

# The Effect of Compensation and Work Environment on Employee Performance

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**Abstract:-** This study aims to determine whether there is a comparison and work environment on employee performance, and the factors that influence it. And it can be concluded that (1) Significant influence is needed between compensation and work environment simultaneously on employee performance. (2) significant contribution between compensation and work environment on employee performance. (3). Influencing compensation is more dominant than the work environment on employee performance. This shows that companies pay more attention to compensation issues to improve employee performance.

**Keyword :** *Compensation, Work Environment, Employee Performance.*

## INTRODUCTION

Human resources are an important enough part of achieving organizational goals both large and small companies, a company has modern equipment with high technology. The role of human resources in the company is very important because as the main driver of all activities or activities of the company in achieving its goals, both to obtain profits and to maintain the survival of the company. Providing compensation is one of the factors driving high work performance. For some employees getting money is a helper of everything and a reason for someone to keep working, but those who argue that money is only one of the needs that can be met through work. Furthermore, companies must consider giving compensation fairly so that work performance and job satisfaction can be taken into consideration for their performance responsibilities. This research is supported by the existence of previous studies such as research conducted by (Rianto and Alfiyah 2019) proving that there is a significant and positive influence between compensation for performance.

According to Singarimbun (2009) Compensation is all imbalances or compensation received by employees for work results at the company, while compensation has been determined and agreed in advance, so employees must fully approve the compensation or assistance to be received. If the rewards are large enough for employees, the better employee discipline and procurement of quality employees for the company will be easier.

In addition to the compensation factor, the work environment can also improve employee performance, improving performance in the workspace also does not have a conducive space that greatly affects employee performance. Companies should consider things like this to make it easier for the company to work to achieve company goals. Pressure in the work environment can also cause employee psychologists, with sufficient numbers for

employees, the more productivity is generated, and an increase in the number of employees working in the company will increase.

Performance is the optimal result of work done by a company to show its achievements, usually also related to problems related to performance. When we talk about productivity the main concern is the issue that is valued. Because assessing performance is a very important first step in determining company policies needed to improve overall company performance. If anyone has a loyal attitude towards a job, it will definitely produce good results and good results.

According to Mangkunegara, performance (work performance) is the result of high quality work supported by someone in carrying out their duties in accordance with the responsibilities given. Meanwhile, according to Rivai and Basri, benefit is the willingness of a person or group of people to carry out an activity and benefit it according to the responsibilities with the expected results.

Based on some of the descriptions above, compensation and work environment are very important to employee performance, companies must multiply grants so that all objectives can be obtained by increasing employees who can meet satisfaction in the results of their performance.

## THEORY REVIEW

### A.Compensation

According to Hasibuan (2014: 118) Compensation is all income in the form of goods, goods that are received directly or indirectly by employees in return for rewards given to the company.

According to Mondy and Martocchio (2016: 247) men praise Compensation is the total of all awards given by the company to employees as an imbalance of the company's services that have been provided to the company.

According to Dessler (2010: 346) argues: Compensation complements all forms of wages agreed to for employees arising from their work.

According to (Rianto and Alfiyah.2019) Can be concluded as compensation in the form of payment or in the form of benefits or facilities that are approved with money and given in full by the company to its employees, management provides important and functional assistance to assist human resource management. Financial and non-financial compensation models are related to employee and executive performance.

Hasibuan (2012) stated that there are several indicators of compensation, including:

- a. Salary
- b. Wage
- c. Incentive Wages
- d. Insurance
- e. Office Facilities

### **B. Work Environment**

According to Nitisemito (2009: 39), companies must be able to change the conditions that support cooperation between supervisors, subordinates and people with the same status in the company. Conditions that must be created are family atmosphere, good communication, and self-control.

Furthermore according to Sedarmayanti (2001) Work environment is the overall tools and materials intended for, the environment around one's workplace, collection methods, and organizing the race both as individuals and as groups. Environmental conditions that are resolved properly or following humans can be carried out optimally, healthy, safe, and comfortable. Suitability The work environment can be seen for a longer period. Better working environments do not require more labor and time and do not support an efficient work system.

According to Bambang (1991), the work environment is one of the factors that influence employee performance. For employees who work in a work environment that supports him to work will be more optimal will provide good support, conversely if employees work in an inadequate work environment and do not support to work optimally will make employees who want to be lazy, quick can quickly produce the employee will be low.

From some of the opinions above it can be concluded from the work environment that represents something that exists about employees at work, both physical and non-physical, directly or indirectly, which can produce themselves and their work at work.

Work Environment Indicators by Nitisemito (1992) include:

- a. Work atmosphere
- b. Relationships with coworkers
- c. Availability of work facilities

Meanwhile according to Sedarmayanti (2009) there are 5 indicators of work environment, including:

- a. Information at work
- b. Air circulation at work
- c. Wisdom at work
- d. Bad odor at work
- e. Safety at work

### **C. Employee Performance**

According Sedarmayanti (2011: 54): Improved company performance can be seen from the increase in organizational achievement that can be achieved by a predetermined organization.

According to Dessler (2010: 33): Performance is the result of work, namely the results of work with specified standards, both the quality of the work of individuals or groups in the organization in carrying out basic tasks and functions guided by normal, inspection procedures and standard operating procedures predetermined or applicable in the organization. Performance is an individual who requires effort, ability, and environmental challenges (Setyo 2016).

Based on the above definitions, it can be stated about the results made by employees by standards and criteria that have been determined in a certain period. Descriptions of three important components, namely: objectives, size and assessment. The determination of the objectives of each organizational unit is a strategy to improve performance. This goal will give direction and influence how the organization expects everyone to work.

Mangkunegara (2006) stated that the performance indicators, namely:

- a. Good quality work must be done well.
- b. This quantity can be seen from the speed of work of each individual employee.
- c. Carrying out tasks is improving employees who do the job accurately or there is nothing wrong.
- d. The responsibility for the work the employee will do to do the work given by the company.

### **D. Previous Research**

In a studio from Thaief, Ilham (2015) found a positive and significant contribution to employee performance. Regarding work environment, Zaid, Milis and Benerjee (2017) found a work environment that showed a positive relationship with employee performance updates. Can be concluded as Compensation and also the work environment provides a significant influence on employee performance.

### **RESEARCH IMPLICATIONS**

1. Compensation is proven to provide significant results on employee performance. Therefore, employees who succeeded in making him pay as an encouragement at work.
2. The work environment is proven to provide significant results on employee performance. Therefore employees must improve the neatness and cleanliness of the workspace, so that it is comfortable if occupied by work.
3. The company hopes to pay more attention to the company and its rights, provide money, so that they feel comfortable working and high-performance.
4. Companies need to pay attention to relationships and cooperation with employees, employee comfort at work, and work safety with their security to make it comfortable and quiet at work.

5. For future researchers, successfully developing this research by adding other variables because there are still many factors that affect employee performance.

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