

Effect on Work Environment and Compensation on Employee Performance at PT. JAINDO Metal Industries in Bandung

Herry Suherman

Universitas Pamulang, Tangerang Selatan, Banten, Indonesia
E-mail : dosen01060@unpam.ac.id

ABSTRACT

This study aims to determine the effect of work environment and compensation on employee performance at PT. Jaindo Metal Industries in Bandung. The method used is explanatory research with analysis techniques using statistical analysis with regression testing, correlation, determination, and hypothesis testing. The results of this study that the work environment has a significant effect on employee performance by 41.4%; hypothesis testing is obtained $t_{count} > t_{table}$ or $(7,020 > 1,994)$. Compensation significantly affects employee performance by 43.8%; hypothesis testing is obtained $t_{count} > t_{table}$ or $(7,385 > 1,994)$. Work environment and compensation simultaneously significantly affect employee performance with the regression equation $Y = 7.895 + 0.382X_1 + 0.426X_2$, and the contribution of the effect is 57.2%, hypothesis testing obtained $count > F_{table}$ or $(46.042 > 2.740)$.

Keywords: Work Environment, Compensation, Employee Performance

INTRODUCTION

Readiness and proper resource management will have more value when conditions are most urgent—especially considering the current reality with free trade, all business actors, including PT. Jaindo Metal Industries continue to strengthen domestic market share to face competition in the ASEAN Economic Community (AEC). Due to the strong growth of the domestic retail business sector and the significant potential for market growth in the future.

PT. Jaindo Metal Industries is a company engaged in the metal industry. Its development has become one of the metal producers spread across Indonesia and continues to grow by producing other building materials. As a market leader, PT. Jaindo Metal Industries sets high production time standards, customer satisfaction levels, and quality to maintain market confidence. Performance can be assessed from the morale of employees. One of the drivers of optimal

performance is providing appropriate compensation for the performance of the employee. Although, in carrying out daily tasks, compensation is often an obstacle in an organization, low compensation becomes a recurring problem, and it is clear that if it is left unchecked, it will become a complex issue that will impact the integrity and performance of the organization as a whole. From the results of the author has observed, the following is the imbalance that occurs when the company is promoting a powerful performance program, but, in this company, the worker's compensation shows a negative trend, optimal performance that can meet company acceptance has not been appropriately implemented, for example arriving late, often leaving work prematurely and so on. Human resources also have a very strategic position in the organization, meaning that the human element plays a vital role in carrying out activities to achieve goals. For this reason, the existence of human resources in the organization is powerful. It is demanded that human resources

management's existence to achieve better conditions is adequate to create human resources with quality, loyalty, and achievement. Human resource management is an effort to mobilize and manage human resources within the organization to think and act as desired by the organization. The motivation of employees in carrying out their obligations is also essential at stake in an organization. The motivation or desire in the employee's person describes a willingness to work in earnest. If someone is in a work environment, he will try to do everything he can to make what he wants coming true. However, it is not necessarily that strenuous effort will produce the expected performance if not channeled in a leader's direction to achieve organizational goals. Hence, the previous efforts are directed and more consistent with the organization's goals. Organizations are also required to identify their members' willingness to create job satisfaction in various ways by meeting organizational members' needs, both motivators as intrinsic factors and hygiene as extrinsic factors.

The work environment for a company also has a vital role in improving the performance of its employees. For example, working in a comfortable environment, such as coworkers who are ready to help and interact with each other while working, even company leaders treat all employees the same to increase employee performance and the entire organization's performance. Thus, a good relationship between environmental conditions and employee conditions reflects controls that create enthusiasm to unite the organization to achieve goals. Compensation is part of the company policy, with all payment forms intended as compensation for employee performance shown by the employee. As the primary key, human resources can determine the successful implementation of activities within the company. Therefore, the success or failure of an organization or institution will be determined by human factors or employees in achieving its goals. An employee who has high and good performance can support achieving the goals and objectives set by an organization. All employees here are workers who work and receive wages in a working relationship with the company with

human resources as the main asset, so all bank employees try to implement the stipulated policies. Therefore, employee performance can be improved by providing compensation, so employees have high performance in carrying out work.

