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The Impact of Compensation and Work Environment on Employee Performance at PT. Samudera Agencies Indonesia

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ABSTRACT

This study aims to analyze the effect of compensation and work environment on employee performance at PT. Samudera Agencies Indonesia. The focus of this study is to determine whether compensation and work environment partially or simultaneously have a significant effect on employee performance. The research method used is a quantitative method with a descriptive approach. Data were collected through questionnaires distributed to employees of PT. Samudera Agencies Indonesia. The data analysis technique used multiple linear regression tests, t tests for partial effects, and F tests for simultaneous effects, with data processing using SPSS. The results showed that compensation had a significant effect on employee performance with a t count (2.843)> t table (1.998) and a significance of 0.006 <0.05. On the other hand, the work environment did not have a significant effect on employee performance, indicated by t count (0.065) <t table (1.998) and a significance of 0.948> 0.05. However, simultaneously, compensation and work environment had a significant effect on employee performance with F count (12.054)> F table (3.09). These results show that compensation is the main factor in improving employee performance, while the work environment needs to be improved to better support work effectiveness.

Keywords: Compensation, Work Environment, Employee Performance.

INTRODUCTION

The business world is now required to create high employee performance for company development. Companies must be able to build and improve performance in their environment. The success of the company is influenced by several factors, one important factor is human resources, because human resources are actors from all levels of planning to evaluation that are able to utilize other resources owned by the company. The existence of human resources in a company plays a very important role. The workforce has great potential to carry out company activities. The potential of each human resource in the company must be utilized as well as possible so that it can provide optimal output.

The achievement of company goals does not only depend on modern equipment, complete facilities and infrastructure, but rather depends more on the people who carry out the work. The success of a company is greatly influenced by the individual performance of its employees. Every company will always try to improve employee performance, with the hope that what the company's goals will be achieved.The company takes several ways to improve the performance of its employees, for example through education, training, providing proper compensation, creating a conducive work environment and providing motivation. Through these processes, employees are expected to maximize their responsibilities for their work because employees have been equipped with education and training that are certainly related to the implementation of their work.

While compensation, good working environment and motivation are basically the rights of employees and are the obligations of the company to support the contribution of its employees in order to achieve the goals that have been determined. Employee performance is not just a coincidence, but many factors influence one of which is the provision of compensation.According to Wibowo

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(2007), compensation is a counter-performance to the use of energy or services provided by workers. Compensation is the amount of packages offered by the organization to workers in return for the use of labor. Work performance can be achieved if it is preceded by actions, namely carrying out the assigned tasks. Employees will be more motivated to carry out their work responsibilities if the company understands and pays close attention to the needs of employees who basically work to earn money, in this case in the form of salary. Compensation is very important for the employee himself as an individual, because the amount of compensation is a reflection or measure of the value of the employee's work itself. Conversely, the amount of compensation can affect employee work performance, motivation, and job satisfaction.

If compensation is given appropriately and correctly, employees will gain job satisfaction and be motivated to achieve organizational goals. However, if the compensation is given inadequately or inappropriately, employee work performance, motivation, and job satisfaction will actually decrease. Each member of a company has his own interests and goals when he joins.the company. For some employees, the hope of earning money is the only reason to work, but others argue that money is just one of many needs that are met through work. A person who works will feel more appreciated by the community around him, compared to those who do not work. To ensure the achievement of goal alignment, company leaders can pay attention by providing compensation, because compensation is part of the reciprocal relationship between the company and human resources. In addition to compensation factors, the work environment where employees work is also no less important in improving employee performance. Where the Work Environment is the material and psychological conditions that exist in the organization.

Therefore, the organization must provide an adequate work environment such as a physical environment (comfortable office layout, clean environment, good air exchange, color, sufficient lighting and melodious music), as well as a non-physical environment (employee work atmosphere, employee welfare, relationships between fellow employees, relationships between employees and leaders, and places of worship). A good work environment can support the implementation of work so that employees have the spirit to work and improve employee performance.

According to Sedarmayanti (2017: 135), the work environment is a place where there is a group where there are several supporting facilities to achieve company goals in accordance with the company's vision and mission. For companies, performance research is very useful for assessing the quantity, quality, efficiency of change, employee motivation and conducting supervision and improvement. Optimal employee performance is needed to increase productivity and maintain the company's survival. According to Sandy (2015:11), Performance is an achievement that has been achieved by employees in carrying out the work that has been given. Every company will never be free from the provision of rewards or compensation which is one of the important issues in creating employee performance, because to improve employee performance, compensation is needed.

