

Analysis of The Effect of Work Environment and Compensation on Performance of Motorcycle Automotive Dealer Employees

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Abstract:

The purpose of this study is to examine how employee performance is impacted by the workplace and salary. The research subjects in this study are staff members of one of motorcycle automotive dealer company in Indonesia. 30 employees made up the study's sample. In order to sample every employee in this workplace, nonprobabilistic sampling was utilized in this study along with saturated sampling categories. Using a questionnaire, data was collected, and SPSS software was used to analyze it using multiple linear regression analysis models. The findings of this study suggest that employee performance is influenced by both the workplace and salary. Employee performance is affected in part by both the work environment and remuneration. Employee performance may be described by the workplace and compensation, according to the Adjusted R Square value of 0.88, and the remaining can be accounted for by factors beyond the scope of this research.

Keywords: Motorcycle Automotive Dealer Company, Work Environment, Compensation, Performance.

Introduction

Human Resources (HR) is basically an important component in order to achieve company goals, Human Resources (HR) is required to be able to continuously develop themselves responsibly. Therefore the company must also pay attention to the performance of its employees, because basically if the company understands the importance of employee performance, the company's goals will be achieved (Raymond, 2020). Human Resources are the primary factor that must be taken into consideration with all of the company's demands, even though it is backed by contemporary facilities and infrastructure. The company's demands to obtain and maintain quality Human Resources are increasingly urgent according to the dynamics of an ever-changing environment. Performance is an important aspect in a bank financial institution, because this is what determines the level of success of a bank financial institution in carrying out its functions (Krisnahadi, 2020).

Performance is a measure of the success of financial services that show the accountability of service institutions within the framework of good corporate governance. Human resources have a very important role because all banking activities cannot be separated by humans, all activities will run well if the human aspect has good performance (Septika et al., 2021). This agrees with what Simamora said, performance reflects how well employees meet the requirements of a job. Based on this understanding, researchers get the understanding that good employee performance will improve the quality of the institution or organization. Vice versa, if employee performance is not good, it will reduce the quality of the institution or organization (Sutagana et al., 2022).

Based on data from the company, it can be seen that the development of the company's net profit for the period 2018 to 2022 tends to decrease every year, this indicates a decrease in performance. Realizing good enthusiasm and performance cannot be separated from high work motivation. Additionally, because the workplace serves as a location for employees to perform their work, it serves as a motivating and supportive aspect for employees. In other words, corporate culture is controllable and modifiable, and every person has the ability to transform their old behavior into new behavior. The effectiveness of the organization will rise as a result of a healthy organizational culture (Pandiangan et al., 2022).

According to Rivai, the physical surroundings of the workers who perform the actual labor constitute the workplace environment. This working environment comprises the office space, amenities, tools, illumination, cleanliness, and peace. Therefore, it can be claimed that a positive work environment is everything that helps employees perform better; on the other hand, a negative work environment will cause them to perform worse. It is guaranteed that the ensuing performance will be increased if the working atmosphere is comfortable and communication between employees works smoothly (Lumingkewas, 2016).

Based on the results of pre-observation and pre-interviews conducted by researchers to head of operations, it is known that work facilities, namely air conditioners in quantity are in accordance with the needs, but in conditions do not meet the needs, this causes employees to feel less comfortable at work. While the print and scan machine facilities in quantity have met the needs, but the quality is inadequate because 1 machine is damaged, which results in less than optimal or hampered service to customers (Mamusung et al., 2021). In addition, motorized vehicles in quantity have met their needs, but in quality there is one motorbike that is often problematic, which results in operational activities of employees to visit customers in rural areas being hampered because of frequent problems with their vehicles which make operational activities often experience delays. This lack of facilities is due to the lack of attention of the leadership in ensuring the comfort of employees at work (Mamusung et al., 2019).

Apart from the work environment, compensation is also a factor that can affect employee performance. According to Cashmere, compensation is a reward given by the company to its employees, both financial and non-financial in nature. Compensation has a very important role as a support for the lives of employees to meet their daily needs (Lumingkewas et al., 2019). In addition, compensation can also be used as a tool to motivate employees to improve their performance. Every activity or effort carried out by humans in a company is inseparable from personal motives to meet their needs, through work humans hope to get rewards or compensation that will be used to meet their needs (Rembulan et al., 2023). Human needs vary and vary from one to another. If employees view the provision of compensation as inadequate to their needs, it is possible that their performance or work performance of employees tends to decrease. This study aims to analyze the effect of work environment and compensation together on employee performance.

