Does Work Environment a Dominant Factor in Improving Employee Performance?

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Abstract—The aim of this research is to analyze the influence of motivation, compensation and work environment variables on employee performance and to find the dominant factors of the variables measured. The population in this study were all employees in the director's office of Perumda Tirta Kanjuruhan, Malang Regency, totaling 129 employees, sample that became respondent's was 98 people. The results of this research found that the motivation variable did not have a significant effect on employee performance at Perumda Tirta Kanjuruhan, Malang Regency. The results of this study found that the compensation variable has a significant effect on employee performance. The results of this study found that the work environment has a dominant effect on employee performance.

Keywords— Employee performance, motivation, compensation, work environment.

I. INTRODUCTION

In an era of increasingly tight and growing business competition, companies must continue to develop sustainable business strategies to remain relevant. Continuous changes in the business world force organizations to adapt and create competitive advantages. To achieve this, companies need human resources who have high quality, competence and competitiveness to help achieve their goals.

Individual and organizational performance is the main determinant of the success of a company (Lu, et al., 2014). Individual active participation in the organization can increase the various skills and talents needed in their work (Searcy, 2012). Individual performance that is connected to the overall performance of the organization can result in sustainable performance for the company.

In this context, employee performance is key, as companies rely on them to achieve goals and objectives. Employee performance includes the extent to which a person is successful in carrying out his duties and responsibilities within the organization (Zainal, et al, 2014). This performance is measured based on the achievement of targets and work standards (Wilson, 2012).

Employee performance has a huge impact on the company's success. High performance can help a company achieve its goals, while low performance can hinder progress (Nisa, et al, 2017). Therefore, it is important for companies to ensure that their employees have optimal performance.

There are several factors that affect employee performance, including motivation, compensation, and work environment (Khoiriah, et al, 2019). Motivation is an internal or external drive that drives individuals to achieve their goals.

Compensation, like salary, is an important factor influencing employee motivation (Robbin 2006). A conducive work environment also plays a role in shaping employee motivation and performance.

Although there is research that shows that motivation, compensation, and the work environment have a positive effect on employee performance, there are also studies that produce different results Rahim et al., (2017), Susanti (2019), Aryono (2017), Meutia et al., (2016). Therefore, it is important for companies to understand how these factors influence the performance of their employees specifically.

Perumda Tirta Kanjuruhan, as one of the BUMD providing water in Malang Regency, has an important role in serving the community. To maintain and improve the quality of their services, these companies need to ensure that their employees' performance remains high. This involves good management of motivation, compensation, and work environment.

II. LITERATURE REVIEW

Employee Performance

Mangkunegara (2016) suggested that term employee performance comes from the quality and quantity of work results achieved by an employee in carrying out his duties in accordance with the responsibilities given to him.

Employee performance is important because employee performance will be able to reflect a measure of the success of leadership elements in managing the organizing and humasn resources in an organization (Azas, et al, 2019).

Employees who work in an organization with good performance, the effectiveness or success of an organization will be achieved. To find out the success in carrying out the work, it is necessary to conduct a performance appraisal.

In this research, there are 6 indicator measured in employee performance; (1) Quality, (2) Quanitity, (3) Punctuality, (4) Effectiveness, (5) Independence, (6) Work commitment.

Work Motivation

According to Griffin (2003) work motivation is the action of a group factors that cause an impulse aimed at fulfilling certain goals. Motivation is a process that explains the intensity, direction and persistence of efforts to achieve a goal (Robbins and Judge, 2008).

Mangkunegara (2012) states that work motivation is a form of employee attitude in dealing with employee work

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situations. It can be concluded that work motivation is a form individual attitude or encouragement in achieving certains goals.

Motivation is a series of attitudes and values that influence individuals to achieve specific things in accordance with individuals goals. Low motivation can make a person those with high quality have poor performance and vice versa.

Providing motivation can have a positive effect on the implementation of employee work in achieving organizational work targets. However, the reality on the ground shows an indication of the lack of motivation possessed by employees in carrying out their duties and functions.

In this research, there are 5 indicator measured in work motivation; (1) Physiological needs, (2) Security needs, (3) Social needs, (4) The need for appreciation, (5) Self-actualization needs.

Compensation

According to Dessler (2020) employee compesantion is all forms of payment or gifts given to employees and a rising from their work. Compensation includes financial rewards and intangible services as well as benefits received by employees as part of an employment relationship. Compensation is what employees receive in exchange for their contribution to the organization.

Compensation is a form of reciprocity from the company to employees for the work done. In general, the form of compensation is financial because monetary expenditures made by the organization. Compensation can direct, where money is given directly to employees, or indirect where employees receive compensation in non-monetary forms

In this research, there are 3 indicator measured in compensation; (1) Direct financial compensation, (2) Indirect financial compensation, (3) Non-financial compensation.

