

The Influence of Work Environment and Compensation on Employee Performance at PT. Hadji Kalla Toyota Palopo

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Abstract: This study aims to analyze whether the work environment and compensation influence employee performance at PT. Hadji Kalla Toyota Palopo, using a quantitative approach as the research method. The population in this study includes all 70 employees, while the sample consists of 41 employees, determined using Slovin's formula. Data collection was conducted through questionnaires. Data analysis was performed using SPSS. The findings of this study indicate that the work environment has a positive and significant effect on employee performance, compensation does not show an influence on employee performance, and simultaneously, the work environment and compensation have a positive and significant effect on employee performance at PT. Hadji Kalla Toyota Palopo. The implications of these findings suggest that the company should pay attention to and improve the work environment and provide appropriate and fair compensation to employees to enhance their performance, thereby achieving the company's objectives.

Introduction

In the era of globalization and increasingly intense business competition, organizations are compelled to enhance the effectiveness and productivity of their workforce to achieve strategic objectives. Employees are not only expected to perform routine tasks but also to contribute innovative ideas that drive organizational progress. Organizations that consistently maintain high performance standards are better positioned to sustain competitiveness in volatile markets (Riyanti & Munawaroh, 2021).

Employee performance is influenced by multiple factors, both internal and external. Among the external determinants, the work environment and compensation systems are often cited as critical contributors (Trisna & Guridno, 2021). A supportive and well structured work environment fosters positive employee attitudes, which in turn enhances job satisfaction and motivation (Muhammad Iqbal, 2022). Conversely, unfavorable working conditions may hinder employee engagement and negatively affect overall productivity (Farhan et al., 2023).

In addition to the work environment, compensation represents a key element in influencing employee behavior and performance (Sarianah et al., 2022). Competitive and equitable compensation not only improves employee welfare but also serves as recognition of their contributions, encouraging greater loyalty and effort (Iskandar et al., 2024). On the other hand, inadequate or inequitable compensation structures can result in decreased motivation, reduced performance, and increased turnover rates (Kurnia et al., 2019).

According to (Anadita et al., 2023) emphasize that fair and transparent compensation policies can enhance employee loyalty and performance. (Putri & Iryanti, 2024) argue that compensation plays a vital role in talent retention and performance management. Properly administered compensation reinforces the perceived value of employees within the organization and motivates them to achieve shared goals (Putri et al., 2024).

PT Hadji Kalla Toyota Palopo is a company engaged in the automotive and trade sectors and serves as the official Toyota dealership in Palopo, South Sulawesi. As a player in a highly competitive industry, the company is required to continuously maintain and enhance employee performance. However, the extent to which the work environment and compensation influence employee performance within this context remains unclear.

Accordingly, the primary objective of this study is to analyze the influence of the work environment and compensation on employee performance. The findings are expected to provide empirical insights that inform strategic decision-making in human resource management and contribute to the broader literature on organizational behavior in the automotive sector.

Research Method

This research employs a quantitative approach, focusing on all employees of PT Hadji Kalla Toyota Palopo, totaling 70 individuals, with a sample of 41 respondents determined using Slovin's formula. Primary data were collected through a questionnaire regarding the influence of the work environment, compensation, and employee performance, while

secondary data were sourced from journals and supporting literature. Data collection was conducted through observation and questionnaires using a Likert scale. Data analysis was performed using SPSS, which included validity tests, reliability tests, multiple linear regression, and hypothesis testing (T-test, F-test, and R^2 coefficient of determination).

The relationship among those concepts has to be depicted in a figure of conceptual framework as example below.

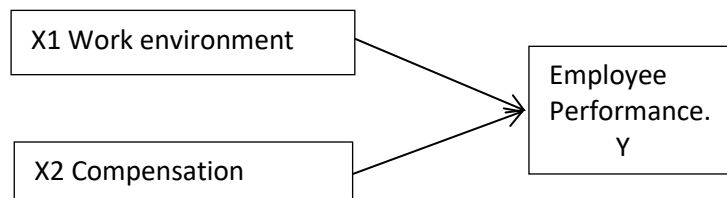


Figure 1. Conceptual Framework

According to Vroom's Expectancy Theory, if employees believe that their efforts will lead to good performance and achieve desired outcomes, such as recognition or rewards, they will be motivated to work harder. A conducive work environment and job satisfaction can influence this relationship, ultimately affecting employee performance. Employee performance within an organization is influenced by various factors, including compensation and the work environment. Companies not only seek talented and skilled employees, but most importantly, they must be willing to work hard to achieve optimal results (Harahap & Tirtayasa, 2020).