METHOD

This study uses a descriptive quantitative method, where data is obtained in the form of numbers and analyzed statistically to test the effect of compensation and work environment on employee performance at PT Samudera Agencies Indonesia. Multiple linear regression analysis is used to determine the relationship between independent variables (compensation and work environment) and dependent variables (employee performance). Validity and reliability tests

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are carried out to ensure that research instruments, such as questionnaires, are able to measure the intended variables accurately and consistently. The normality test is applied to ensure that the residual data is normally distributed, which is the main requirement in regression analysis. If the data is spread around the diagonal line on the normality plot, then the model is considered to meet the normality assumption. In addition, this study applies the coefficient of determination (R^2) to measure how much compensation and work environment contribute to employee performance. The higher the R^2 value, the stronger the influence of the independent variables on the dependent variable. The F test is used to see the simultaneous influence of both independent variables on employee performance, while the t test is used to test the partial influence of each independent variable. If the t-count value is greater than t-table with a significance below 0.05, then the variable has a significant effect on employee performance. With these various statistical tests, the study can provide accurate conclusions regarding the factors that contribute to improving employee performance at PT Samudera Agencies Indonesia.

RESEARCH RESULT

1. Multiple Regression Analysis

This analysis is used to determine how much influence the independent variables have on the dependent variables, namely compensation (X1), work environment (X2) and employee performance (Y).

Table 1 Results of Multiple Regression Analysis

Coefficientsa

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	5.314	2,327		2.284	.026		
Compensation	.470	.165	.516	2,843	.006	.348	2.875
Work environment	.008	.120	.012	.065	.948	.348	2.875

a. Dependent Variable: employee performance

Source: from a questionnaire processed using SPSS 2022

Based on the table of results of the multiple regression analysis above, the regression equation obtained is Y = 5.314 + 0.470X1 + 0.008X2 + e

2. Hypothesis Testing

a. F Test (Simultaneous Hypothesis)

Simultaneous test is shown by the results of the F test calculation which shows a value of 12.054 with a probability level of 0.000 which is below alpha 5%. This means that the independent variables between compensation variables and work environment simultaneously affect employee performance. Thus it can be concluded that Ho which states "there is no significant influence between compensation variables and work environment on employee performance" cannot be accepted, which means accepting Ha which states "there is a significant influence between compensation variables and work environment on employee performance".

Table 2 Simultaneous Test Results

ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	60,317	2	30.159	12,054	.000a
Residual	157,622	63	2,502		

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Total	217,939	65			

a. Predictors: (Constant), work environment, compensation
b. Dependent Variable: performance

Source: from a questionnaire processed using SPSS 2022

b.t-test (Partial Hypothesis Test)

This partial test has the aim of testing or confirming the hypothesis individually. This partial test, in the results of statistical calculations*ordinary least square*(OLS) is indicated by t count. In detail, t count is explained in the following table:

Table 3 Partial Test Results

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.314	2,327		2.284	.026
	Compensation (X1)	.470	.165	.516	2,843	.006
	Work environment (X2)	.008	.120	.012	.065	.948

a. Dependent Variable: performance

Source: from a questionnaire processed using SPSS 2022

From the table above, it can be seen that the results of the compensation variable (X1) show a t count of 2.843 with a significant value of 0.06 or below 5% (0.05). This means that compensation has an effect on employee performance at PT. Samudera Agencies Indonesia. This means that the results of hypothesis 1 are accepted, which states "there is a significant influence between the compensation variable and employee performance". While the results of the work environment variable (X2) show a t count of 0.065 with a significant value of 0.948 or above 5% (0.05). This means that the work environment does not affect employee performance at PT. Samudera Agencies Indonesia. This means that the results of hypothesis 2 are rejected, and state "there is a negative influence between the work environment and employee performance". This is because there are several employees who leave suddenly, thus disrupting the stability of the company. In addition, there is also the construction and expansion of the company, so that it affects the work environment in the company PT. Samudera Agencies Indonesia.

