Effect of compensation, work environment and communication on employee performance in ud. djaya listrik and material

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Abstract

Demand for building materials and electrical appliance products in Bekasi, West Java continues to increase due to the growth of the property sector and various consumers preferences. This has contributed to the growth of this supports business. The objective of this study is to determine the effect of compensation, work environment and communication on employee performance with a case study at UD. Djaya Electricity and Materials (UD. DEM). The sampling method was purposive sampling technique because UD. DEM selected as a company that sells and distribute building materials and electrical appliance products for wholesale and retail, already has 10 branches in Bekasi and 50 employees. Data collection was conducted through observation, distributing questionnaires and literature study. The analysis method used in this research is validity, reliability, classical assumption, multiple linear analysis and hypothesis test. The results showed that compensation and work environment partially had a positive effect on employee performance, while communication partially had no effect on employee performance.

Keywords: Compensation; work environment; communication; employee; performance
INTRODUCTION

Demand for building materials and electrical appliance products in the Bekasi area, West Java continues to increase due to the growth of the property sector, such as the construction buildings of office, shops, business areas, housing, tourist attractions and entertainment. Not only for new buildings but also for renovation purposes. In addition, continuous of architectural innovations are carried out to create modern, classic, decorative, futuristic buildings and so on to meet the demands of consumers who crave buildings according to modern, comfortable, environmentally friendly, and other living standards according to their preferences which also encourage the growth of service businesses, provider of building materials and electrical appliance products.

UD. DEM activities that are oriented towards fulfilling wholesale and retail demand must be able to empower all existing resources including employees to achieve business targets optimally. The company’s human resources, 88 percent of whom have a maximum education level of junior high school, cause the salary they receive is not high. Compensation is an inseparable part of improving employee performance because it is impossible to only depend on salaries. Zulkarnaen et. al. (2017) in their research stated that direct and indirect compensation have a positive and significant effect, on the other hands it’s plays an important role in improving employee performance because one of the main reasons someone works is to make ends meet from the rewards they receive while working.

UD. DEM employees in a work environment will pay close attention to physical and non-physical factors to support the performance of each employee and the work team as a whole. Physically, employees carry out work activities by utilizing all the tools and materials owned by the company to support performance. Non-physically, employees need methods and organizational arrangements also work relationships between employees and with company leaders that give the impression of being comfortable, safe, pleasant, providing challenges and motivation to work harder, calm and focus in doing every assigned task, it will also affect performance.

Communication in the UD. DEM can be seen in three ways: a) between leaders and employees, b) between employees and each other, and c) between employees and leaders. Communication within the company have a purpose to forming a sense of mutual understanding, controlling corporate behavior, generating motivation, expressing emotions and considering decision-making both by individuals and by teams. When the pre-survey found communication problems in UD. DEM appears because of the different of employees: a) backgrounds and experiences, b) perceptions and interpretations of instructions or data, and c) misunderstandings in the delivery of messages and not evenly distributed.

Lirature review

Employee performance

Performance comes from the word job performance and is also called actual performance or work performance or actual achievement that has been achieved by an employee. There are many definitions of employee performance that are said by experts, one of the definitions of performance is the work that can be achieved by a person or group of people in an organization, in accordance with their respective authorities and responsibilities, in order to legally achieve the organizational goals concerned, does not violate the law and is in accordance with morals and ethics (Ulfa and Ridwan, 2015).

Human resource management in the company is intended so that the performance of employees can achieve and realize all the plans, policies, goals, objectives, vision, mission and work programs of the company that have been previously determined. Performance is work performance or work results (output) both in quality and quantity, and also utilization of workload completion time achieved by the human resources of the unity period of time to carrying out their work duties in accordance with the responsibilities assigned to them (Sudarmanto, 2014).

Mangkunegara (2005) in Prabu and Wijayanti (2016) states that in general performance can be divided into two, that is individual and organizational performance. Individual performance is the result of employee work both in terms of quality and quantity based on determined work standards, while organizational performance is a combination of individual performance with group performance.

The individual performance of each person is influenced by many factors, according to Kasmir (2016), that is:
Abilities and Skills: is the ability a person doing a job. The more capable and skilled they will be able to complete their work correctly, according to what has been determined;
Knowledge: someone who has good work knowledge will get good job results, and vice versa;
Job Design: that will make it easier for employees to achieve their goals;
Personality: everyone has a different personality from one another. Someone who has a good personality will be able to do the job seriously with full responsibility so that the results of his job will also be good;
Work Motivation: the encouragement for someone to do jobs, if the employee has a strong impulse from within or from outside himself, the employee will be motivated to do something well, so that the drive is able for someone to produce employee performance; and
Leadership: the behavior of a leader in organize, managing and ordering his employee to carry out the tasks and responsibilities.

