



Influences of compensation and work environment on employee performance

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ABSTRACT

This study examines the role of compensation and work environment in influencing employee performance at the Central Sulawesi Province Social Service. This study used a quantitative approach. The population was all employees at the Central Sulawesi Provincial Social Service with 35 people. The determination of the sample used a census technique, which means that the entire population is used as the sample. Data were collected by observing, distributing questionnaires, and tracking secondary data. Data analysis used a multiple regression technique to see the influence of the independent variable on the dependent variable. The results of this study showed that compensation and the work environment simultaneously influence employee performance at the Central Sulawesi Provincial Social Service. Meanwhile, compensation partially does not influence employee performance. On the other hand, the work environment influences employee performance at the Central Sulawesi Provincial Social Service.

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1. INTRODUCTION

Human resources are an important aspect of achieving organizational goals. Either large or small organizations need to have modern equipment with high technology. Human resources play an important role in organizations because they are the main driver of all organizational activities to achieve their goals, both to obtain profits and to maintain the sustainability of the organization. The success or failure of an organization in maintaining organizational sustainability starts with the human resources in increasing maximum effectiveness and efficiency. In other words, the performance of an organization is greatly influenced by the quality and competitive ability of its human resources. Professional employees always think, work hard, work full time, and are disciplined, honest, loyal, and dedicated to the success of their work.

Performance is a function of motivation and ability (Robbins, 2010). In this case, motivation is defined as an effort to influence employee morale. For this reason, motivation is carried out in the form of providing compensation. Compensation can stimulate performance (Kim & Jang, 2020; Ohunakin & Olugbade, 2022; Schulz et al., 2010). Compensation needs to be maintained and considered for continuous increases to

produce higher performance (Kim & Jang, 2020). Besides, to complete a task or work, a person needs to have a certain degree of willingness and skills. A person's willingness and skills are not effective enough to do something without a clear understanding of what to do and how to do it. Therefore, a conducive work environment is needed to support employee performance because performance is the work results achieved by employees or the real behavior displayed in accordance with their role in the organization (Hariandja, 2002).

Performance is important to support organizational achievements. The compensation provided can stimulate employees to act in an effort to achieve the desired performance. Meanwhile, performance can also be achieved with a conducive work environment (Lestary & Chaniago, 2017; Sofyan, 2013). The work environment is closely related to the level of employee satisfaction. A good work environment can have a positive influence on employee performance, and vice versa. A good work environment will foster employee involvement and commitment which will ultimately lead to increased performance (Ly, 2023). Greig et al., (2021) explain that the work environment will influence employee interactions in the workplace. Thus, a good quality work environment is needed for better employee work interactions in order to increase performance. Meske et al., (2020) state that a comfortable atmosphere for workers does not cause high work stress which will have an impact on work results. This indicates that the work environment is important for organizations to improve their employee performance. Organizational progress is influenced by internal and external environmental factors. The extent to which organizational goals have been achieved can be seen in how much the organization meets the demands of its environment. Good working conditions can stimulate a sense of satisfaction in employees which ultimately can have a positive influence on performance.

Generally, performance is defined as a person's success in carrying out a job (Arianty et al., 2016). Employee performance is the work result achieved by employees in carrying out the tasks given to them to achieve work targets. Employees can work well if they have high performance so they can produce good work. Employee performance is a determining factor for the success of an organization in achieving its goals (Nabawi, 2020). Thus, employee performance can influence the overall performance of the agency. Concerning Social Service, the phenomenon of complaints from users is common because there are employees who are not yet professional in carrying out their duties and obligations, such as a lack of preparation, supervision, and control, so users feel dissatisfied with their performance.

Studies reveal that compensation variables influence employee performance (Kim & Jang, 2020; Ohunakin & Olugbade, 2022; Saputro & Darda, 2019; Schulz et al., 2010), while work environment variables have a very significant influence on employee performance (Jayaweera, 2015; Malik et al., 2018; Samson, 2014; Sofyan, 2013). The work environment can be used as a strategy to improve performance (Jensen et al., 2021). Compensation and a supportive work environment can motivate employees to improve their performance. Studies show that a good work environment increases production and employee performance, which ultimately will increase organizational effectiveness and reduce costs incurred by the organization (Raziq & Maulabakhsh, 2015).

The explanation above indicates that compensation and the work environment are necessary to help improve employee performance in the organization. Compensation and the work environment are considered to be able to help improve employee performance at the Central Sulawesi Provincial Social Service. This is because employee performance problems need to be followed up by providing compensation and a conducive work environment. Therefore, this present study aims to determine and analyze the impact of compensation and work environment on employee performance.

2. RESEARCH METHOD

This explanatory research aims to explain the influence and cause-and-effect relationship between the independent variable, namely compensation and work environment, and the dependent variable, namely employee performance. The population of this study was 35 employees of the Central Sulawesi Province Social Service. The determination of the sample used a census technique as the population is less than 100 respondents.