Work Environment

In any agency or company, efforts must be made to ensure the agency creates a harmonious work environment. A harmonious work environment is actually not only the hope of management, but also all employees in the regency or company.

According to Robbins (2010) the environment is an outside institution or force that has the potential to influence organizational performance. The work environment is defined by space, layout, physics, noise tools, materials, and co-worker relationships and the quality of all of these has an important positive impact on the quality of work produced (Tyssen, 2005).

It can be concluded that the work environment is the condition in which a person works, which includes equipment and facilities, work atmosphere (non-physical environment) and physical environment which can influence employees in carryin out their duties and responsibilities.

In this research, there are 5 indicator measured in work environment; (1) Work facilities, (2) Work atmosphere, (3) Job Security, (4) Relationship with superiors, (5) Employee relation.

III. METHODOLOGY

Research Design Concept

This research uses a quantitative approach with types. The research used is explanatory research. The type of data used is the result of filling in respondent's questionnaire. The population in this study were all employees in the director's office of Perumda Tirta Kanjuruhan, Malang Regency, totaling 129 employees.

In taking samples using a purposive sampling method, namely sampling in this study is limited to certain types of people who can provide the desired information or meet several criteria determined by the researcher. The results of respondent's calculation from the Slovin formula, the number of samples that became respondent's was 98 people.

This research focuses on the study of human resource management in the BUMD industry that provides water, especially in the concept of motivation, compensation, work environment, and employee performance.

IV. RESULT AND DISCUSSION

Validity Test

The result of the validity test in this study are used for the measure the level of accuracy of the indicator assessment variable. Validity measurement by comparing the correlation the value of each indicator on the statement item. Result of the validity of the 52 statements tested with the calculated coefficient of the value of r is greater than r table and profitability value is smaller than $\alpha = 5\%$.

So, there is a significant relationship between the scores of each indicator with a significant correlation score it can be said that the instrument used is valid. So it can be used appropriate to measure the variables of motivation, compensation, work environment, and employee performance.

Reliability Test

The result of the reliability test in this study are used for the measure the extent to which the result of a measurement can be trusted. Questionnaires were used to collect reliable data, in this study using Cronbach Alpha reliability models. Each coefficient greater than 0,6, so it can be concluded that the instrument used has high chances and answered consistently by respondent.

Classic Assumption test

A regression model is free from multicollinearity if the VIF (Variance Inflation Factory) value of each independent variable is less than 5 and the tolerance value is close to 1. The VIF results are presented as follows:

TABLE 1. Collinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
Motivation	0,221	4,525
Compensation	0,264	3,790
Work Environment	0,251	3,978

Based on the VIF calculation results, it can be seen that the variables of motivation, compensation, and work environment

have a VIF value <5, thus it can be concluded that the regression model has no multicollinearity problem.

Heteroscedasticity means that there is residual variation that is not the same for all observations or that there is greater residual variation with a larger number of observations. Testing the symptoms of heteroscedasticity using a scatterplot, the results of the heteroscedasticity test are presented in Figure 1.

Based on table 1, it can be seen that the dots are spread randomly, do not form a clear pattern, and are spread both above and below the number 0 on the y-axis. This does not occur heteroscedasticity in the regression model.

Normality Test

Normality test in this study is used to determine whether residuals are normally distributed or not.
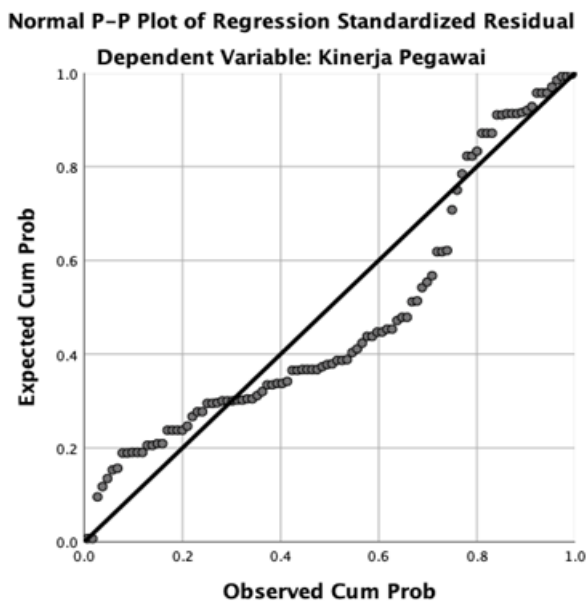

Fig. 1. Normality test

Figure 1 shows that the data (points) spread around and approach the diagonal line. This shows that the research data which includes motivation, compensation and work environment variables is normally distributed.