The performance measurement is a systematic attempt to compare what someone achieves in comparison with existing standards. The purpose is to encourage one's performance to be above average. The success of strategy achievement is a key aspect of performance for management to improve it (Pasalong, 2013). Therefore, the strategic objectives that become the basis of measurement can be determined, and strategic initiatives are determined to realize these targets. Strategic targets and their measurements are then used to determine targets that will be used as the basis for performance measurements, to determine the awards to be given to employee, teams or organizational units (Dharma, 2012).

Compensation and employee performance

According to Handoko (2014), compensation is everything that employees receive in return for their work. According to Hasibuan (2014), compensation is all income in the form of money, direct goods or indirectly received by employees as compensation for services provided to the company. In order to improve employee performance, the company can choose several ways according to the company's situation and capabilities, including providing compensation.

Highlighting the problem of compensation, Sunyoto (2013) in Fauzi (2017) states that compensation is an important component in relationships with employees. Compensation includes direct cash payments, indirect payments in the form of employee benefits. In addition, there is also an intensive to motivate employees to work hard to achieve higher levels of productivity. According to Suwanto and Priansa (2011) in Suharyanto et. al. (2014) stated that compensation provides the main incentive or motivation for an employee to work. Compensation has a broader scope than wages and salaries. Compensation includes all expenses incurred by the company for workers and received or enjoyed by workers, either directly, routinely or indirectly, one day. In a broad sense, compensation besides consisting of salaries and wages, can also take the form of housing facilities, vehicle facilities, uniforms, family allowances, medical benefits, food allowances and many others that can be valued in money and tend to be received by employees on a regular basis.

Compensation will provide encouragement for employees to work optimally, to excel and achieve predetermined work targets. When an employee is satisfied with the compensation he has received, whether in financial form such as salary, bonus or allowance or non-financial in the form of prizes, awards or promotions, the employee will try to improve his performance. Compensation will affect employee performance when employees are satisfied or dissatisfied with the compensation provided. Employee performance will be maximized and will continue to increase if employees are satisfied with the compensation provided by the company, and vice versa, employee performance will decrease if employees are disappointed with the compensation from the company. Compensation that is given fairly will make employees satisfied and will ultimately affect the employee's performance. So thus, employee performance will increase or decrease in accordance with the level of employee job satisfaction with the compensation provided by the company (Jufrizen, 2017).

According to Werther and Davis in Astuti and Suhendri (2017) state that compensation aims are: a) Obtaining quality personnel. Compensation needs to be set high enough to be able to attract the number of applicants, b) Retaining existing employees. Workers can leave if the level of compensation is not competitive with other organizations which results in high labor turnover, c) Ensuring Justice. Compensation management strives to maintain internal and external fairness and d) Appreciate the
desired behavior. Payments should reinforce desired behavior and act as incentives for future behavior. Effective compensation plans reward performance, loyalty, expertise and responsibility.

Work environment and employee performance

According to Sutanto and Suwondo (2015), the work environment consists of two types. First, the work environment which is related to the physical aspect is everything related to the physical aspect of the work environment. Second, the work environment which has a psychological aspect is a work environment that cannot be grasped by the five senses. Physical work environment is all physical conditions that exist around the workplace that can effect employees either directly or indirectly. The physical work environment is divided into two categories, that is environments that are directly related to and near employees (chairs, tables and so on) and intermediate environments (temperature, humidity, air circulation, lighting, mechanical vibrations, unpleasant odors, colors and so on). A non-physical work environment is all situations that occur in relation to work relationships, both relationships with leaders and relationships with fellow colleagues as well as relationships with employee.

According to Moulana, et al. (2017), a work environment condition is said to be good or appropriate if the people inside can carry out their activities optimally, healthy, safe and comfortable. A safe and healthy work environment has been shown to have an effect on productivity. In addition, it is also argued that pleasant working conditions can include a workplace, and supporting facilities that speed up work completion. The suitability of the work environment can have an impact for a long time, as well as a bad work environment which will make it difficult to obtain an effective and efficient work system.

Employees always demand a comfortable work environment, so that the optimization of employee work can be achieved properly. The comfort of the work environment both physically and non-physically is the hope for every employee. By paying attention to the physical work environment or creating working conditions that are able to provide motivation to work, it will have an influence on employee enthusiasm or spirit for work (Simamora et al., 2016).