Compensation is a company way of helping employees who work in the company to improve their living standards and daily needs, increasing every year. With the compensation given by the company, it is expected that employee performance and job satisfaction will increase.

The objectives of determining the leading performance indicators in the company are, among others, to obtain essential and necessary performance information in carrying out good performance management; to obtain a measure of the success of the achievement of strategic goals and objectives that are used to improve performance and increase performance accountability and to evaluate each indicator that measures its performance. Improving performance and the effort must arise in the employees; on the other hand, there must be good management. Management must be a cycle of stages of planning, implementation, monitoring, and evaluation. The results of the performance evaluation are used as feedback for the next planning stage. Based on several factors that can affect employee performance, the authors are interested in conducting a study entitled *The Effect of Work Environment and Compensation on Employee Performance at PT. Jaiindo Metal Industries in Bandung* “.

LITERATURE REVIEW

1. Work environment

The work environment is the entire work infrastructure around employees who are carrying out work which can affect the work itself; the work environment is designed in such a way as to create a working relationship that binds workers to the environment. Thus, the work environment is the entire tooling and materials faced, the surrounding environment where a person works, his work methods, and work arrangements both as individuals and groups. Sedarmayanti (2015: 21).

2. Compensation

Compensation is an expense and expense for the company that expects its compensation to get a more significant work performance reward. So, the value of employee work performance must be greater than the company's compensation to profit and guaranteed company continuity. According to Hasibuan (2017: 120), compensation is all income in money, direct or indirect goods received by employees as compensation for the company's services.

3. Employee performance

In carrying out a job, a company needs to conduct a performance appraisal to know the effectiveness and success. According to Mangkunegara (2016: 75), the definition of performance is the result of work in quality and quantity achieved by an employee in carrying out his duties by the responsibilities given to him

METHOD

1. Population

The population in this study amounted to 72 respondents PT. Jaindo Metal Industries in Bandung

2. Sample

This study's sampling technique was a saturated sample, where all members of the population were sampled. Thus the sample in this study amounted to 72 respondents.

3. Types of research

The type of research used is associative, where the aim is to determine the effect of the independent variable on the dependent variable either partially or simultaneously

4. Data analysis method

In analyzing the data, used instrument test, classical assumption test, regression, coefficient of determination, and hypothesis testing.

RESULT and DISCUSSION

1. Descriptive Analysis

This test is used to determine the minimum and maximum score, the mean score, and each variable's standard deviation. The results are as follows:

Table 1. Descriptive Statistics Analysis Results

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
Work environment (X1)	72	31	48	37.43	4,041
Compensation (X2)	72	28	45	37.37	3,938
Employee Performance (Y)	72	31	47	38.14	3,682
Valid N (listwise)	72				

The work environment obtained a minimum variance is 31 and a maximum variance of 48 with a mean score of 3.74 with a standard deviation of 4.041. A minimum variance of compensation is 28, and a maximum variance is 45 with a mean score of 3.73 with a standard deviation of 3.938. Employee performance obtained a minimum variance of 31 and a maximum variance of 47 with a mean score of 3.81 with a standard deviation of 3.682.

2. Verification Analysis.

This analysis aims to determine the effect of the independent variable on the dependent variable. The test results are as follows:

a. Multiple Linear Regression Analysis

This regression test is intended to determine changes in the dependent variable if the independent variable changes. The test results are as follows:

Table 2. Multiple Linear Regression Test Results

Model	Coefficients ^a				
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	7,895	3,165		2,495	.015
Work environment (X1)	.382	.082	.420	4,641	.000
Compensation (X2)	.426	.085	.456	5,042	.000

a. Dependent Variable: Employee Performance (Y)

Based on the test results in the table above, the regression equation $Y = 7.895 + 0.382X1 + 0.426X2$ is obtained. From this equation, it is explained as follows:

- 1) A constant of 7,895 means that if the work environment and compensation are not available, there is already an employee performance value of 7,895 points.
- 2) The work environment regression coefficient is 0.382; this figure is positive, meaning that every time there is an increase in the work environment of 0.382, the employee's performance will also increase by 0.382 points.
- 3) The compensation regression coefficient is

0.426; this figure is positive, meaning that every time there is an increase in compensation of 0.426, the employee's performance will also increase by 0.426 points.

b. Correlation Coefficient Analysis

Correlation coefficient analysis is intended to determine the level of strength of the relationship between the independent variable and the dependent variable either partially or simultaneously. The test results are as follows:

Table 3. Correlation Coefficient Testing Results of the Work Environment on Employee Performance.

