# The Role of Compensation and Work Environment in influencing Employee Performance at PT. Welling Tapioca Jaya with Work Motivation as Intervening Variable

**Rusmewahni[1], Hary Gunawan[2],**
**Sekolah Tinggi Ilmu Ekonomi Bina Karya**

*Correspondence: rusmewahni08@gmail.com

## Abstract

*The purpose of this study was to examine the effect of (1) feelings on employee performance (2) work environment on employee performance (3) feelings on work motivation (4) work environment on work motivation (5) work motivation on employee performance (6) feelings on employee performance through work motivation as an intervention variable (7) work environment on employee performance through work motivation as an intervention variable. This study uses a quantitative research approach. The population in this study were all employees of PT Welling Tapioka Jaya, totaling 47 employees. The sampling technique uses saturated sampling technique which makes all members of the population as research samples. Methods of data collection using a questionnaire. Analysis tools: instrument test, classical assumption test, multiple linear regression analysis, t test and path analysis using SPSS version 25. The results of this study indicate that the environment and work environment partially affect employee performance and also work motivation. work motivation affects employee performance and based on the results of path analysis, it is found that work motivation cannot mediate the effect on employee performance and the work environment on employee performance*

*Keywords:* Role of Compensation, Work Environment, Influencing Employee, Performance

## INTRODUCTION

In the current era of globalization, existing companies are required to be able to improve and maintain the performance of their respective companies in order to compete with other companies and develop. The success of a company can be influenced by several factors, one of the most important factors that can support the success of a company is the human resource factor, human resources are one of the most important resources owned by a company human resources must be driven and directed efficiently and effectively so that can produce optimal performance. Therefore, human resource management is needed to organize, direct, and control all human resources in a company effectively and efficiently so that all company goals can be achieved.

One company that is maintaining and improving the performance of its employees in the current era of globalization is PT Welling Tapioka Jaya. PT Welling Tapioka Jaya is a company engaged in the production of tapioca flour from sweet potato or cassava raw materials, this company was founded in 2018 in Dolok Masihul. PT Welling Tapioka Jaya is not much different from other companies in general, every company certainly considers their human resources as one of the most important assets in the company because human resources are the resources that drive a company to start producing goods or services. Based on the results of a short interview with the Head of HRD at PT Welling Tapioka Jaya, it was found that the performance of PT Welling Tapioka Jaya's employees could be maintained from its inception until now. However, this is inversely proportional to the reality of PT Welling Tapioka Jaya's production and sales

Based on the description made on the phenomenon, the researcher in this case is interested in conducting research on PT Welling Tapioka Jaya with the title "*The Role of Compensation and Work Environment in influencing Employee Performance at PT. Welling Tapioca Jaya with Work Motivation as Intervening Variable.*

## LITERATURE REVIEW

Performance in a company has meaning as a result of a job and whether or not the company's goals have been achieved previously. Robbins & Judge (2015) defines performance as a result achieved by employees in their work according to certain criteria that apply to a job. Meanwhile Zainal et al., (2019) define performance as a result of work in quality and quantity that can be achieved by an employee in carrying out his duties in accordance with the responsibilities given to him. The performance of a company must be constantly considered because leaders often ignore signs that performance has decreased.

According to Hasibuan (2016) compensation is all income in the form of either money, direct or indirect goods received by employees in return for services provided to the company. Maulida (2019) explains the notion of compensation as everything that is received, both physical and non-physical.

According to Zainal et al., (2019) the notion of the work environment is social, psychological and physical life in the company that influences workers in carrying out their duties. According to Nitisemito (2014) the work environment is something that exists around employees and can influence employees in carrying out assigned tasks. Sutrisno (2016) defines the work environment as a whole of work facilities and infrastructure that exist around employees who are doing work that can affect the implementation of work.

According to Yateno (2020) motivation is something that can provide encouragement or enthusiasm for work. Motivation is an impulse of the will that causes a person to do an act to achieve a certain goal. Another opinion regarding motivation is that according to Sutrisno (2016) motivation is a factor that encourages a person to carry out a certain activity, therefore motivation is often interpreted as a driving factor for a person's behavior.

