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# The Influence Of Compensation And Work Environment On Employee Performance At PT. Toyo Dies Indonesia

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## ABSTRACT

This research discusses compensation, work environment and employee performance, with the aim of determining the effect of compensation and work environment on employee performance. This type of research is quantitative research by distributing questionnaires, the sample used in this research was 80 employees. The subjects of this research are employees of PT. Toyo Dies Indonesia. This research uses the multiple linear regression analysis method, this analysis technique is also classified as a collective model, so that the correlation coefficient between the independent variables and the dependent variable will be obtained, the significant level of the coefficient, the regression line equation, the correlation between predictor sub-variables and processed with SPSS version 22 . In this study there was no correlation between the independent variables. Compensation has a positive and significant effect on PT employee performance. Toyo Dies Indonesia. The work environment has a positive and significant effect on PT employee performance. Toyo Dies Indonesia. Compensation and work environment have a significant effect on PT employee performance. Toyo Dies Indonesia. It is known that the coefficient of determination (R-Square) is 0.582. This value states that Compensation (X1) and Work Environment (X2) are able to influence Employee Performance (Y) by 58.2%, the remaining 100% - 58.2% = 41.8% is influenced by variables outside this model. Among the Compensation (X1) and Work Environment (X2) variables which have a more dominant influence on the Employee Performance variable (Y), namely the Work Environment variable (X2).

**Keywords:** Compensation, Work Environment, Employee Performance

## INTRODUCTION

In this increasingly growing era of globalization, quality human resources are a very important factor in global competition. Quality human resources are more important than any other resource, and companies must have the ability to create high-quality, high-skilled human resources so that they can compete with all the less-noticed global competition. Quality human resources will help the company achieve its goals. One of the things that must be considered when creating quality human resources is compensation and other factors that can influence employee performance. (Dahlia & Fadli, 2022)

According to Mathew and Jackson in Masram and Mu'ah (2017: 138), employee performance includes all actions aimed at improving organizational and company performance, as well as individual and group performance within the company. According to Hasibuan (2017:95-96), performance has five dimensions, namely: loyalty, work efficiency, honesty, discipline and creativity. Kasmir's statement (2016:225) also states that employee performance is related to salary. When compensation is paid in a fair or reasonable manner, employee performance improves and other variables are affected. However, if the compensation that must be paid is not paid fairly or correctly, employee performance will decline. (Rianda & Winarno, 2022)

Companies must prioritize human resources because they are very important for business continuity and progress. Company leaders must consider human resources as business partners, not just assets. Companies must be able to act fairly towards the human resources they have. Company leaders must do this because every employee has the right to be respected and treated fairly by their superiors in return for their services. A mutually beneficial relationship between a company and its employees is very important to increase employee morale; employees will do their work well for the betterment of the company, and the company will provide appropriate compensation for their work. (Mulyeni et al., 2023)

According to Handoko in (Cahya et al., 2021) , something that an employee receives as compensation for what they have provided for the company is called compensation. Several companies have different compensation systems, each system is tailored to the company's mission, mission and goals. Compensation is also a factor in creating quality employee performance, apart from that, compensation will shape the character of an employee in carrying out company duties.

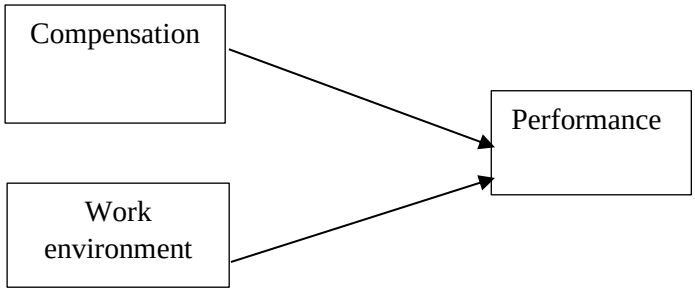
According to Rivai, there are two types of compensation that companies provide to their employees: financial compensation and non-financial compensation. Financial compensation includes wages or salaries, as well as bonuses or incentives given by the company in return for what employees have provided to the company and for their responsibility to do so. However, non-financial compensation includes work and work environment, such as interesting tasks, new challenges that can attract attention, a comfortable and enjoyable work environment, and achievements. (Mulyeni et al., 2023)

The work environment is something that is directly related to employees, because the place where employees complete the work assigned by the company is the work environment itself. The atmosphere that employees always need in their surroundings is a conducive working environment, tools, equipment and other necessities are neatly arranged according to their function and place. A conducive atmosphere is needed to expedite the production process or other work completion activities.