		Correlations ^b	
		Work environment (X1)	Employee Performance (Y)
Work environment (X1)	Pearson Correlation	1	.643 **
	Sig. (2-tailed)		.000
Employee Performance (Y)	Pearson Correlation	.643 **	1
	Sig. (2-tailed)	.000	

** . Correlation is significant at the 0.01 level (2-tailed).

b. Listwise N = 72

The test results obtained a correlation value of 0.643 means that the work environment has a strong relationship with employee performance.

Table 4. Correlation Coefficient Testing Results for Compensation Against Employee Performance.

		Correlations ^b	
		Compensation (X2)	Employee Performance (Y)
Compensation (X2)	Pearson Correlation	1	.662 **
	Sig. (2-tailed)		.000

Employee Performance (Y)	Pearson Correlation	.662 **	1
	Sig. (2-tailed)	.000	

** . Correlation is significant at the 0.01 level (2-tailed).

b. Listwise N = 72

The test results obtained a correlation value of 0.662 means that compensation has a strong relationship with employee performance.

Table 5. Correlation Coefficient Testing Results for Work Environment and Compensation Simultaneously to Employee Performance.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.756a	.572	.559	2,445

a. Predictors: (Constant), Compensation (X2), Work environment (X1)

The test results obtained a correlation value of 0.756 means that the work environment and compensation simultaneously have a strong relationship with employee performance.

determination

The coefficient of determination is intended to determine the independent variable's influence on the dependent variable either partially or simultaneously. The test results are as follows:

c. Analysis of the coefficient of

Table 6. Results of Testing the Coefficient of Determination of the Work Environment on Employee Performance.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.643a	.414	.405	2,839

a. Predictors: (Constant), Work environment (X1)

Based on the test results, it was found that the determination value was 0.414, meaning that the

work environment had a 41.4% influence on employee performance.

Table 7. Results of Testing the Compensation Determination Coefficient on Employee Performance.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.662a	.438	.430	2,780

a. Predictors: (Constant), Compensation (X2)

Based on the test results, it was found that the value of determination was 0.438, meaning that

compensation had an influential contribution of 43.8% on employee performance.

Table 8. Results of Testing the Coefficient of Determination of Work Environment and Compensation on Employee Performance.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate

1	.756a	.572	.559	2,445
---	-------	------	------	-------

a. Predictors: (Constant), Compensation (X2), Work environment (X1)

Based on the test results, it was found that the determination value was 0.572, meaning that the work environment and compensation simultaneously had an influential contribution of 57.2% on employee performance, while other factors influenced the remaining 42.8%.

Partial hypothesis test (t-test)

Hypothesis testing with the t-test is used to determine which partial hypothesis is accepted. The first hypothesis: There is a significant influence between the work environment on employee performance.

d. Hypothesis testing

Table 9. Hypothesis Test Results for Work Environment on Employee Performance.

Model		Coefficients ^a		Standardized Coefficients	t	Sig.
		Unstandardized Coefficients				
		B	Std. Error	Beta		
1	(Constant)	16,200	3,139		5,162	.000
	Work environment (X1)	.586	.083	.643	7,030	.000

a. Dependent Variable: Employee Performance (Y)

Based on the table above are test results, the t count > t table or (7,020 > 1,994) is obtained; thus, the first hypothesis proposed a significant

influence between the work environment employee performance is accepted.

Table 10. Compensation Hypothesis Test Results on Employee Performance.