## METHOD

**1. Test Instruments**

a. Validity test

Data is said to be valid if it shows the degree of accuracy between the data that actually occurs on the object and data that can be collected by researchers (Sugiyono, 2019). The validity test was carried out to measure the statements in the questionnaire, a measuring tool is said to be valid if it does what it should do by measuring what it should measure (Apriliani, 2020). Measurement criteria as follows:

1) If r count > r table or – r count < - r table then the statement is declared valid.

2) If r count < r table or – r count > - r table then the statement is declared invalid.

b. Reliability Test

According to Ghozali (2018) a questionnaire is declared reliable or reliable if one's answers to statements are consistent or stable from time to time. A data can be said to be reliable if the value of Cronbach's Alpha > 0.60 (Sugiyono, 2015).

## 2. Classical Assumption Test

a. Normality test

The normality test is a test that aims to test whether in the regression model the confounding or residual variables have a normal distribution (Ghozali, 2018). There are two methods that can be used to test the normality of a data, namely the graphical method using the normal probability plot and the statistical method using the Kolmogorov Smirnov Test. Basic normality test measurements:

1) If the Sig. > 0.05 then the data is normally distributed.

2) If the Sig. < 0.05 then the data is not normally distributed.

b. Multicollinearity Test

Multicollinearity test according to Ghozali (2018) multicollinearity test is used to test whether the regression model found a correlation between independent variables. A good regression model is a regression model that does not have a correlation between the independent variables. Basis for multicollinearity test measurements:

1) If VIF < 10, tolerance number > 0.1 then the model is multicollinearity free.

2) If VIF > 10, tolerance number < 0.1, then the model is not free from multicollinearity.

c. Heteroscedasticity Test

According to Ghozali (2018) the heteroscedasticity test aims to test whether in a regression model there is an inequality of variance from the residuals of one observation to another. A good regression model is a regression model with heteroscedasticity or a regression model with no homoscedasticity. To detect the presence or absence of heteroscedasticity in this study using the glejser method, on the basis of measurement if the value of the measurement results of a variable is above 0.05, it can be said that there is no heteroscedasticity problem.

## 3. Multiple Linear Regression Analysis

According to Ghozali (2018) multiple linear regression analysis has the goal of finding out where the independent variables are going and how big the impact is on the dependent variable. Multiple linear regression analysis is a regression model that involves more than one independent variable. Multiple linear regression analysis is usually written in equation form, the following is the equation of multiple linear regression analysis in this study.

Equation I :

$Z = b_0 + b_1X_1 + b_2X_2 + e_1$

Equation II :

$Y = b_0 + b_3X_1 + b_4X_2 + b_5Z + e_2$

Information :

Y = Employee performance

X1 = Compensation

X2 = Work Environment

Z = work motivation

b0 = Constant

b1-5 = Regression coefficient

e1 = Equation I error

e2 = Equation II error

4. Determinant Coefficient Test (R2)

According to Ghozali (2018) the determinant coefficient test is used to test the goodness-fit of the linear regression model. The determinant coefficient test aims to test and see how much the independent variable (X) contributes to the dependent variable (Y). According to Raharjo (2017) the value of the coefficient of determination or R square ranges from 0-1, the smaller the value of the coefficient of determination the smaller the influence (X) on (Y). Conversely, if the value of the determinant coefficient is greater and close to 1, the influence of (X) on (Y) will be greater.

## RESULTS AND DISCUSSION

The coefficient of determination is used to see how much the independent variable contributes to the dependent variable. The greater the value of the coefficient of determination, the better the ability of the independent variables to explain the variable bond. If the determination (R2) is greater (closer to 1), then it can be said that the influence of variable X is large on variable Y.

Table 1. Coefficient of Determination of Equation I

**Model Summaryᵇ**

| Model | R | R Square | Adjusted R Square |
|---|---|---|---|
| 1 | .581ᵃ | .338 | .308 |

a. Predictors: (Constant), Work Environment, Compensation

b. Dependent Variable: Work Motivation

Table 2. Coefficient of Determination of Equation II

**Model Summaryᵇ**

| Model | R | R Square | Adjusted R Square |
|---|---|---|---|
| 1 | .735ᵃ | .540 | .508 |

a. Predictors: (Constant), Work Motivation, Compensation, Work Environment

b. Dependent Variable: Employee Performance

In this study, partial hypothesis testing was carried out on each independent variable, the results of data processing in equation I are shown in Table 3 below:

Table 4. Partial Test (t) equation I

**Coefficients[a]**

| Model | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | T | Sig. |
| (Constant) | 5.395 | 3.077 | | 1.754 | .086 |
| Compensation | .268 | .117 | .301 | 2.284 | .027 |
| Work Environment | .316 | .104 | .399 | 3.031 | .004 |

a. Dependent Variable: Work Motivation

Table 5. Partial Test (t) equation II

Coefficients[a]

| Model | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | t | Sig. |
| (Constant) | 4.592 | 2.357 | | 1.948 | .058 |
| Compensation | .195 | .092 | .249 | 2.122 | .040 |
| Work Environment | .183 | .085 | .263 | 2.149 | .037 |
| Work Motivation | .355 | .112 | .404 | 3.177 | .003 |

a. Dependent Variable: Employee Performance

In order to prove that whether a variable is capable of being a variable that mediates the relationship between the independent variable and the dependent variable, a direct and indirect effect calculation will be carried out between the independent variable and the dependent variable.

Table 6 Value of Standardized Coefficient Equation II

**Coefficients[a]**

| Model | Unstandardized Coefficients | | Standardized Coefficients |
| --- | --- | --- | --- |
| | B | Std. Error | Beta |
| (Constant) | 5.395 | 3.077 | |
| Compensation | .268 | .117 | .301 |
| Work Environment | .316 | .104 | .399 |

a. Dependent Variable: Work Motivation

Table 7 Value of Standardized Coefficient Equation II

**Coefficients[a]**

| Model | Unstandardized Coefficients | | Standardized Coefficients |
| --- | --- | --- | --- |
| | B | Std. Error | Beta |
| (Constant) | 4.592 | 2.357 | |
| Compensation | .195 | .092 | .249 |
| Work Environment | .183 | .085 | .263 |
| Work Motivation | .355 | .112 | .404 |

a. Dependent Variable: Employee Performance

## CLOSING

**Conclusion**

Based on the results of tests that have been carried out previously at PT Welling Tapioka Jaya with the variables Compensation, Work Environment, Employee Performance and Work Motivation as intervening variables, the following conclusions can be drawn:

1. Compensation affects the performance of employees of PT Welling Tapioka Jaya. That is, the higher the level of compensation, the employee's performance will also increase.
2. The work environment influences the performance of employees of PT Welling Tapioka Jaya. That is, the better the work environment, the employee's performance will also increase.
3. Compensation affects work motivation at PT Welling Tapioka Jaya. That is, the higher the level of compensation, the motivation to work will also increase.
4. The work environment influences work motivation at PT Welling Tapioka Jaya. That is, the better the work environment, the motivation to work will also increase.

5. Work motivation affects the performance of employees of PT Welling Tapioka Jaya. That is, the higher the work motivation, the employee's performance will also increase.

6. Compensation has no effect on employee performance through work motivation at PT Welling Tapioka Jaya. That is, work motivation cannot be a variable that bridges the effect of compensation on employee performance.

7. The work environment has no effect on employee performance through work motivation at PT Welling Tapioka Jaya. That is, work motivation cannot be a variable that bridges the influence of the work environment on employee performance.

## Suggestions and Acknowledgments (if any)

Based on the conclusions and implications of the research, here the researcher would like to provide suggestions for future researchers and without reducing respect, the researcher would also like to provide some opinions that could be considered by both the HRD of PT Welling Tapioka Jaya and the Manager of PT Welling Tapioka Jaya as follows:

1. For PT Welling Tapioka Jaya

a) The amount of compensation, incentives and allowances needs to be increased again, seeing that employees of PT Welling Tapioka Jaya are dominated by married employees, compensation that is in accordance with the work performed, incentives and benefits that are in line with expectations can help employees meet their needs and those of their families.

b) PT Welling Tapioka Jaya's work environment needs to be improved by installing air conditioners or fans and ventilation to reduce room temperature, adding lights to increase lighting, then headphones to reduce noise and increase the number of security guards to prevent recurrence of cases of theft. the theft case. A safe and comfortable work environment can help improve employee performance and motivation.

c) The relationship between leaders and subordinates needs to be maintained and improved, providing motivation either by giving awards for employee performance or having casual conversations with employees and appreciating employee work needs to be done

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