The work environment is something that surrounds employees and influences them in carrying out their assigned tasks (Nitisemito, 1992:25). Apart from that, according to Sedarmayat (2001:1), the work environment is all the tools and materials that come into contact, the surrounding environment where a person works, work methods and work organization both individually and in groups which can influence the performance of each employee. (Karina et al., 2020)

Based on the phenomena that have been explained, the author thought to research compensation, work environment and also employee performance at PT. Toyo Dies Indonesia. Therefore, in this research, the author set the research title "The Influence of Compensation and Work Environment on Employee Performance at PT. Toyo Dies Indonesia. (Rianda & Winarno, 2022)

**Research Framework**




**Research Hypothesis**

H1: There is a partial influence of competence on employee performance at PT. Toyo Dies Indonesia

H2: There is a partial influence of work environment on employee performance at PT. Toyo Dies Indonesia

H3: There is a simultaneous influence between competency and work environment variables on employee performance at PT. Toyo Dies Indonesia

## RESEARCH METHODS

The variables examined in this research are Compensation (X1) as the first independent variable, Work Environment (X2) as the second independent variable, and Employee Performance (Y) as the dependent variable. The method used in this research is quantitative descriptive. The population in this study were all employees of PT. Toyo Dies Indonesia. This study took a sample of 80 people.

In this research, the data collection technique used was primary data, namely interviews with one of the parties concerned and distributing questionnaires to obtain the primary data needed by the researcher.

Analysis of the validity and reliability of the questionnaire test was used in this research. Apart from that, in this research, the Multiple Linear Regression Analysis Technique was also used to determine the direction and influence of the independent variable on the dependent

variable. This analysis technique is also included in the collective model, so that the correlation coefficient between the independent variable and the dependent variable, the significant coefficient level, the regression line equation, and the correlation between predictor sub-variables and all calculated analyzes are calculated using SPSS Version 22.

## RESULTS AND DISCUSSION

### Classic assumption test

### Normality test

The normality test aims to determine whether confounding and residual variables have a normal distribution. This can be done by two methods: statistical tests and graphical analysis. An example of the Kolmogorov Smirnov test for statistical tests is as follows:

Table 1
Normality Test Results

| One-Sample Kolmogorov-Smirnov Test | | |
|---|---|---|
| | | Unstandardized Residuals |
| N | | 80 |
| Normal Parameters [a, b] | Mean | .0000000 |
| | Std. Deviation | 1.55957832 |
| Most Extreme Differences | Absolute | ,094 |
| | Positive | ,050 |
| | Negative | -.094 |
| Statistical Tests | | ,094 |
| Asymp. Sig. (2-tailed) | | ,079 [c] |
| Exact Sig. (2-tailed) | | ,455 |
| Point Probability | | ,000 |

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

The table results show that the significance value of Asymp. Sig (2-tailed) of 0.079 is greater than 0.05. So, appropriate. So, the basis for decision making in the Kolmogorov Smirnov normality test above shows that the data distribution is not normal. As a result, the assumption of normality of the regression model is incorrect. To perform a normality test, normal plots and histograms are used to check the distribution of data on the diagonal axis of the graph. Two possibilities occur during the decision-making process:

First, we can interpret that the regression line model meets the assumption of normality if the data is spread around the diagonal line and follows the direction of the diagonal line.

Second, the data may or may not spread out following the direction of the diagonal line. In this case, the regression line model does not meet the normality assumption. (Jodie Firjatullah et al., 2023)

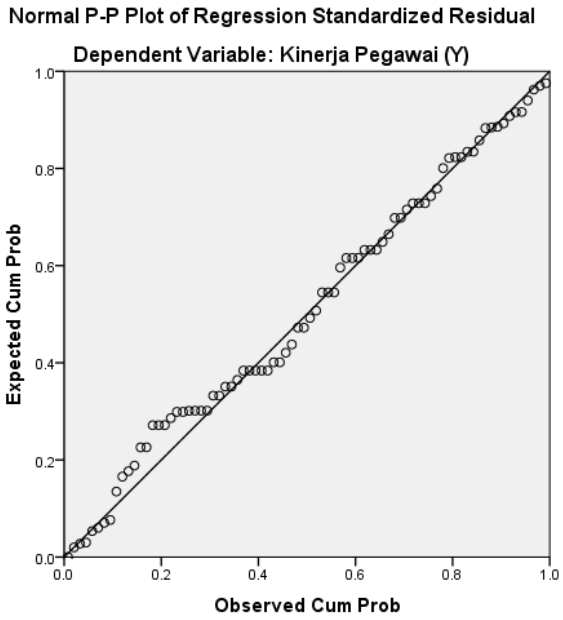



Figure 1
P-Plot Normality Test Results

Residual data shows a normal curve that forms a perfect bell on a histogram graph, and the data plot spreads around a diagonal line on a PP normal graph. Therefore, the regression model meets the assumptions of normality and the residual data is normally distributed. (Jodie Firjatullah et al., 2023)