Data were collected by conducting observations, distributing questionnaires to Social Service employees as primary data, and documentation of secondary data related to the objectives of this study. This research was conducted from May to September 2023. The collected data were processed and interpreted. Data analysis used multiple linear regression with the hypothesis that compensation and the work environment have a simultaneous and partial effect on employee performance in the Central Sulawesi Province Social Service.

3. RESULTS AND DISCUSSIONS

The results of this study cover the results of the validity and reliability tests of the questionnaire, the results of multiple linear regression, and the results of hypothesis testing using the F-test and t-test. The F test was carried out to determine the simultaneous and partial influence of compensation and work environment on the employee performance at Central Sulawesi Province Social Service. Table 1 presents the result of the validity and reliability testing of the questionnaire.

Table 1. Validity and Reliability of Compensation Variables (X1)

	Item-Total Statistics				Reliability Statistics
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted	Cronbach's Alpha
x1.1	42.9714	15.617	.802	.852	.877
x1.2	42.9143	16.904	.777	.859	
x1.3	42.9143	17.787	.643	.867	
x1.4	43.0286	18.087	.533	.871	
x1.5	43.0000	15.882	.780	.854	
x1.6	43.0857	17.492	.349	.881	
x1.7	43.0286	17.852	.619	.868	
x1.8	42.9429	17.585	.625	.867	
x1.9	42.9714	16.146	.756	.856	
x1.10	43.3143	16.339	.489	.875	
x1.11	43.1143	15.634	.574	.869	
x1.12	43.4000	15.894	.460	.882	

Table 1 shows that all questionnaire items on the compensation variable are considered valid because the Corrected Item-Total Correlation value obtained is higher than 0.3. Meanwhile, Cronbach's Alpha value is higher than 0.7 which means that the question items on the compensation variable are considered reliable.

The results of the validity and reliability testing of work environment variables are presented in Table 2.

Table 2. Validity and Reliability of Work Environment Variables (X2)

	Item-Total Statistics				Reliability Statistics
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted	Cronbach's Alpha
x2.13	68.4857	69.728	.583	.894	.900
x2.14	68.4286	73.605	.324	.900	

x2.15	68.2000	73.459	.399	.898
x2.16	68.9714	67.558	.589	.893
x2.17	68.3429	68.232	.558	.894
x2.18	68.6000	66.247	.829	.886
x2.19	68.8286	67.087	.594	.893
x2.20	68.8571	66.950	.508	.898
x2.21	68.8286	69.793	.412	.900
x2.22	68.5714	66.723	.567	.895
x2.23	68.2286	73.476	.486	.897
x2.24	68.5429	72.138	.450	.897
x2.25	68.7429	73.138	.366	.899
x2.26	68.7429	66.255	.715	.889
x2.27	68.8286	69.617	.539	.895
x2.28	68.4000	65.541	.790	.887
x2.29	68.2857	75.034	.432	.899
x2.30	68.3429	70.114	.560	.894
x2.31	68.4571	69.785	.692	.892

Table 2 shows that all items in the work environment variable are considered valid and reliable because the results of testing show that the Corrected Item-Total Correlation value is higher than 0.3 and obtains a Cronbach's Alpha value higher than 0.7.

The results of the validity and reliability testing of employee performance variables are presented in Table 3.

Table 3. Validity and Reliability of Employee Performance Variables (Y)

	Item-Total Statistics				Reliability Statistics
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted	Cronbach's Alpha
y.32	60.0286	16.911	.438	.868	.872
y.33	60.0000	17.647	.414	.871	
y.34	60.0286	16.146	.575	.862	
y.35	60.1143	15.281	.419	.877	
y.36	60.0286	17.205	.331	.872	
y.37	60.0000	16.118	.651	.860	
y.38	59.9714	16.087	.760	.857	
y.39	59.9714	16.087	.760	.857	
y.40	60.0286	15.146	.496	.869	
y.41	60.1143	14.987	.612	.860	
y.42	59.9429	16.173	.650	.860	
y.43	59.9714	16.087	.760	.857	
y.44	60.2857	15.916	.365	.876	
y.45	59.9429	16.703	.638	.863	
y.46	59.9714	17.205	.337	.871	
y.47	60.0286	15.323	.713	.855	

The results of validity and reliability testing on employee performance variables show that all items are considered valid and reliable because they have a Corrected Item-Total Correlation value of higher than 0.3 and obtain a Cronbach's Alpha value of higher than 0.7.

After carrying out validity and reliability tests, the researcher tested the hypothesis using multiple linear regression. The results of multiple linear regression are presented in Table 4.

Table 4. Results of F-test (simultaneous)

		ANOVA ^a				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	315.774	2	157.887	16.555	.000 ^b
	Residual	305.197	32	9.537		
	Total	620.971	34			

a. Dependent Variable: Y

b. Predictors: (Constant), X2, X1

The regression test using the F-test obtained an F value of 16,555 (Fcount), while the F-table value is 3,294. The simultaneous influence between the independent variable on the dependent variable can be seen by comparing the F-count and F-table values. If the F-count is higher than the F-table, then the hypothesis is accepted which shows that compensation and work environment influence employee performance at the Central Sulawesi Province Social Service. The F-count is higher than F-table so the hypothesis is accepted.

