the quality and quantity of work achieved by an employee in carrying out his duties in accordance with the responsibilities given to him. Meanwhile, according to (Audenaert, 2019), the definition of employee performance as expressions such as output, efficiency and effectiveness is often associated with productivity. In research conducted by Lutfia Seftian D C, Trias Setyawati and Ira Puspitadewi (2022) stated that this study also showed a positive and significant influence between work environment variables, compensation and work discipline on the performance of CV Majesta Nusantara Banyuwangi employees. According to Sabuhari (2020) there are at least six indicators of employee performance, including: (1) Quality, (2) Quantity, (3) Timeliness, (4) Effectiveness, (5) Independence.

III. RESEARCH METHOD

In this study, two independent variables (X) and the dependent variable (Y) were used. These variables are Work Environment Variables (X1). The Work Environment indicators consist of work atmosphere, good behavior, fair and objective treatment (Nitisemito, 2018). Compensation Variable (X2). The Compensation indicators consist of salary, incentives, allowances (D.P. Dewi, 2019). As well as the Employee Performance variable (Y). The Employee Performance indicators consist of quality, quantity, timeliness, effectiveness, independence (Sabuhari, 2020). The data in this study used primary data obtained through distributing questionnaires online. In this study using PLS (Partial Least Square) data analysis techniques. The research approach taken by this research is quantitative research. To produce quantitative data in this study, a measurement scale is used, namely an ordinal measuring scale with Likert weighting techniques. The population in this study were employees of the distribution department of PT Tirta Investama. The sampling technique in this study used non-probability sampling with saturated sampling technique, with a research sample of 56 respondents.

IV. RESEARCH RESULTS AND DISCUSSION

Based on the 56 respondents who answered the questionnaire, it can be seen that the gender of the most respondents in this study were male employees with 45 employees, then female employees with 11 employees. This is because the number of employees of PT Tirta Investama, especially the distribution department, is dominated by men because the work done is quite heavy.

From the results of data that all reflective indicators on the work environment variable (X1), compensation (X2) and employee performance show the results of factor loading and original sample greater than 0.5 and the T-Statistic value is greater than the Z value $\alpha = 0.05$ (5%) = 1.96. This all indicators have met Convergent Validity and are declared valid.

The value of $R^2 = 0.320$ can be interpreted that the model is able to explain the phenomenon of Employee Performance which is influenced by independent variables including work environment and compensation by 32% while the rest is explained by other variables outside this study. From the data above, it can also be seen that the R-Square value shows a moderate value.

Effect of Workload on Employee Performance

Based on the results of tests that have been carried out to determine the effect between the work environment on the performance of employees of PT Tirta Investama, the results show that the work environment variable has an influence on employee performance. According to the results of the study, it is concluded that the existence of a supportive work environment will encourage employees to be able to work effectively, this is also supported by research from Senen (2023) the work environment is a very important component in employees carrying out work activities. By paying attention to a good work environment or by creating working conditions that are able to provide motivation to work, it will have an influence on employee productivity.

The findings in this study are in line with the findings in previous research on employees of PT Jamkrindo Palembang Branch Office in 2023, the results showed that the work environment variable affects the performance of employees of PT Jamkrindo Palembang Branch Office. The work environment certainly determines the comfort of employees in carrying out their work. The better the work environment, of course, has an impact on achieving overall performance with optimal results (Arianto, 2017).

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Effect of Compensation on Employee Performance

The results in this study indicate that compensation affects employee performance at PT Tirta Investama. This proves that providing compensation to appropriate employees can improve the performance of PT Tirta Investama employees.

Providing work compensation to employees affects job satisfaction because compensation is an important aspect of employee life. Financial and non-financial components of work compensation can affect employee performance. Adequate work compensation allows employees to meet their basic needs such as food, shelter and financial needs. When employees feel that they are compensated fairly and sufficiently to meet their needs, they will tend to be more diligent in doing their work.

This is in accordance with Alam's research, (2020) which argues that providing proper compensation can not only affect the material conditions of employees, but can also reassure employees' minds to work more diligently and have initiative. Therefore, the compensation given to each employee must be proportional to the contribution that the employee has made to the company. Nurlina, (2020) added that compensation refers to all forms of wages or rewards that apply to and arise from their work and has three components. There are direct financial payments in the form of salaries, incentives, commissions or bonuses.

CONCLUSIONS

A good and comfortable work environment will affect the improvement of employee performance of PT Tirta Investama. These results indicate that the better the work environment provided to employees will improve the performance of PT Tirta Investama employees. High compensation can affect the improvement of employee performance of PT Tirta Investama. This result shows that the higher the compensation given to employees can improve the performance of PT Tirta Investama employees.

Researchers provide suggestions that may be useful for companies, among others, companies pay more attention to relationships and behavior between company colleagues in order to create efficient performance. If it is felt that the existing work environment is not good, the company can hold counseling and bonding guidance between employees. Providing employee compensation is also an important factor to encourage employee performance, such as providing attractive allowances, incentives and bonuses. In addition, another way that may be considered by the company is to conduct regular evaluations with employees on the obstacles that employees have felt in completing their work. Knowing the constraints will make it easier for employees to work more effectively and efficiently.

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