

## Compensation and Work from Home (WFH) Effects on Employee Performance



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**ABSTRACT:** Corona Virus Disease 2019, also known as COVID-19, is an infectious disease caused by SARS-CoV-2, a kind of corona virus. The Covid-19 pandemic is a worldwide issue as well as a national one. The epidemic has disturbed global socioeconomic conditions, slowing economic growth. Work from home (WFH) is one of the effects that has had on performance. The purpose of this study is to investigate the impact of remuneration and work from home (WFH) on the performance of PT. Platindo Karya Prima. A quantitative technique is used in this investigation. The population in this study consists of all 65 employees of PT. Platindo Karya Prima. In this study, a census sample was chosen as the sampling method. In this study, data was collected using a questionnaire that has been verified for validity and reliability. Multiple linear regression with hypothesis testing, notably the F and T tests, was employed in this work with the help of the SPSS 23.0 software program. According to the findings of this study, the factors of remuneration and work from home (WFH) have a beneficial effect on employee performance.

**KEYWORDS:** Compensation, Work from Home (WFH) and Employee Performance

### I. INTRODUCTION

Corona Virus Disease 2019 or often referred to as (COVID-19) is an infectious disease caused by SARS-CoV-2, which is a type of corona virus. Covid-19 sufferers cause respiratory tract disease and have symptoms such as difficulty breathing, dry cough, fever, sore throat, aches and pains and fatigue. The Covid-19 outbreak was first detected in the city of Wuhan, China at the end of 2019 and was declared a pandemic by the World Health Organization (WHO) on March 11 2020. At the beginning of 2020, precisely in March, the Covid-19 pandemic began to spread worldwide, one of which was happened in Indonesia. Covid-19 can spread from person to person through droplets from the life or mouth of an infected person. The Covid-19 pandemic is not only a national problem but also a global problem. The pandemic has caused disruption to global socio-economic conditions which has depressed world economic growth. (Rakhmat & Tarahita, 2020). The disaster caused by Covid-19 has left Indonesia in a very bad state. Especially in the world of work where many employees are affected by mass layoffs (PHK) from the companies where they work. In the current era of the Covid-19 pandemic, a lot of economic growth and several aspects of life have slowed down. The pressure on the national economy during the Covid-19 pandemic has had an impact on workers whose companies are affected as well as informal workers whose income has been lost or reduced.

One of the impacts that occurred on performance during the Covid-19 pandemic was the implementation of work from home, where usually every work done in the office had to be done at home to reduce the spread of Covid-19. There are 30% of workers experiencing a decrease in productivity during the pandemic. There are three main causes that have been identified, including difficulty communicating with colleagues and clients, difficulty managing concentration, and health problems. Apart from that, the economy in Indonesia is also declining because the Covid-19 pandemic has not subsided, which has resulted in employee compensation resulting in a decrease in wages earned by employees. Most people, especially employees, consider compensation to be very important, because the amount of compensation for them reflects the value of their work among the employees themselves. Which system is deemed appropriate for providing compensation to workers in the hope of improving performance and increasing job satisfaction?

In 2019, before the Covid-19 pandemic, the global economy was still showing positive growth. The company still gets stable sales income from sales revenue during the Covid-19 pandemic. Throughout 2020 to 2021, during the pandemic, the company is trying to make savings in terms of expenses/costs. These include making adjustments to employee salaries, implementing work from home in shifts, as well as various other savings measures either determined by the company or forced to

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be implemented. For example: declining sales levels, temporary closure of customer offices/factories, and closure of road/mobility access by the government will result in reduced vehicle operating costs, work from home will reduce building utility costs such as electricity and water and so on.

In 2021, the company began to experience an increase in sales, where in that year Covid-19 was still said to have not subsided, but in 2021 sales experienced an increase because the company had the right strategy so that the company's sales remained above the target. The sales strategies implemented by the company include choosing the right customers, choosing the right products, maximizing employee performance by working from home and meeting online so that there is no communication between workers. Apart from that, there is also motivation and support from management and good team work which can increase sales increases that year.

Based on the phenomena that occur, this research aims to determine and analyze the influence of compensation and work from home (WFH) on the performance of PT employees. Platindo Karya Prima.