Literature Review

Human resources are a team of individuals that collaborate to accomplish organizational goals and have the capacity to do a job in accordance with their areas of competence. Planning, acquiring, developing, and organizing human resources are all parts of the activity of managing human resources, which tries to fulfill organizational or corporate goals (Pramudito et al., 2021). A number of crucial components that can help with human resource management are implementation of training, development, motivation, pay, job satisfaction, and workplace safety. In order to accomplish organizational objectives, Mangkunegara defines human resource management as the planning, organizing, coordinating, executing, and overseeing of the workforce's acquisition, development, rewarding, integrating, sustaining, and separating activities (Pramudito et al., 2023).

The science and art of managing labor relationships and roles to be successful and efficient in achieving organizational, employee, and societal goals is known as human resource management. Humans are one of the

crucial elements that always take an active part in any organizational activity since they operate as actors, planners, and determiners of how organizational goals are realized. Despite the fact that the firm owns contemporary instruments, company objectives cannot be achieved without the active participation of employees or labor. To get superior performance from the company's Human Resources, the company must be able to manage these resources properly. According to Ansory and Indrasari, the specific purpose of human resource management is to provide the organization with effective work units. In order to accomplish the aim, people management will demonstrate how the business should hire, train, retain, use, and assess both quantity and quality of workers. From this understanding, it can be seen that human resource management is the process of managing human resources through planning, organizing and implementing management functions and operational functions through planning, recruitment, selection, and maintaining industrial relations until termination of employment in order to achieve company goals (Firdauzi et al., 2022).

Sedarmayanti claims that a person's work environment includes the general tools and materials they use, the surroundings in which they operate, their work processes, and their performance arrangements both individually and collectively. In contrast, according to Rivai in W Narasuci, the physical surroundings of the workers who carry out the actual work are the workplace environment. This working environment comprises the office space, amenities, tools, illumination, cleanliness, and peace. Therefore, it can be claimed that a positive work environment is everything that helps employees perform better; on the other hand, a negative work environment will cause them to perform worse. It is guaranteed that the ensuing performance will be increased if the working atmosphere is comfortable and communication between employees works smoothly (Ariwibowo & Sofiati, 2018).

Factors that affect the work environment can take the form of physical conditions (working conditions) and non-physical (work climate). Physical conditions (working conditions) are the ability to organize and maintain the workspace so that it is always neat, healthy and clean so that it becomes a pleasant and pleasant workplace. Meanwhile, non-physical working conditions (work climate) relate to a situation that is formed based on the working relationship between superiors and subordinates and subordinates with subordinates who feel pleasant. According to Nitisetimo in Kenanga et al, states that the physical work environment is defined as everything that is around employees who affect them in carrying out their workload, for example such as lighting, air temperature, security, cleanliness, space, music, and others. According to Sedarmayanti, the physical work environment is all the physical conditions around the workplace, which affect employees either directly or indirectly (Utomo, 2022).

The condition of the employee's workplace environment in the form of a cordial work climate, where there is a relationship or communication between subordinates and superiors and interactions amongst fellow employees, is known as the non-physical work environment. The situations that arise in regard to work interactions are all considered to be part of the non-physical work environment, in Sedarmayanti's view. What is intended are positive working relationships with supervisors and coworkers. As a result, it is possible to say that the non-physical work environment is one that cannot be perceived by the human senses. Employees may, however, sense this non-physical work environment through their interactions with coworkers and supervisors (Narasuci & Noermijati, 2018).

Hasibuan defines compensation as any remuneration received by employees in the form of cash, direct or indirect commodities in exchange for rendering services to the firm. One way for managers to increase work productivity, job satisfaction and work motivation is to provide compensation, if compensation is managed properly by the company this will help the company to achieve its goals and will also benefit to maintain and keep employees well. Conversely, without sufficient compensation, existing employees are very likely to leave the company and to re-deploy employees is not easy, it is necessary to select and provide retraining and it takes a long time. The consequences of dissatisfaction in pay will also reduce performance, increase grievances, originate strikes and lead to physical and psychological actions, such as increased absenteeism and employee turnover (Pramudito et al., 2023).