The partial influence (T-test) of each independent variable on the dependent variable can be seen in Table 5.

Table 5. Results of T-test (partial)

Model		Coefficients ^a				t	Sig.
		Unstandardized Coefficients		Standardized Coefficients			
		B	Std. Error	Beta			
1	(Constant)	38.795	5.828			6.656	.000
	X1	.005	.143	.005	.036	.036	.971
	X2	.345	.072	.710	.710	4.782	.000

a. Dependent Variable: Y

Table 5 presents partial test results that variable X1 (compensation) does not influence the employee performance indicated by the t-count (.036) which is lower than the t-table (1.693). This means that compensation does not affect employee performance at the Central Sulawesi Province Social Service. This result is different from the test results on the work environment variable whose t-count (4.782) is higher than the t-table (1.693). Thus, it can be concluded that the work environment influences employee performance at the Central Sulawesi Province Social Service.

The results of this research illustrate that compensation and work environment influence employee performance in the Central Sulawesi Province Social Service. These results are in line with the objectives of this study. However, partially, compensation does not affect employee performance. This gives rise to the debate that compensation has greatly influenced employee performance so far, but this study reveals that compensation does not affect employee performance.

Previous studies reveal that compensation influences employee performance (Kim & Jang, 2020; Ohunakin & Olugbade, 2022; Saputro & Darda, 2019; Schulz et al., 2010). Other studies show that compensation and performance have a close relationship, overall the form of compensation will provide a sustainable increase in performance (E-Vahdati et al., 2022). These results influence the thinking of most people in the organization that the existence of compensation is important to realize employee performance. This is because compensation stimulates employees to act and work with enthusiasm, thereby producing employee performance. On the other hand, some previous studies also show that compensation does not affect employee performance (Lu & Niu, 2022; Watto et al., 2023). This finding contributes to organizations thinking about salary problems and their solution because Samnani & Singh (2014) state that implementing good compensation will improve performance so productivity can always be maintained. Compensation is always associated with an individual's performance (Jarque & Prescott, 2020).

Besides compensation issues regarding employee performance, this study reveals that the work environment influences the performance of employees at the Central Sulawesi Province Social Service. This is in line with previous studies (Jayaweera, 2015; Malik et al., 2018; Samson, 2014; Sofyan, 2013) that performance can be achieved with a conducive work environment. In this case, conducive means that relations between employees can be connected so that good cooperation can be carried out. Thus, it ultimately improves employee performance and indirectly improves organizational

performance. A conducive environmental situation, such as support from superiors and coworkers, adequate facilities, and infrastructure, will create comfort and spur good performance. Conversely, an uncomfortable work atmosphere due to inadequate facilities and infrastructure, lack of support from superiors, and many conflicts will have a negative impact, resulting in a decline in one's performance.

The work environment is very important when employees carry out work activities. Paying attention to a good work environment or creating conditions that motivate employees to work will influence their enthusiasm. A conducive work environment provides security and allows employees to work optimally..

Organizations need performance to achieve productivity and competitive advantages (Qalati et al., 2022). This can be achieved with a conducive work environment as stated by Oubrich et al., (2021) that a good work environment must lead to the ability of workers to be more competitive. A good work environment is a work environment that is complex and dynamic (Thuillard et al., 2024), for example, lighting in a good room and room noise which can provide comfort will increase work performance (Gu et al., 2023; Hu et al., 2023; Hu et al., 2023; Hu et al., 2024; al., 2023; Li et al., 2023; Wu et al., 2022).

An inclusive work environment can produce better performance and it will directly increase employee productivity (Jha et al., 2022). Silla et al., (2017) explain that the work environment will influence employees' feelings of comfort at work so this will certainly impact the performance. Moreover, the work environment can influence the professional level of the organization (Janczewski et al., 2021). Thus, it can be concluded that compensation and the work environment simultaneously influence employee performance. However, partially, compensation does not influence employee performance.

This indicates that compensation does not always affect employee performance, so organizations need to think about the appropriate formulation to improve employee performance.

4. CONCLUSION

Based on the results of the analysis and discussions, compensation and the work environment influence employee performance. This means that employee performance can be influenced by many factors, but separately employee performance is not always influenced by compensation even though this is important in stimulating employees to take positive action. These results are slightly different from some previous findings, but these results provide a new perspective in looking at employee performance. Employees perform well if they are given compensation, but some other employees also perform well because that is what they have to do. This differentiates individual employees because the characteristics of each employee are different. The results of this study contribute to the idea that work is an obligation so it needs to be done wholeheartedly without expecting any encouragement such as compensation. This strengthens the perspective that a conducive work environment will improve employee performance. This means that if work is carried out wholeheartedly and responsibly and is supported by a conducive environment, employee performance can be realized.

Future researchers should pay more attention to the problem of compensation that does not affect employee performance because the results of this study could be clearer because performance cannot be influenced by compensation, so it needs follow-up through more comprehensive research to find the causes that occur.

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