## **II. THEORETICAL BASIS**

### **Compensation**

According to (Sulpiani Pandari, 2021) compensation is a reward given to employees by the company for carrying out the tasks assigned to the employee in order to achieve the company's goals. Compensation is also generally a right that every employee gets because they have carried out their duties and are responsible for their work. The compensation given to employees is very important because it reflects the value of employee performance. Apart from that, compensation can also help the company to achieve company goals. According to Alwi (2017) compensation is an intangible service and financial rewards and benefits given to employees as part of the employment relationship. Compensation also has a positive effect on employees because the greater the compensation provided by the company, the more enthusiastic the employees will work and the relationship between management and employees can also be established. According to Kenelak et al (2016) compensation is everything that employees receive as compensation/services for doing their work. And compensation is divided into two, namely direct compensation in the form of wages, bonuses and allowances. For indirect compensation in the form of holiday allowances, old age allowances and health benefits. The direct and indirect compensation provided by the company to employees is aimed at encouraging employees to always excel and work diligently. Apart from that, companies can get quality employees and can also improve the company's image. Compensation indicators according to (Simamora, 2015) are wages and salaries; incentive; allowances and facilities

### **Work From Home (WFH)**

According to (Farrell, 2017) Work From Home (WFH) can be called teleworking because teleworking occurs when employees do their work at a different geographical distance from the place where the work is usually done. Teleworking can also increase employee job satisfaction because employees can maintain a good work-life balance. According to (Ashal, 2020) Work From Home (WFH) or what can be called remote working, more precisely, carrying out work tasks that are generally carried out in the office can be carried out from home. So employees don't have to come to the office face to face with other employees. Flexible working hours allow all employees to work and carry out other activities outside of work. According to (Mustajab et al., 2020) Work From Home (WFH) is work done from home. Work from home is a strategy for many organizations with all the advantages and disadvantages that must be accepted by the organization.

According to (Farrell, 2017), there are indicators of Work From Home (WFH) including a flexible work environment, few distractions and stress; proximity to home and family members; reducing travel time; better health and work balance; productivity and creativity

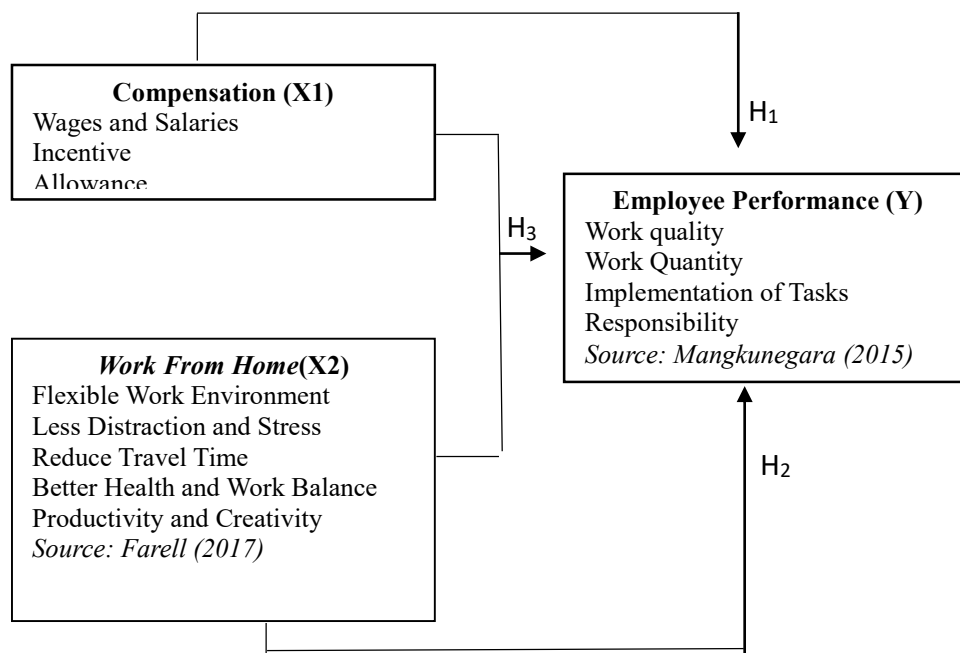
### **Employee performance**

According to Sulpiani Pandari (2021) employee performance is an employee's success in completing the tasks assigned to the employee. To get good performance, companies must create employees who can take full responsibility for their work. According to Widjaja (2021) employee performance is a benchmark used by companies in assessing their employees. If employees perform well or exceed their abilities, they will be given awards. Because this award can make employees feel appreciated and can also increase the motivation of other employees.

According to (Mangkunegara, 2015) there are five indicators in employee performance including work quality, work quantity, task implementation, and responsibility.

Figure 1. Conceptual Framework

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This hypothesis is a temporary estimate or response to the formulation of concerns mentioned in this text, including:

- H<sub>1</sub> : There is an influence of compensation on the performance of PT. Platindo Karya Prima employees.
- H<sub>2</sub> : There is an influence of work from home (WFH) on the performance of PT. Platindo Karya Prima employees.
- H<sub>3</sub> : There is an influence of compensation and work from home (WFH) on the performance of PT. Platindo Karya Prima employees.