According to Sastrohadiwiryo in Priansa, claiming that compensation is a reward or payment made by a company to its employees in recognition of the employees' efforts to advance the organization and meet certain objectives. Some of the opinions above, it can be seen that compensation is the reward received by workers or employees in the form of money or goods given directly or indirectly in return for a job or service that has been done. Providing compensation is expected to be able to provide satisfaction to workers, meaning that it is able to provide compensation that is proportional to the work that workers have done so that by providing compensation it can increase loyalty, retain talented employees, improve employee performance and provide motivation to employees (Rembulan et al., 2023).

Performance is an important factor to measure the results of employee work so that the achievement of company goals in productivity is also measured. Because it is one of the important factors in assessing the achievement of organizational goals, human resource management must control and also assess employee performance to be measurable. However, in the assessment, there are many factors that affect employee performance so that their performance goes up or down, which is why human resource management must maintain each individual in an organization or company. Performance is the end outcome of the task that has been assigned to him, both in terms of quality and quantity. The effectiveness of a corporation or organization in attaining its objectives is gauged by employee performance (Pramudito, 2021).

Employee performance, according to Hasibuan, is the outcome of the job completed by an individual while carrying out his or her assigned obligations, which are based on abilities, experience, seriousness, and time. Mangkunegara defines performance as the caliber and volume of work that an employee is able to produce while carrying out tasks in line with the obligations assigned to him. Based on a few of these definitions, it is clear that performance is a generic term used to describe all or a portion of an organization's actions or activities over a specific time period. Performance is the outcome of employee labor as measured by quality, quantity, work time, and cooperation to reach organizational goals. Performance is the output generated by a job's or a profession's indications or functions over a specific period of time (Utomo, 2022).

Methodology

This study employs an associative research type with a quantitative methodology. The sample and sample size are determined by the sampling procedure. A sample of 30 respondents was collected using two sampling strategies: probability sampling and nonprobability sampling techniques. In this study, there are two types of data: primary data collected through surveys, interviews, and observations. While secondary data is acquired by research into the books and paperwork. The validity and reliability of the study's questionnaire were initially examined. Multiple linear regression was used to examine the data in this study, which was followed by the presentation of descriptive statistics after testing the validity of the traditional hypotheses.

Results

Before leading to the main hypothesis testing, the data in this study were processed in the classical assumption test to fulfill the requirements of linear regression analysis. In the normality test, it was found that the significant value of this research was obtained at $0.200 > 0.05$, which means that the data is normally distributed and has met the normality requirements in the regression model. Through P-Plot testing, it is obtained that the points follow and approach the diagonal line, meaning that the regression model fulfills the normality assumption.

Based on multicollinearity, it is known that the tolerance value of all independent variables > 0.10 and the VIF value of all independent variables < 10.00 with details of the tolerance value for the work environment of 0.928 and compensation of 0.928 whose value is greater than 0.10. As well as the VIF value for the work environment of 1.077 and compensation of 1.077 whose value is less than 10.00. So based on the results of the above calculations, it can be concluded that the regression equation model does not have multicollinearity problems and can be used in this study. Meanwhile, based on the results of heteroscedasticity, it is known that there are no dots that form a certain pattern, and the dots spread above and below the number 0 on the Y axis, so there is no heteroscedasticity.

Based on the results of multiple linear regression tests, a multiple linear regression equation can be obtained, namely $Y = -27.452 + 0.400.X1 + 2.039.X2 + e$

The constant value (a) is -27.452. The constant value is negative. This means that the value of the work environment and compensation is considered constant or equal to zero, then employee performance will decrease. The regression coefficient of the work environment variable (X1) is 0.400 which states that there is an influence between the work environment and employee performance (Y), if the better the work environment which includes paying attention to existing infrastructure and improving good relations between employees, employee performance will increase, and company performance will also increase. The regression coefficient of the compensation variable (X2) is 2.039 which states that there is an influence between compensation and employee performance (Y), if the better the compensation is which includes providing good salaries, incentives, bonuses and benefits, employee performance will increase, and company performance will also increase.

The work environment variable (X1)'s computation yielded a significance value of 0.046, indicating that the value is less than 0.05 (0.046 < 0.05), and the t value is 2.08 > ttable 2.05. This justification demonstrates that the study's hypothesis accepts Ha while rejecting Ho. As a result, employee performance (Y) is somewhat influenced by the work environment (X1). The compensation variable (X2) underwent a t test, and the findings showed a significance value of 0.000, indicating that the value is less than 0.05 (0.000 < 0.05), and the t value is 14.29 greater than 2.05. This justification demonstrates that the study's hypothesis accepts Ha while rejecting Ho. As a result, employee performance (Y) is somewhat influenced by salary (X2).

