

# The Influence of the work environment of the compensation system on job satisfaction and employee performance at Bankaltimtara Nunukan Branch"

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ABSTRACT— Surmiati, 2023 "The Influence of the work environment of the compensation system on job satisfaction and employee performance at Bankaltimtara Nunukan Branch". This research aims to analyze the relationship between the work environment and compensation system on job satisfaction and employee performance. This research was conducted at the Bankaltimtara Nunukan Branch office, the population of this research was all employees, totaling 30 respondents. This research uses the smartPLS application ver. 3 or with Partial Least Square (PLS) to analyze data. Hypothesis testing indicates that the work environment and compensation have no effect on job satisfaction, the work environment and compensation have a significant direct effect on employee performance at PT. Bankaltimtara Nunukan Branch. The results of this test are expected to be able to explain the influence of the work environment, compensation system on job satisfaction and performance at PT. Bankaltimtara Nunukan Branch.

Keywords: Work environment, compensation, job satisfaction, and employee performance.

#### I. INTRODUCTION

In carrying out its business activities, PT. Bank Altitara Nunukan Branch consists of 35 employees. With the number of employees we have, structured and directed human resource management is required in order to obtain employee performance that meets expectations. According to Kasmir, performance is the result of completing tasks and responsibilities given within a certain time period. Apart from that, performance is also defined as a form of action, achievement or skill of an employee in carrying out his work (Kasmir, 2016, pp. 182–184). To improve employee performance, it is necessary to consider factors that influence performance. According to Kasmir, factors that influence employee performance are job satisfaction and the work environment (Kasmir, 2016, pp. 189–193). according to Simanjuntak, factors that influence performance come from supporting facilities which can be in the form of compensation (S. E. Widodo, 2015, p. 133).

The second factor that influences employee performance is compensation. Compensation is all income in any form received by employees as compensation for services provided to the company. from this research as follows:

- 1. Does the work environment have a significant effect on employee job satisfaction at PT. Bank Kaltimtara Nunukan Branch
- 2. Does the work environment have a significant influence on employee performance at PT. Bank Kaltimtara Nunukan Branch
- 3. Does the Compensation System have a significant effect on employee job satisfaction at PT. Bankaltimtara Nunukan Branch
- 4. Does the compensation system have a significant effect on employee performance at PT. Bank Kaltimtara Nunukan Branch
- 5. Does job satisfaction have a significant effect on employee performance at PT. Bankaltimtara Nunukan Branch
- 6. Does the work environment through job satisfaction have an effect on employee performance at PT. Bankaltimtara Nunukan branch
- 7. Does the compensation system through job satisfaction have an effect on employee performance at PT. Bankaltimtara Nunukan Branch

## II. LITERATURE REVIEW

#### A. Theoretical Foundation

On this theoretical basis, the author puts forward several theories which are the theoretical basis according to experts that support the completion of the final assignment.

The literature review that the author obtained to assist in this research is as follows:

## 1. Human Resources Management

According to (Irviani, 2018), Management is a process of using organizational resources to achieve organizational goals through the functions of planning, decision making, organizing, leading, controlling.

#### 2. Work environmen

According to Sedarmayanti (2017:25) the work environment is the totality of tools and materials encountered, the surrounding environment where a person works, their work methods, and work arrangements both as individuals and as a group.

## 3. Compensation

Hasibuan (2011:133) states "Compensation is all income in the form of money or goods directly or indirectly received by employees as compensation for services provided to the company". Don't just give rewards just like that, but you also have to pay attention to the right portions for each employee according to what they do. The effect of providing compensation can improve employee performance.

#### 4. Job Satisfaction

According to Badeni (2017:43) Employee job satisfaction is a person's attitude towards their work which can be positive or negative, satisfied or dissatisfied. Create Job satisfaction can create a positive attitude among employees towards the tasks they are responsible for.

5. Employee Performance

According to Afandi (2018:83) Performance is the work result that can be achieved by a person or group of people in a company in accordance with their respective authority and responsibilities in an effort to achieve organizational goals illegally, does not violate the law and does not conflict with morals and ethics.