### III. RESEARCH METHODS

The method used in this research is a quantitative approach. The sample in this study was 65 employees of PT. Platindo Karya Prima. This research sample was obtained from the number of employees using a census sample type. A sample collection technique when all members of the population are used as samples. The data sources obtained by researchers are primary data and secondary data. This research analysis uses multiple regression, correlation coefficient, coefficient of determination test, and partial (t) and simultaneous (F) hypothesis tests.

### IV. RESEARCH RESULT

Based on the results of normality testing using the Kolmogrov-Smirnov test, from the results above the Komogrov-Smirnov value has a significant level of 0.184 or it can be said that the significant value for the employee performance variable is greater than 0.05. So in accordance with the basis for decision making in the Kolmogrov-Smirnov test above, it can be concluded that the data is normally distributed. Thus, the normality assumptions or requirements in the regression model have been met.

**Table 1. Normality Test Results**

One-Sample Kolmogrov-Smirnov Test

		Unstandardized Residual
N		65
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	4.28920965
Most Extreme Differences	Absolute	,099
	Positive	,040
	Negative	-.090
Kolmogorov-Smirnov Z		,099
Asymp. Sig. (2-tailed)		,184

Test distribution is Normal

Calculated from data

Lilliefors Significance Correction

**Source:** Research data processed using SPSS 26.0 software in 2023

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The results of the linearity test were carried out with the aim of being able to find out whether two variables have a linear relationship or not significantly. This criterion applies if the sign value is at linearity  $\leq 0.05$ . Based on Tables 2 and 3, the sig value of compensation linearity and work from home (WFH) is 0.00. Organizational commitment to employee performance and the work environment for the workforce then have a linear relationship.

**Table 2. Compensation Linearity Test on Employee Performance**

ANOVA Table			Sum of Squares	df	Mean Square	F	Sig.
Employee Performance * Work From Home	Between Groups	(Combined)	1156.573	24	48,191	3,132	,001
		Linearity	295,510	1	295,510	19,205	,000
		Deviation from Linearity	861,064	23	37,438	2,433	,007
	Within Groups		615,488	40	15,387		
	Total		1772.062	64			

Source: Research data processed using SPSS 26.0 software in 2023

**Table 3. Work From Home Linearity Test on Employee Performance**

ANOVA Table			Sum of Squares	df	Mean Square	F	Sig.
Employee Performance * Compensation	Between Groups	(Combined)	1030,987	18	57,277	3,555	,000
		Linearity	471,755	1	471,755	29,283	,000
		Deviation from Linearity	559,231	17	32,896	2,042	.028
	Within Groups		741,075	46	16,110		
	Total		1772.062	64			

Source: Research data processed using SPSS 26.0 software in 2023

One way to detect symptoms of multicollinearity is to see the tolerance value and its opposite, the Variance Inflation Factor (VIF), by looking at each independent variable against the dependent variable. The cutoff value that is commonly used to indicate the occurrence of multicollinearity is the Tolerance value  $> 0.10$  or the same as the VIF value  $< 10$ . Based on table 4 of the results in the collinearity statistics section, it is known that there is no multicollinearity between independent variables because the VIF value is less than 10.

**Table 4. Test results**

### Multicollinearity

Variable	Collinearity Statistics	
	Tolerance	VIF
Compensation ( $X_1$ )	0.907	1,103
Work From Home ( $X_2$ )	0.907	1,103

Source: Research data processed using SPSS 26.0 software in 20223

Based on the results of the Durbin Watson autocorrelation test (dW) calculations in table 5, the following information can be seen: dW: 1,942; dL : 1.535; dU: 1.662. The Durbin – Watson value of the research model is 1.942 based on the provisions of the value  $dU < dW < 4 - du$ , so it can be concluded that the research model does not have symptoms of autocorrelation.

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**Table 5. Autocorrelation Test Results**

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	Durbin-Watson
1	.579a	,336	,314		4.35784	1,942

Source: Research data processed using SPSS 26.0 software in 2023

Multiple linear regression is a regression where the variation (falling – rising) of the value of a dependent variable (Y) is considered to be influenced by the value of several (more than one) independent variables (X).