A significance of 0.000 was found using the computation outcomes of the simultaneous test or F test. When adopting a significance threshold of 0.05, the significance value of F of 0.000 indicates that the difference between F and Count is less than or equal to 0.05. According to Table 3.35, the hypothesis that there is a simultaneous impact between the work environment variables (X1) and compensation (X2) on the dependent variable performance (Y) may be accepted because Ha is accepted and Ho is rejected. The adjusted R square coefficient of determination, which was determined by evaluating the coefficient of determination, is 0.876. These findings indicate that work environment and remuneration factors may account for 87.6% of employee performance variables. While other factors that were not looked at in this study account for the remaining 12.4%.

Discussion

The work environment has a significant role in influencing employee performance in an organization. This is due to the various factors present in it, such as corporate culture, atmosphere and organizational structure. First of all, a positive and inclusive company culture can provide a huge boost to employee motivation. When employees feel engaged in the company's values and have a clear understanding of the common goals, they tend to be more eager to contribute their best. In addition, a comfortable and supportive work atmosphere can help improve employee performance. An environment that promotes cooperation, open communication, and recognition of individual achievements can create strong internal motivation. Employees who feel valued and supported in their development are more likely to perform effectively.

Organizational structure also plays an important role. When employees have authority and responsibilities that match their abilities, this can provide a sense of ownership over their work, which in turn improves their performance. On the other hand, excessive bureaucracy and administrative barriers can hinder productivity and cause frustration. Furthermore, physical factors such as workplace facilities and comfort can also affect performance. A comfortable, safe, and ergonomic environment can improve employee well-being and reduce distractions that can hinder focus and productivity.

The work environment has a significant role in influencing employee performance from a psychological point of view. These psychological factors can shape employees' attitudes, motivations and behaviors in the workplace. First of all, a positive corporate culture can influence employee psychology. When an organization's culture supports positive values, employees may feel more connected to the organization, which in turn can increase their intrinsic motivation. This creates a positive sense of identity and social recognition in an individual's psychology. Furthermore, the work atmosphere also has a strong impact on employee psychology. A supportive work atmosphere, including positive social interactions, collaboration, and team support, can generate feelings of engagement and job satisfaction. This positively affects employees' emotional state and motivation.

Organizational structure also affects employee psychology. When employees have sufficient autonomy in their work, they may feel more competent and have a sense of control over their tasks. This can increase the sense of self and motivation in the work environment. Physical factors such as comfortable facilities also have a psychological impact. A safe, clean, and comfortable environment can reduce psychological stress that can hinder performance. Physical comfort allows employees to focus more on their work.

Compensation is an important aspect of human resource management that has a significant impact on employee performance in an organizational context. In the economic view, compensation is the reward given to employees in lieu of their services in the form of salary, allowances, bonuses, or other benefits. As an economic incentive, compensation acts as a key motivator that can influence employee behavior and performance.

One way compensation affects performance is through intrinsic and extrinsic motivation. Fair pay and adequate financial rewards can fulfill employees' basic needs and provide a sense of financial security. This can reduce financial stress, which in turn allows employees to focus more on their work. Bonuses and other incentives

can also be a source of extrinsic motivation that encourages employees to achieve higher targets and performance. In addition, transparent and performance-based compensation can create fairness within the organization. When employees see that rewards and recognition are given based on their contributions, this can increase job satisfaction and commitment to the organization. Fair compensation can also minimize internal conflict and improve team cohesion.

Compensation, in a psychological context, has a profound impact on employee performance. One significant psychological aspect is intrinsic and extrinsic motivation. Fair salaries and adequate financial rewards provide a sense of financial security, reduce employees' anxiety related to basic needs, and allow them to focus on their work. Bonuses and other incentives act as extrinsic motivators that can stimulate employees to achieve higher targets and performance. In addition, it is important to understand the psychological impact of fairness in compensation. When employees feel that the rewards and recognition they receive are in line with their contributions, it increases job satisfaction and commitment to the organization. Fairness in compensation can also reduce internal conflict and improve relationships within work teams.

Conclusion

This study intends to examine how employee performance is impacted by both the work environment and salary. Based on the findings of the research, it was determined that the workplace has a significant impact on employee performance, as well as that employee performance is significantly impacted by both the workplace environment and compensation. The Adjusted R Square score is 0.88, or 88%, which indicates that up to 88% of employee performance may be accounted for by the workplace and pay, with the remaining 12% being explained by factors outside the scope of this study.

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