**Multicollinearity Test**

Originally recognized by Ragner Frisch, multicollinearity is a very high linear relationship in a regression model for each independent variable. Multicollinearity can cause the use of incorrect regression methods due to unstable regression estimates and very large regression coefficient variables. The following are several things that can be observed to identify multicollinearity: (Anggryeny, 2009):

1. The F-stat value and R-squared value are significant, but the majority of t-stat values are not significant.
2. There is a fairly high correlation between the two independent variables (usually more than 0.8).
3. The condition number value is more than 20 or 30. Apart from the three things above, if the VIF value is more than 10.00 and the TOL value is more than 0.10, the data shows high collinearity. (Azizah, 2021)

The following is a table of multicollinearity test results:

Table 2
Multicollinearity Test Results

| **Coefficients** [a] | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Unstandardized Coefficients | | Standardized Coefficients | | | Collinearity Statistics | |
| Model | | B | Std. Error | Beta | t | Sig. | Tolerance | VIF |
| 1 | (Constant) | 1,283 | 1,882 | | ,682 | ,498 | | |
| | Compensation (X1) | ,356 | ,088 | ,354 | 4,049 | ,000 | ,712 | 1,405 |
| | Work Environment (X2) | ,574 | ,098 | ,512 | 5,861 | ,000 | ,712 | 1,405 |
| a. Dependent Variable: Employee Performance (Y) | | | | | | | | |

*tolerance* calculation results show that Compensation (X1) has a value of 0.712 and the Work Environment has a *tolerance value* of 0.712. Both values are greater than 0.10, which means there is no correlation between the independent variables. Furthermore, it can be seen that the results of calculating *the Variant Inflation Factor* (VIF) value show that Compensation (X1) has a VIF value of 1.405 and Work Environment (X2) has a VIF value of 1.405. Of these three values, the value is <10. It can be concluded that there is no multicollinearity between the independent variables in the regression model.

**Multiple linear regression**

Multiple Linear Regression Analysis functions to determine the influence of several independent variables (X) on the dependent variable (Y) simultaneously, namely as follows:

Table 3
Regression Coefficient Test Results

| **Coefficients** [a] | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Unstandardized Coefficients | | Standardized Coefficients | | | Collinearity Statistics | |
| Model | | B | Std. Error | Beta | t | Sig. | Tolerance | VIF |
| 1 | (Constant) | 1,283 | 1,882 | | ,682 | ,498 | | |
| | Compensation (X1) | ,356 | ,088 | ,354 | 4,049 | ,000 | ,712 | 1,405 |
| | Work Environment (X2) | ,574 | ,098 | ,512 | 5,861 | ,000 | ,712 | 1,405 |
| a. Dependent Variable: Employee Performance (Y) | | | | | | | | |

Based on table 2, it can be interpreted that the equation in the table above shows the influence of each dependent variable (X) on the dependent variable (Y). The results obtained from the multiple linear regression test are as follows:

**Y = 1.283 + 0.356X1 + 0.574X2**

Based on the results of the regression coefficient test, it can be interpreted as follows:

1. From the results of the multiple linear regression analysis above, it can be seen that the constant value is 1.283. This value can be interpreted as if Compensation (X1) and Work Environment (X2) have no effect on the dependent variable, namely Employee Performance (Y), then the value of the dependent variable Employee Performance (Y) is 1.283.
2. From the results of the multiple linear regression analysis above, it can be seen that the regression coefficient value of the Compensation variable (X1) is 0.356, which is positive. This can be interpreted as when Compensation (X1) increases by 1 unit, then Employee Performance (Y) tends to increase by 0.356.
3. From the results of the multiple linear regression analysis above, it can be seen that the regression coefficient value of the Work Environment variable (X2) is 0.574, which is positive. This can be interpreted as when the Work Environment (X2) increases by 1 unit, then Employee Performance (Y) tends to increase by 0.574.