**Table 6. Multiple Linear Regression Results**

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	16,332	3,429		4,762	,000
	Compensation	,387	,098	,431	3,969	,000
	Work From Home	.138	,054	,277	2,544	.013

Source: Research data processed using SPSS 26.0 software in 2023

Based on table 6, the data in this study can be arranged using the following mathematical equation:

$$Y = 16.332 + 0.387 X_1 + 0.138 X_2$$

From the results of the multiple linear regression equation, it can be explained that the constant value is 16.332. This means that the situation when the employee performance variable has not been influenced by other variables, namely the compensation variable (X1) and the work from home variable (X2). If the independent variable does not exist then the employee performance variable will not change. The regression coefficient value The regression coefficient value

**Table 7. Coefficient of Determination Results**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.579a	,336	,314	4.35784

a. Predictors: (Constant), Work From Home, Compensation

Source: Research data processed using SPSS 26.0 software in 2023

Based on the table above, R is the correlation coefficient which can be analyzed in the table above. The value of R = 0.579 means that the compensation variable and work from home have a positive relationship. Meanwhile, the R2 value or what can be called R square (coefficient of determination) is to measure how far a model is able to explain variations in independent variables. The R2 value in this research is 0.336, which means that 33.6% of employee performance can be explained by compensation and work from home variables, while the remaining 66.4% is explained by other variables that were not studied.

### Hypothesis testing

#### t Test (Partial Test)

t test (TestPartial) is first carried out to find out whether there is an influence of each independent variable individually on the dependent variable based on the significance value (Sig.).

#### Partial Compensation Test Results (X<sub>1</sub>)

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	20,711	3,092		6,698	,000
	Compensation	,463	,097	,516	4,781	,000

Source: Research data processed using SPSS 26.0 software in 2023

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Mark The regression above has a significance level of 0.000, this value is smaller than 0.05 or a sig value < a. The research hypothesis states that compensation has a significant influence on employee performance.

### Work From Home Partial Test Results (X2)

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	25.265	2.874		8.790	.000
	Work From Home	.203	.057	.408	3.551	.001

Source: Research data processed using SPSS 26.0 software in 2023

Mark The regression above has a significance level of 0.001, this value is smaller than 0.05 or a sig value < a. The research hypothesis states that work from home has a significant influence on employee performance.

### F Test (Simultaneous Test)

The F test (Simultaneous Test) is carried out to determine whether or not there is a joint influence between the dependent variables.

### Simultaneous Test Results

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	594.633	2	297.317	15.656	.000 <sup>b</sup>
	Residual	1177.428	62	18.991		
	Total	1772.062	64			

Source: Research data processed using SPSS 26.0 software in 2022

MarkThe regression above has a significance level of 0.000, this value is smaller than 0.05 or a sig value < a. The research hypothesis states that compensation and work from home together have a significant influence on employee performance.

## DISCUSSION

To be able to determine employee performance, you can first include 4 (four) indicators, namely work quality, work quantity, implementation of duties and responsibilities. This is supported by the results of descriptive analysis on each employee performance variable item, namely an average of 4.6%, which means agree. In terms of compensation, an appropriate salary is very influential in making employees more enthusiastic about working. Providing incentives will encourage employees to always excel at work. And by providing benefits, it can improve the welfare of employees, plus the existence of adequate office facilities. In the work from home (WFH) aspect, employees can work from home and most importantly, by doing work from home, employees can be free from work stress because they can be closer to their families. Apart from that, they can also use their work time to do more work that they can do.

Compensation partially has a positive or significant effect on employee performance, which means that the influence of compensation on employee performance is in the same direction, the more appropriate the salary given, the better it will be on employee performance. Compensation provided by PT. Platindo Karya Prima provides employees with sufficient salaries, incentives, allowances and facilities. With the compensation provided by the company to employees, it can improve the welfare of employees' lives.

*Work from home* partially has a significant positive effect on employee performance, which means the effect of working from home on employee performance is in the same direction. By implementing work from home, employees are closer to their families, which can encourage their work enthusiasm, apart from that, employees have flexible time, which means employees can do their work at any time but according to the working hours determined by the company and also makes employees avoid work stress due to conditions. A healthy body, both physically and mentally, can utilize abilities optimally in doing work.

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### V. CONCLUSION

Compensation and *work from home* (WFH) both have a significant influence on employee performance, meaning the higher the compensation commitment and the better *work from home* (WFH) in the minds of employees, it can improve employee performance. Employee performance is positively influenced by compensation. This shows that the more appropriate the salary, the better the performance of the company's employees. Based on their findings, researchers call for compensation variables, especially allowance indicators, to be further improved. Additionally, indicators *work from home* (WFH), especially work quality indicators must be changed in order *work from home* more conducive and can improve the working atmosphere of employees, which ultimately helps the business achieve its goals. Advanced employee performance research by including variables not included in this research, where the variables in question are organizational culture factors, transformational leadership, and other factors. According to research, to create an agile company in a turbulent and changing environment, workforce agility is very important in addition to paying attention to the work environment and company commitment.

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