A supportive work environment will enhance employees' expectations regarding performance. Employees who feel supported are more likely to be confident in completing their tasks. In the context of compensation, it is important for companies to have a clear and transparent reward structure. Employees need to understand that achieving targets or good performance will be rewarded with appropriate recognition or rewards. When employees see a clear connection between performance and rewards, they are more motivated to achieve the established goals (Dahrani & Sohiron, 2024).

Result and Discussion

Validity Test

The purpose of this validity test is to assess the validity of a questionnaire. A questionnaire is considered valid if it can accurately measure the intended concept and reveal data relevant to the variables of the work environment (X1), compensation (X2), and employee performance (Y).

Table 1. Table 1 Validity Test

Variabel		R _{hitung}	R _{tabel}	Keterangan
Work environment (X1)	X1.1	0,750	0,308	Valid
	X1.2	0,789	0,308	Valid
	X1.3	0,708	0,308	Valid
	X1.4	0,695	0,308	Valid
	X1.5	0,743	0,308	Valid
	X1.6	0,637	0,308	Valid
Compensation (X2)	X2.1	0,633	0,308	Valid
	X2.2	0,728	0,308	Valid
	X2.3	0,830	0,308	Valid
	X2.4	0,670	0,308	Valid
	X2.5	0,702	0,308	Valid
Employee Performance. (Y)	Y.1	0,652	0,308	Valid
	Y.2	0,732	0,308	Valid
	Y.3	0,826	0,308	Valid
	Y.4	0,816	0,308	Valid
	Y.5	0,639	0,308	Valid

The table above indicates that the variables of the work environment (X1), compensation (X2), and employee performance (Y) are considered valid overall. This is evidenced by the calculated r value being greater than the r table value, which is 0.308. Therefore, these indicators can be relied upon for further analysis.

Reliability Test

Reliability testing is used to determine whether respondents' answers can be trusted or relied upon. This test evaluates answers using more than two assessments of Cronbach's Alpha, whose values will be compared to the minimum reliability coefficient. If the Cronbach's Alpha value is greater than 0.60, it means that the research instrument can be considered reliable; however, if the Cronbach's Alpha value is less than 0.60, the research instrument is deemed unreliable (Rozali, 2018).

Table 2 Reliability Test

Variable	Item Statements	Cronbach's Alpha	Cronbach's Alpha Standar	Notes
Work Environment	6	0,814	0,60	Reliable
Compensation	5	0,757	0,60	Reliable
Employee Performance	5	0,784	0,60	Reliable

Referring to the table above, it can be seen that the Cronbach's Alpha values are greater than the standard Cronbach's Alpha of 0.60, indicating that they can be considered reliable.

Multiple Linear Regression Analysis

Multiple linear regression analysis is applied to evaluate and determine the extent to which the work environment (X1) and compensation (X2) as independent variables affect employee performance (Y) as the dependent variable.

Table 4: Results of Multiple Linear Regression Testing

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	6,217	2,976		2,089	,043
X1	,487	,155	,552	3,136	,003
X2	,127	,192	,116	,661	,513

$$Y = 6,217 + 0,487X1 + 0,127X2 + e$$

The positive constant value of 6.217 indicates that if the independent variables, namely work environment (X1) and compensation (X2), are held constant at 0, the dependent variable employee performance (Y) would be 6.217.

1. The regression coefficient for the work environment (X1), which is 0.487, indicates that each increase in the work environment variable will result in an increase in employee performance of 0.487.
2. The regression coefficient for compensation (X2) is 0.127, which indicates that each increase in the compensation variable will lead to an increase in employee performance of 0.127.

T-Test (Partial)

The purpose of this test is to assess the influence of two independent variables, namely work environment and compensation, on the dependent variable, which is employee performance. The t-table value is obtained using the formula $t_{table} = n - k - 1$, where n is the sample size and k is the number of independent variables. With $t_{table} = 41 - 2 - 1$, the calculation results in a t-table value of 1.682.

Table 5: Results of T-Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	6,217	2,976		2,089	,043
X1	,487	,155	,552	3,136	,003
X2	,127	,192	,116	,661	,513

1. Based on the analysis results in the table above, the work environment variable (X1) has an impact on employee performance (Y). The calculated t-value of 3.136 is greater than the t-table value of 1.682, and the significance value of 0.003 is less than 0.05.