Model		Coefficients ^a		Standardized Coefficients	t	Sig.
		Unstandardized Coefficients				
		B	Std. Error	Beta		
1	(Constant)	15,010	3,149		4,767	.000
	Compensation (X2)	.619	.084	.662	7,385	.000

a. Dependent Variable: Employee Performance (Y)

Based on the table above's test results, the value of t arithmetic > t table or (7.385 > 1.994) is obtained; thus, the second hypothesis proposes a significant effect between compensation on employee performance is accepted.

Simultaneous Hypothesis Test (Test F)

Hypothesis testing with the F test is used to determine which simultaneous hypothesis is accepted. The third hypothesis There is a significant influence between work environment and compensation on employee performance.

Table 11. Hypothesis Test Results for Work Environment and Compensation on Employee Performance.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	550,279	2	275,140	46,042	.000b
	Residual	412,332	69	5,976		
	Total	962,611	71			

Based on the test results in the table above, the calculated F value > F table or (46.042 > 2.740) is obtained; thus, the third hypothesis proposed a significant effect between the work environment and employee compensation performance is accepted.

DISCUSSION OF RESEARCH RESULTS

1. The Effect of Work Environment on Employee Performance

The work environment has a significant effect on employee performance with a correlation of 0.643 or has a strong relationship with an influential contribution of 41.4%. Hypothesis testing obtained the value of t count > t table or (7,020 > 1,994). Thus, the first hypothesis proposed that a significant effect between work environment and employee performance is accepted.

2. The Effect of Compensation on Employee Performance

Compensation has a significant effect on employee performance with a correlation of 0.662 or has a strong relationship with an influential contribution of 43.8%. Hypothesis testing obtained t value > t table or (7.385 > 1.994). Thus, the second hypothesis proposed that a significant effect between compensation on employee performance is accepted.

3. The Effect of Work Environment and Compensation on Employee Performance

Work environment and compensation have a significant effect on employee performance with the regression equation $Y = 7.895 + 0.382X_1 + 0.426X_2$, the correlation value is 0.756 or has a strong relationship with the contribution of the influence of 57.2% while other factors influence the remaining 42.8%. Hypothesis testing obtained the value of F count > F table or (46.042 > 2.740). Thus, the third hypothesis proposed that a significant effect between work environment and compensation on employee performance is accepted.

CONCLUSION

1. Conclusion

- The work environment has a significant effect on employee performance with an impact contribution of 41.4%. Hypothesis test obtained t value > t table or (7,020 > 1,994).
- Compensation has a significant effect on employee performance with an impact contribution of 43.8%. Hypothesis test obtained t value > t table or (7.385 > 1.994).
- The work environment and compensation significantly affect employee performance with an influence contribution of 57.2%, while other factors influence the remaining 42.8%. Hypothesis testing obtained the value of F count > F table or (46.042 > 2.740).

2. Suggestion

- Companies must improve working conditions so that employees feel comfortable in carrying out their work.
- Companies must always provide the enthusiasm and appreciation they deserve to ensure employees have high morale.
- Company performance can be improved by empowering employees by enforcing reasonable regulations, and providing more intense compensation.

REFERENCES

- Algifari. (2015). *"Analisis Regresi untuk Bisnis dan Ekonomi"*. Yogyakarta: BPFE.
- Arikunto, Suharsimi (2014). *"Prosedur Penelitian Suatu Pendekatan Praktek"*. Jakarta: Rineka Cipta.
- Edi Sutrisno (2016). *Manajemen Sumber Daya Manusia*. Jakarta: Prenadamedia Group.
- Freed Luthans (2016) *Organizational Behavior*, McGraw-Hill, New York.
- Gerry Dessler (2016) *Human Resources Management*, Prentice-Hall, London: International Inc.
- Guruh, M. (2019). Pengaruh Motivasi Kerja, Kompetensi, Dan Kompensasi Terhadap