Communication and employee performance

According to Daryanto (2011) the benefits of communication include: a) to inform, b) to educate, c) to persuade and d) to entertain. The main purpose of communication is to build or create mutual understanding or comprehension. According to As'ad (2018), in carrying out work, employees cannot be separated from communicating with fellow workers, with leaders and with subordinates. Good communication can be the right means to improving employee performance. Through communication, employees can ask their leaders for instructions regarding work implementation. Through communication, employees can also cooperate with each other. The expected communication in the world of work is effective communication.

According to Suprapto (2011) there are four kinds of communication objectives that is : a) Functional goals that are primarily useful for achieving the goals of the organization or institution, b) Manipulative goals that are meant to move people who are willing to accept the ideas presented, whether or not they are in accordance with their values and attitudes, c) Aesthetics goals to achieve goals are creative, and communication is used to enable someone to be able to express these feelings in reality and d) Confidence goals that intend to convince or develop people's confidence in the environment.

According to Rialmi and Morsen (2020), the effectiveness of communication can be assessed from the performance of human resources in the organization. An important element in improving performance in an organization is the availability of quality human resources, productivity, has a high work ethic, and is able to provide optimal contributions to the company. To get the elements needed, organizations need proper coordination of every human resource in the company through effective communication.

According to Munthe and Tiorida (2017), a company is required to maximize its performance in collaborating with other people for various purposes such as business, professional, social and various other needs. They work together to determine goals to be achieved, compile a work plan, manage and run the organization's business operations. To realize all of this, a unity of its members is needed, that is the internal parties in the company, if the internal parties in the company have good, compact
cooperation and prioritize the interests of the company, then this creates a conducive working climate in the company and of course the company's performance will be better too.

METHOD

The type of research used is a quantitative method, a method that emphasizes the objective measurement aspects of social phenomena (Sugiyono, 2014). Population in this study is the employees of UD. DEM as many as 50 employees. Data collection methods used in this research are observation, questionnaire data, interviews and literature study.

The data analysis method used in this study was a research instrument test consisting of validity and reliability tests, classical assumption tests and hypothesis testing using multiple linear analysis, that is to determine the effect between one independent variable and one dependent variable which is shown in the form of the regression equation as follows:

Multiple regression analysis model

The equation model of Multiple Regression Analysis use in this research can be formulated as shown below:

\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e \]

Where:

- \( Y \): Employee Performance
- \( \alpha \): Intercept
- \( \beta_1 \): The slope of compensation variable
- \( \beta_2 \): The slope of work environment variable
- \( \beta_3 \): The slope of communication variable
- \( X_1 \): Value of compensation variable
- \( X_2 \): Value of work environment variable
- \( X_3 \): Value of communication variable
- \( e \): Error standard

RESULT AND DISCUSSION

Validity and reliability test

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Validity test ( \bar{t} )</th>
<th>Reliability test ( \bar{t} )</th>
<th>Cronbach alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>( X_1 )</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>( X_2 )</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>( X_3 )</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>( Y )</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>0.582</td>
<td>0.622</td>
<td>0.825</td>
</tr>
<tr>
<td>2</td>
<td>0.645</td>
<td>0.496</td>
<td>0.825</td>
</tr>
<tr>
<td>3</td>
<td>0.584</td>
<td>0.413</td>
<td>0.825</td>
</tr>
<tr>
<td>4</td>
<td>0.616</td>
<td>0.502</td>
<td>0.826</td>
</tr>
<tr>
<td>5</td>
<td>0.763</td>
<td>0.522</td>
<td>0.807</td>
</tr>
<tr>
<td>6</td>
<td>0.695</td>
<td>0.597</td>
<td>0.816</td>
</tr>
<tr>
<td>7</td>
<td>0.730</td>
<td>0.385</td>
<td>0.812</td>
</tr>
<tr>
<td>8</td>
<td>0.568</td>
<td>0.371</td>
<td>0.831</td>
</tr>
<tr>
<td>9</td>
<td>0.738</td>
<td>0.711</td>
<td>0.810</td>
</tr>
<tr>
<td>10</td>
<td>0.673</td>
<td>0.546</td>
<td>0.819</td>
</tr>
<tr>
<td>11</td>
<td>0.683</td>
<td>0.422</td>
<td>0.815</td>
</tr>
<tr>
<td>12</td>
<td>0.754</td>
<td>0.625</td>
<td>0.904</td>
</tr>
<tr>
<td>13</td>
<td>0.737</td>
<td>0.723</td>
<td>0.904</td>
</tr>
<tr>
<td>14</td>
<td>0.667</td>
<td>0.636</td>
<td>0.904</td>
</tr>
<tr>
<td>15</td>
<td>0.700</td>
<td>0.389</td>
<td>0.904</td>
</tr>
</tbody>
</table>

Based on the data above, it can be seen that all instruments in the variables can be declared valid, because \( \bar{t} \) count > \( \bar{t} \) table so that the data statement can be used on further research. The value of Cronbach's Alpha of all items in this research is more than 0.6, this result means that the data is considered good and reliable.
Classical assumption test
Multicollinearity test
This test is conducted to see whether the regression model finds a correlation between the independent variables. If there is a strong correlation, it can be said that there has been a multicollinearity problem in the regression model.