**Hypothesis testing**

**Partial Test (t Test)**

To find out how significant the influence of each independent variable is on the dependent variable, use a partial test (t test). The following table shows the t statistical value for partial influence testing, and partial hypothesis testing results:

Table 4
Partial Test Results

**Coefficients [a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | t | Sig. | Tolerance | VIF |
| 1 | (Constant) | 1,283 | 1,882 | | ,682 | ,498 | | |
| | Compensation (X1) | ,356 | ,088 | ,354 | 4,049 | ,000 | ,712 | 1,405 |
| | Work Environment (X2) | ,574 | ,098 | ,512 | 5,861 | ,000 | ,712 | 1,405 |

a. Dependent Variable: Employee Performance (Y)

Based on the results of the t test above, we get the following results:

1. It is known that the calculated t or t statistic of Compensation (X1) is 4.094 > t table = 1.991 and the Sig value. is 0.000, which is <0.05 significance level, then Compensation (X1) has a significant effect on Employee Performance (Y). So it can be concluded that Compensation (X1) has a positive and significant effect on Employee Performance (Y).

2. It is known that the calculated t or t statistic for the Work Environment (X2) is 5.861 > t table = 1.991 and the Sig value. is 0.000, namely a significance level of 0.05, then the Work Environment (X2) has a significant effect on Employee Performance (Y). So it can be concluded that the Work Environment (X2) has a positive and significant effect on Employee Performance (Y).

**Simultaneous Significance Test (F Test)**

The F test aims to determine the influence of the independent variables simultaneously or simultaneously on the dependent variable, namely Employee Performance (Y).

Table 5
Significant Simultaneous Results (F Test)

**ANOVA** [a]

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 267,400 | 2 | 133,700 | 53,577 | ,000 [b] |
| | Residual | 192,150 | 77 | 2,495 | | |
| | Total | 459,550 | 79 | | | |

a. Dependent Variable: Employee Performance (Y)
b. Predictors: (Constant), Work Environment (X2), Compensation (X1)

Based on table 5, it is known that the calculated F value is 53.577 and the Sig value. is 0.000. It is known that F count is 53.577 > F table = 3.115 and the Sig value. is 0.000 < 0.05, then Compensation (X1) and Work Environment (X2) simultaneously or simultaneously have a significant effect on Employee Performance (Y).

**Analysis of the Coefficient of Determination**

The coefficient of determination (R2) is a value, or proportion value, that shows the capacity of the independent variable used in the regression equation to explain the dependent variable.

Table 6
Coefficient of Determination

**Model Summary** [b]

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | ,763 [a] | ,582 | ,571 | 1,580 |

a. Predictors: (Constant), Work Environment (X2), Compensation (X1)
b. Dependent Variable: Employee Performance (Y)

Based on table 6, it can be seen that the determination value *(R-Square)* is 0.582. This value can be interpreted as the Compensation (X1) and Work Environment (X2) variables being able to influence Employee Performance (Y) by 58.2%, the remaining 100% - 58.2% = 41.8% being influenced by variables outside this model.

## CONCLUSION

Based on the analysis that has been carried out, the results of the analysis that have been obtained in this research can be concluded:

The tolerance calculation show that Compensation (X1) has a value of 0.712 and the Work Environment has a *tolerance value* of 0.712. Both values are greater than 0.10, which means there is no correlation between the independent variables. Furthermore, it can be seen that the results of calculating *the Variant Inflation Factor* (VIF) value show that Compensation (X1) has a VIF value of 1.405 and Work Environment (X2) has a VIF value of 1.405. Of these three values, the value is <10. It can be concluded that there is no multicollinearity between the independent variables in the regression model.

The research results show that compensation has a positive and significant effect on employee performance as evidenced by the regression coefficient value of 0.356, which is positive and the t value > t table (4.094 > 1.991), Sig. < 0.05 (0.000, < 0.05).

The research results show that the work environment has a positive and significant effect on employee performance as evidenced by the regression coefficient value of 0.574, which is positive and the t value > t table (5.861 > 1.991), Sig. < 0.05 (0.000, < 0.05).

Compensation and work environment simultaneously have a significant effect on employee performance, this is proven by the calculated F value of 53.577 > F table 3.115 and Sig. 0.000 < 0.05.

It is known that the coefficient of determination (R-Square) is 0.582. This value states that Compensation (X1) and Work Environment (X2) are able to influence Employee Performance (Y) by 58.2%, the remaining 100% - 58.2% = 41.8% is influenced by variables outside this model.

Judging from the Beta (β) results that are furthest away from zero, the variable whose Beta (β) results are furthest away from zero is the variable that has the dominant influence. So it can be seen from the results of the Beta (β) variable that has the value furthest from zero, namely the Work Environment variable (X2) with a Beta value (β) = 0.512, so it can be concluded that the variable that has the dominant influence on the Employee Performance variable (Y) is Work Environment variable (X2).

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