3. Coefficient of Determination

The determination coefficient (R2) is carried out to determine the suitability or accuracy of the relationship between the independent variable and the dependent variable in a regression equation. And the results of the determination test (R2) can be seen in the following table:

Table 4 Results of Determination Coefficient

Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.526a	.277	.254	1.58175	1,735

a. Predictors: (Constant), work environment, compensation
b. Dependent Variable: employee performance

Source: from a questionnaire processed using SPSS 2022

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The table above shows that 27.7% of the dependent variable (employee performance) can be explained by the independent variables (compensation and work environment), while the remaining 72.3% is influenced by other variables not examined in this study.The results of the determination coefficient test provide meaning that there are still other independent variables that affect employee performance. For this reason, further research development is needed related to this topic.

DISCUSSION

1. **The effect of compensation on employee performance**
   The results of the study indicate that compensation has a significant influence on employee performance at PT. Samudera Agencies Indonesia. Compensation is an important factor in maintaining and improving employee performance, as seen from the results of the questionnaire which showed that the majority of respondents agreed and strongly agreed with various aspects of compensation. As many as 51.5% of respondents considered the salary given to be appropriate, while 48.5% considered it very appropriate. In addition, 56.1% of respondents considered the salary given fairly, and 43.4% considered it very fair. Health benefits were considered adequate by 71.2% of respondents, while 28.8% considered it very adequate. The t-test results also support this finding, where t count of 2.843 with a significance value of 0.006 (<0.05) indicates that compensation has a significant effect on employee performance. The higher the compensation given, the better the employee performance. Thus, the null hypothesis (H0) which states that there is no significant effect between compensation and employee performance is rejected, while the alternative hypothesis (H1) is accepted, which means that compensation significantly affects the performance of PT. Samudera Agencies Indonesia employees.
2. The influence of the work environment on employee performance
   The results of the study indicate that the work environment does not have a significant effect on the performance of PT. Samudera Agencies Indonesia employees. The majority of respondents agreed and strongly agreed with various aspects of the work environment, but there was also a small percentage who disagreed. As many as 59.1% of respondents agreed that the work atmosphere can increase work enthusiasm, while 40.9% strongly agreed. In addition, 54.5% of respondents felt comfortable with the work atmosphere, 43.9% felt very comfortable, and 1.5% felt uncomfortable. Work facilities were considered appropriate by 56.1% of respondents, while 33.3% considered it very appropriate, and 10.6% did not. However, the results of the t-test showed that t count was 0.065 with a significance value of 0.948 (> 0.05), which means that the work environment does not have a significant effect on employee performance. Thus, the null hypothesis (H0) is accepted, which states that there is no significant effect between the work environment and employee performance, while the alternative hypothesis (H1) is rejected. This shows that other factors outside the work environment play a greater role in determining the performance of PT. Samudera Agencies Indonesia employees.
3. **The influence of compensation and work environment on employee performance**
   The results of the F test (simultaneous test) show that the compensation and work environment variables simultaneously have a significant effect on the performance of PT. Samudera Agencies Indonesia employees. The F-

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value of 12.054 with a significance level of 0.000 (<0.05) indicates that both independent variables have a role in determining the level of employee performance. Although partially the work environment does not have a significant effect on performance, when combined with compensation, the results show a significant relationship to improving employee performance. These results support the H3 hypothesis, which states that simultaneously there is a significant effect between compensation and work environment on the performance of PT. Samudera Agencies Indonesia employees. This means that the combination of fair compensation factors and adequate work facilities can create a more productive work environment. This shows that although the work environment individually does not have a significant effect, when combined with compensation, this factor still contributes to increasing employee motivation and work efficiency. Therefore, companies are advised to improve compensation schemes and continue to develop a more conducive work environment so that employee performance is increasingly optimal.

CONCLUSION

Based on the results of the study, it can be concluded that compensation has a significant effect on employee performance at PT. Samudera Agencies Indonesia, with tcount (2.843) > ttable (1.998) and a significance of 0.006 < 0.05. On the other hand, the work environment does not have a significant effect on employee performance, as evidenced by tcount (0.065) < ttable (1.998) and a significance of 0.948 > 0.05. However, simultaneously, compensation and work environment have a significant effect on employee performance with Fcount (12.054) > Ftable (3.09). Therefore, PT. Samudera Agencies Indonesia is advised to improve employee welfare through a better compensation system and create a more conducive work environment. Cleanliness and comfort of the work environment also need to be considered to maintain employee health and productivity. In addition, for further researchers, it is recommended to explore other variables that may have a greater influence on employee performance.

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