- Based on the analysis results in the table above, the compensation variable (X2) does not have a significant impact on employee performance (Y), with a calculated t-value of 0.661 < t-table value of 1.682 and a significance value of 0.513 > 0.05.

F-Test Results (Simultaneous)

The purpose of the F-test is to determine how significant the influence of the independent variables on the dependent variable is when considered together. The F-table value is calculated using the formula $F_{table} = n - k - 1$, where nn is the sample size and kk is the number of independent variables. With $n = 41 - 2 - 1 = 38$, the calculation shows an F-table value of 3.24.

Table 6: Results of F-Test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	148,953	2	74,476	13,184	,001
	Residual	214,657	38	5,649		
	Total	363,610	40			

Based on the analysis results, the values of the work environment variable (X1) and compensation (X2) simultaneously have an impact on employee performance (Y), with a significance value of 0.001 < 0.05 and a calculated F-value of 13.184 > F-table value of 3.24.

Determination Test

Table 7: Results of Determination Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,640 ^a	,410	,379	2,377

The results of the coefficient of determination test show an Adjusted R Square value of 0.379, indicating that 37.9% of employee performance is influenced by the work environment and compensation variables. Meanwhile, the remaining 62.1% of employee performance is affected by other factors outside the scope of this research model.

Discussion

The Impact of the Work Environment on Employee Performance

The empirical findings of this study demonstrate a positive and statistically significant relationship between the work environment and employee performance. This implies that improvements in the quality of the work environment directly contribute to enhanced employee productivity and effectiveness. Conversely, a deteriorating work environment tends to hinder performance levels. These results underscore the critical role of a supportive and well-structured work environment in fostering employee performance, as suggested by (Trisna & Guridno, 2021) who emphasize the importance of organizational efforts to cultivate and maintain conducive working conditions.

This research aligns with Vroom's expectancy theory, which states that a positive work environment can enhance employees' beliefs and expectations that they can achieve the desired performance (Fitriani, 2016). Furthermore, the results of this study are consistent with previous research conducted by (Subha, 2020), which showed that the work environment has a positive and significant impact on employee performance at PT. Bank Mandiri Sukabumi Sudirman. Therefore, the better and more comfortable the work environment provided, the greater the improvement in employee performance.

The Impact of Compensation on Employee Performance

The findings of the test indicate that compensation does not have a significant effect on employee performance. This means that indicators such as salary, incentives, benefits, and facilities do not influence employee performance. This may be due to the fact that employee performance is more influenced by the provision of compensation on a regular basis, where comfort in the workplace becomes a more important factor for them (Anadita et al., 2023).

This finding does not align with Vroom's expectancy theory, which states that employees' motivation to work hard is influenced by their expectations of desired outcomes, such as adequate compensation. However, the results of this study show that compensation indicators such as salary, incentives, facilities, and benefits do not affect employee performance. Additionally, these findings differ from previous research conducted by (Wonda et al., 2022) in their study titled "The Impact of Compensation and Work Environment on Employee Performance at Bank Papua, Karubaga Branch, Tolikara Regency," which showed that compensation has a positive and significant effect on employee performance.

The Impact of the Work Environment and Compensation on Employee Performance

The hypothesis testing results show that the work environment and compensation variables have a positive and significant effect on employee performance when considered together. This means that both factors, when viewed collectively, positively and significantly influence employee performance. In other words, if the work environment and the compensation received by employees are in good condition, it will significantly enhance their performance (Sebastian & Andani, 2020).

The results of this study align with Vroom's expectancy theory, which states that a good combination of work environment and compensation can effectively enhance employee motivation. The findings of this research are consistent with previous studies conducted by (Pujiarti & Pujiarti, 2021), which revealed that the work environment and compensation have a positive and significant impact on employee performance at PT. Menara Berlian.

Conclusion

The test results indicate that compensation does not have a significant effect on employee performance at PT. Hadji Kalla Toyota Palopo. Based on the findings, it can be concluded that the work environment has a positive and significant impact on employee performance. Conversely, compensation does not show a significant influence on employee performance within the company. Additionally, both the work environment and compensation have an effect on employee performance when considered simultaneously.

It is recommended for future researchers to include additional variables that may influence employee performance, such as motivation, leadership, and organizational culture. By incorporating these variables, researchers can provide a deeper understanding of the factors that determine employee performance.

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