Table 2. Multicollinearity test results

<table>
<thead>
<tr>
<th>No.</th>
<th>Variable</th>
<th>Collinearity statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>1.</td>
<td>Compensation</td>
<td>0,772</td>
</tr>
<tr>
<td>2.</td>
<td>Work Environment</td>
<td>0,570</td>
</tr>
<tr>
<td>3.</td>
<td>Communication</td>
<td>0,476</td>
</tr>
</tbody>
</table>

From the table 2, it can be seen that the VIF value is less than 10 and the tolerance value is more than 0.2 for the three variables, so it can be concluded that the regression model does not have multicollinearity problems.

Heteroscedasticity and normality test
Heteroscedasticity test using the Scatterplot Method, by looking at the dots pattern on the regression scatterplot. If the dots spread out in an unclear pattern above and below the number 0 on the Y axis then there is no heteroscedasticity problem. The normality test in this research used the graphical method by looking at the distribution of data on the diagonal source on the normal P-P Plot of Regression Standardized Residual Graph. If the dots spread around the line and follow the diagonal line, the residual value is normal.

Figure 2. Heteroscedasticity scatterplot and normality test result

The results of the heteroscedasticity test can be seen that the dots spread with an unclear pattern above and below the number 0 on the Y axis, so it can be concluded that there is no heteroscedasticity problem in the regression model. Based on the graphic image of the Normal P-P Plot of Regression Standardized Residuals above, it shows that the points spread around the line and follow the direction of the diagonal line, so the residual value can be said to be normal. This proves that regression model of the effect of compensation (X1), work environment (X2) and Communication (X3) on employee performance (Y) fulfills the condition and passed the normality test.
Multiple regression analysis

Multiple regression linear analysis is used to answer the hypothesis whether compensation, work environment, and communication simultaneously and partially effect on employee performance at UD. DEM.

Table 3. Multiple Regression Test Result

<table>
<thead>
<tr>
<th>No</th>
<th>Variable</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Sign</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>B</td>
<td>Std.Error</td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>(Constant)</td>
<td>31.077</td>
<td>7.084</td>
<td>4.387</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Compensation</td>
<td>0.423</td>
<td>0.161</td>
<td>0.371</td>
<td>2.632</td>
<td>*</td>
</tr>
<tr>
<td>3.</td>
<td>Work Environment</td>
<td>0.340</td>
<td>0.112</td>
<td>0.496</td>
<td>3.022</td>
<td>**</td>
</tr>
<tr>
<td>4.</td>
<td>Communication</td>
<td>-0.124</td>
<td>0.154</td>
<td>-0.146</td>
<td>-0.811</td>
<td>ns</td>
</tr>
</tbody>
</table>

**, * = significance at 1% and 5%

Based on the analysis result, the equation of multiple regression models in this research is shown as follows:

\[
Y = 31.077 + 0.423X_1 + 0.340X_2 - 0.124X_3
\]

The multiple regression equation has the following interpretation:

Constant value of 31.077 means that if all the independent variables in this research : compensation (X_1), work environment (X_2) and Communication (X_3) are equal to 0 (zero), then the employee performance (Y) is predicted to be 31.077 in this case other effecting factors are considered constant;

Coefficient value of 0.423 means that if the independent variable in this research, compensation (X_1) increases by one point or one scale, it will increase the employee performance (Y) by 0.423, in this case other effecting factors are considered constant;

Coefficient value of 0.34 means that if the independent variable in this research, work environment (X_2) increases by one point or one scale, it will increase the employee performance (Y) by 0.34, in this case other effecting factors are considered constant;

Coefficient value of -0.124 means that if the independent variable in this research, communication (X_3) increases by one point or one scale, it will decrease the employee performance (Y) by 0.124, in this case other effecting factors are considered constant.

\[ t \text{- Test} \]

The \( t \) test is conducted to see whether or not the independent variables (compensation, work environment and communication) effected the dependent variable (employee performance) partially. To prove whether there is effected or not, the following steps will be taken:

Table 4. Hypothesis test result

<table>
<thead>
<tr>
<th>No</th>
<th>Hypotesis</th>
<th>R square</th>
<th>t value</th>
<th>t table</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H_1</td>
<td>Compensation has effect on employee performance</td>
<td>0.335</td>
<td>2.632</td>
<td>2.013</td>
<td>Ho rejected</td>
</tr>
<tr>
<td>H_2</td>
<td>Work Environment has effect on employee performance</td>
<td>0.335</td>
<td>3.022</td>
<td>2.013</td>
<td>Ho rejected</td>
</tr>
<tr>
<td>H_3</td>
<td>Communication has no effect on employee performance</td>
<td>0.335</td>
<td>-0.811</td>
<td>2.013</td>
<td>Ho accepted</td>
</tr>
</tbody>
</table>

Hypothesis determination

The determination of the hypothesis in this study is as follows:

Ho : Compensation, work environment, and communication partially not effect employee performance, and

Ha : Compensation, work environment, and communication partially effect employee performance.

The \( t \) test is carried out by comparing the \( t \) count value obtained in the table above, with a significance rate of 0.05 and degrees of freedom (df) = n-k-1 = 50-3-1 = 46. With these determination, the \( t \) table is obtained for 2.013.

The conclusion of the \( t \) test
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Compensation (X₁). The value of t count > t table (2.632 > 2.013), H₀ is rejected, meaning that the compensation partially effected employee performance. The value of t count is positive, meaning that it has a positive effect, so increasingly of the compensation then the effect is the employee's performance increases.

Work Environment (X₂). The value of t count > t table (3.022 > 2.013), H₀ is rejected, meaning that the work environment partially effected employee performance. The value of t count is positive, meaning that it has a positive effect, so increasingly of the work environment then the effect is the employee's performance increases.

Communication (X₃). The value of t count > t table (-0.811 > 2.013), H₀ is accepted, meaning that the communication has no effect on employee performance.

**Determination test (the goodness of fit)**

The coefficient of determination (R²) from the results of multiple regressions shows how much the dependent variable (employee performance) is influenced by the independent variables (compensation, work environment, and communication).

Table 5. Determination Test Result

The coefficient of determination (R²) is 0.579 means that the level of relationship between independent and dependent variable is considered moderately correlated. The value of coefficient of determination is between 0 and 1. The Adjust R Square figure is 0.291 or (29.1%). This shows that 29.1% of employees performance of the UD. DEM is effected by compensation, work environment, and communication variables, while 70.9% is effected by other variables not discussed in this research.

**DISCUSSION**

The results showed that compensation has a partial effect on employee performance of UD. DEM, if the compensation is given properly, the employee's performance will be better. Compensation given to employees must be proportionally adjusted to the income of UD. DEM. If this is done, employees will feel that the compensation is wise and fair, because the amount is in accordance with the performance of each employee. This research is in line with research conducted by Ananta Dwikristianto Satedjo and Sesilya Kempa (2017) which states that compensation has a positive and significant effect on employee performance, because with high compensation, employee performance will increase.

The results showed that work environment has a partial effect on employee performance of UD. DEM, does this mean that the better and more comfortable the work environment, the employee performance will increase. Employees will feel comfortable with the conditions of the existing work environment, do not feel disturbed when they work, so they are motivated to work, this has an effect a lot of work to be completed so that their performance can be said to be good. This research is in line with research conducted by Pratama (2015) which concluded that the work environment has a positive and significant effect on employee performance. This implies that a comfortable work environment causes the level of employee concentration at work to increase.

The results showed that communication has no effect on employee performance. Communication applied to UD. DEM has no positive effect on employee performance, because employees who work on average still have relatives, where the ability and experience in serving and doing business is no longer in doubt and there is no need for more training or direction in carrying out their respective jobs, so communication is not a priority. This research is in line with previous research conducted by Tambingon, et. al. (2014) which states that the effectiveness of communication has no partial effect on employee performance.

**CONCLUSION**

The conclusion of this research can be concluded as follows:

**Compensation** has a partial, positive and significant effect on employee performance of UD. DEM, with high compensation, employee performance will increase;

**Work environment** has a partial, positive and significant effect on employee performance of UD. DEM, with the better and more comfortable the work environment, the employee performance will increase; and

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Communication has no effect on employee performance of UD. DEM, the ability and experience in serving and doing business is no longer in doubt and there is no need for more training or direction in carrying out their respective jobs, so communication is not a priority.

REFERENCES


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