- Kinerja Karyawan Pada PT Finansia Multi Finance Cabang Kedoya. *JENIUS (Jurnal Ilmiah Manajemen Sumber Daya Manusia)*, 2(3), 343-354.
- Handoko (2016) *Manajemen Personalia dan Sumberdaya Manusia*. Yogyakarta: BPFE.
- Hasibuan (2016) "Manajemen Sumber Daya Manusia". Haji Masagung. Jakarta.
- Henry Simamora (2005), *Manajemen Sumber Daya Manusia*, STIE YKPN Bandung.
- Imam Ghozali (2017). "Aplikasi Analisis Multivariate Dengan Program SPSS". Edisi Kelima. Semarang: Badan Penerbit Undip.
- Istijanto (2014) "Riset Sumber Daya Manusia". Jakarta: PT. Gramedia Pustaka
- Jasmani, J., & Sunarsi, D. (2020). The Influence of Product Mix, Promotion Mix and Brand Image on Consumer Purchasing Decisions of Sari Roti Products in South Tangerang. *PINISI Discretion Review*, 1(1), 165-174.
- Mangkunegara, Anwar Prabu, 2008. "Manajemen Sumber Daya Manusia Perusahaan, cetakan pertama". Penerbit: Remaja Rosdakarya, Bandung
- Mani, J. (2017). Pengaruh Persepsi Merek Dan Kualitas Pelayanan Terhadap Kepuasan Pelanggan (Studi Kasus Pada PT. Bisma Narendra Di Jakarta). *Jurnal Mandiri*, 1(2), 187-206.
- Mulyana, Y. (2021). The Influence of Motivation, Ability, Organizational Culture, Work Environment on Teachers Performance. *Turkish Journal of Computer and Mathematics Education (TURCOMAT)*, 12(7), 99-108.
- Muslimat, A., Muhsin, H., Wahid, H. A., Yulistiana, I., Sunarsi, D., Dewi, K., ... & Ilham, D. (2021). Develop Technology Based Multimedia For Indonesian Teachers. *Journal of Contemporary Issues in Business and Government*, 27(1), 1871-1882.
- Nurjaya, N., Affandi, A., Ilham, D., Jasmani, J., & Sunarsi, D. (2021). Pengaruh Kompetensi Sumber Daya Manusia Dan Kemampuan Pemanfaatan Teknologi Terhadap Kinerja Aparatur Desa Pada Kantor Kepala Desa Di Kabupaten Gunungkidul, Yogyakarta. *JENIUS (Jurnal Ilmiah Manajemen Sumber Daya Manusia)*, 4(3), 332-346.
- Nitisemito, Alek.S, (2010), *Manajemen Personalia*, Ghalia Indonesia, Jakarta.
- Permatasari, R. J. (2018). Analisis Pengaruh Pendidikan Dan Pelatihan, Motivasi Dan Kompensasi Terhadap Kinerja Karyawan (Pada Citibank Pondok Indah Jakarta Selatan). *JENIUS (Jurnal Ilmiah Manajemen Sumber Daya Manusia)*, 1(3).
- Pujiati, H., Sunarsi, D., Affandi, A., & Anggraeni, N. (2021). Effect of ISO 9001: 2015 Quality Management Implementation in Education on School Performance. *Journal of Contemporary Issues in Business and Government*, 27(1), 1848-1855.
- Purwanti, Y. (2021). The Influence Of Digital Marketing & Innovation On The School Performance. *Turkish Journal of Computer and Mathematics Education (TURCOMAT)*, 12(7), 118-127.
- Rivai Veithzal (2015) *Manajemen Sumber Daya Manusia Untuk Perusahaan*. Penerbit PT Raja Grafindo Persada, Jakarta, 2010.
- Santoso, Singgih (2015). "Menguasai Statistik Multivariat". Jakarta: PT Elex Media Komputindo.
- Sedarmayanti (2016) *Manajemen Sumber Daya Manusia, Reformasi Birokrasi dan Manajemen Karyawan Negeri Sipil*, Cetakan Kelima, Bandung: PT Refika Aditama.
- Siagian, S (2007). *Manajemen Sumber Daya Manusia*. Jakarta: Bumi Aksara.
- Sinamo, J. (2011). *Delapan Etos Kerja Profesional*. Jakarta: Institut
- Sudjana (2014) "Metode Statistika", Bandung: Tarsido.
- Sugiyono (2017), "Metode Penelitian Administrasi : dilengkapi dengan Metode R & D". Bandung: Alfabeta.