Multiple Linear Regression Analysis

From the results of data processing using computer assistance from the SPSS 20 for Windows program, the analysis results are obtained as in the following table 2:

Variable	Regression Coefficients	tcount	Sig.	Result
Motivation (X1)	0,167	1.266	0,209	Not Significant
Compesation(X2)	0,547	2.914	0,004	Significant
Work Environment (X3)	0,834	4.189	0,000	Significant
Constant	13.234			
R	0,852			
Adjusted R Square	0,718			
F_{hitung}	83.171			
Sig. F	0.000			
n	98			
Variable Bound = Employee Performance (Y)				

Based on the table above, the three independent variables have a significant effect on performance. From the coefficients, the following regression equation is obtained:

$$Y = 13{,}234 + 0.167\ X1 + 0.547\ X2 + 0.834X3$$

The regression coefficient for the motivation variable is 0.167 with the assumption that if the motivation variable increases by one point, it can be predicted that the performance variable will also increase by 0.167. The compensation regression coefficient is 0.547 with the assumption that if the compensation variable increases by one point, it can be predicted that the performance variable will also increase by 0.547. The work environment coefficient is 0.834 with the assumption that if the work environment variable increases by one point, it can be predicted that performance will increase by 0.834.

Discussion of result

The Effect of Motivation on Employee Performance

Motivation is encouragement aimed at fulfilling certain goals at the company Perumda Tirta Kanjuruhan Malang Regency with several kinds of motivation given such as; salary, guarantee of security, appreciation, opportunity for self-actualization, and so on.

Mangkunegara (2012) states that work motivation is a form of employee attitude in dealing with employee work situations. Motivation is a psychological process within a person and is greatly influenced by several factors. These factors appear within oneself and outside oneself. Providing good motivation will create increased performance in employees.

In the results of this study found that motivation at Perumda Tirta Kanjuruhan has been going well, but there are still a number of things that need to be improved, such as; the need for security.

Effect of Compensation on Employee Performance

Compensation is a form of reward given to employees arising from the work carried out by the employee. In any agency or company, it will definitely try to provide appropriate compensation for the work that has been given, as well as Perumda Tirta Kanjuruhan which has provided good compensation to employees.

Kadarisman (2012) states that compensation is a fair and proper reward for employees for work performance and services that have been issued towards organizational goals in order to achieve the goals of an organization. Providing fair and appropriate compensation at work to improve employee performance at Perumda Tirta Kanjuruhan. On the other hand, if compensation is not given fairly and appropriately, it will reduce employee performance.

The results of this study are in line with research conducted by yahyo et all (2013), Kim and Jang (2019), Gungor (2013) and Nur'aeni (2022) which shows that there is a significant and positive influence between compensation on employee performance.

From the results of the highest frequency of answers to the compensation variable, namely on non-financial compensation indicators, by providing non-financial compensation such as; providing opportunities for employees to improve their

competence, providing equal opportunities for promotion, and giving trust to employees to carry out their duties, this will encourage increased employee performance.

Influence of the Work Environment on Employee Performance

In any agency or company, efforts must be made to ensure that the agency can create a good working environment. A good work environment is actually not only the hope of company managers, but also all employees in the company. A good work environment will bring benefits to the company, including increasing employee performance.

Tysen (2005) states that the work environment is defined by space, layout, physical, noise, tools, materials, and co-worker relationships and the quality of all of these has an important positive impact on the quality of work produced.

The results of this study are in line with research conducted by Yahyo et all (2013) and Renwarin (2018) which shows that there is a significant and positive influence between the work environment on employee performance. From the results, the highest frequency of answers on the work environment variable is the indicators of facilities and work atmosphere. Perumda Tirta Kanjuruhan needs to continue on an ongoing basis to maintain and maintain facilities and a good working atmosphere so that it can encourage increased employee performance

V. CONCLUSION

Based on the result of research and data analysis on the conclusion of study are:

1. The results of the descriptive analysis show that motivation, compensation and work environment have been running well and must always be maintained and improved in order to improve the quality of service to the community and improve employee welfare.

2. The results of this research found that the motivation variable did not have a significant effect on employee performance at Perumda Tirta Kanjuruhan, Malang Regency. The motivation that has been carried out has gone well, but there are still several things that need to be improved, such as; the need for security. Motivation can be realized through salary, security guarantees, appreciation, and opportunities for self-actualization.

3. The results of this study found that the compensation variable has a significant effect on employee performance. Compensation given in a fair and proper manner at work to improve employee performance at Perumda Tirta Kanjuruhan. Conversely, if compensation is not given fairly and properly, it will reduce employee performance

4. The results of this study found that the work environment has a dominant effect on employee performance. A good work environment is actually not only the hope of company managers, but also all employees in the company. A good work environment will bring benefits to the company, including increasing employee performance.

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