## B. Framework of Thinking

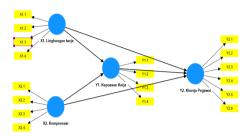


Fig 1. Framework of thinking

## C. Hypothesis

A hypothesis is a temporary answer to a research problem formulation, where the research problem formulation has been stated in the form of a statement sentence. So a hypothesis can also be stated as a theoretical answer to the formulation of a research problem, not yet an empirical answer with data (Sugiyono, 2018). So that this research can be directed as expected, in this research the author formulates the following hypothesis:

HI: it is suspected that the work environment has a significant influence on job satisfaction at PT. Bankaltimtara Nunukan Branch

H2: it is suspected that the work environment has a positive and significant effect on employee performance at PT. Bankaltimtara Nunukan Branch

H3: it is suspected that compensation has an insignificant effect on job satisfaction at PT. Bankaltimtara Nunukan Branch

H4: it is suspected that compensation influences employee performance at PT. bankaltimtara Nunukan Branch

H5: it is suspected that job satisfaction has a significant effect on employee performance at PT. Bankaltimtara Nunukan Branch.

H6: it is suspected that the environment indirectly has a positive effect through Job Satisfaction on Employee Performance at PT. Bakaltimtara Nunukan branch

H7: it is suspected that compensation indirectly has a positive effect through Job Satisfaction on Employee Performance at PT.Bankaltimtara Nunukan Branch

# III. RESEARCH METHODOLOGY

# A. Operational Definition

According to V. Wiratna Suajrweni (2018), Operational Definition is a research variable intended to understand the meaning of each research variable before analysis is carried out.

This research uses work environment variables (X1), employee compensation (X2), job satisfaction (Y1) and employee performance (Y).

# a. Work Environment (X1)

The work environment is everything around the workplace or work environment that influences the sustainability and performance of employees at Bankaltimtara Nunukan Branch. Indicators in the work environment and their items:

- 1 Color
- 2 Air
- 3 Votes
- 4 light

# b. Compensation (X2)

Compensation is a remuneration provided by the company as a reward for employee contributions to the company and also as a tool to improve employee performance. Employee Compensation indicators and items are:

- 1 Salary or Wages
- 2 Incentives
- 3 Allowances
- 4 facilities
- c. Job satisfaction (Y1)

Job satisfaction itself can be concluded that job satisfaction is the response attitude and emotional reactions of employees in viewing their work which can be reflected in employee behavior in assessing the good and bad and whether they like or dislike their work. The indicators of job satisfaction are:

1. Employment

- 2. Wages
- 3. Promotion
- 4. Supervisor
- d. Employee Performance (Y2)

Performance is the work result achieved by a person or group of people in an organization in accordance with their respective authority and responsibilities in order to achieve organizational goals. Indicators: Quantity, Quality, Work Discipline, Initiative, Accuracy, Honesty.

## B. Data Source

#### 1. Primary Data

According to Sugiyono (2018:456) Primary data is a data source that directly provides data to data collectors. Data is collected by the researcher himself directly from the first source or place where the research object is carried out. This data was obtained through interviews, observation and questionnaire results from consumer respondents by PT employees. Bankaltimtara Nunukan Branch.

#### 2. Secondary Data

According to Sugiyono (2017:137) Secondary data is a source that does not directly provide data to data collectors.

Using secondary data if the author collects information from data that has been processed by other parties.

#### C. Population and sample

## 1. Population

According to Sugiyono (2018) population is a group of people, events, or things that are interesting to research that have been limited by researchers. Apart from that, a population is an object or subject that resides in an area and meets certain requirements related to the research problem. The population in this study were 30 employees at Bank Kaltimtara Nunukan Branch. The population used in this research were 30 (thirty) employees of BPD Kaltimtara Nunukan Branch.

#### 2. Sample

The sample is a subgroup of the population selected in the research. Sampling can be a conclusion from the population, so that the sample used for research can truly represent the population. The appropriate size sample for research is 20 to 30 respondents (Sugiyono, 2018). So this research used 30 employees at Bank Kaltimtara Nunukan Branch.

## D. Test the Research Instrument

The instrument test is intended to determine the validity and reliability of the instrument, so that it can be seen whether it is suitable for use for data collection in this research.

#### 1. Validity Test

According to Sugiyono (2019), the validity test is used to measure whether a questionnaire is valid or not. Validity test is an instrument used to measure data that has been obtained as truly valid or correct data. The method that is often used to assess the validity of questionnaires is moment product correlation (Pearson correlation) between the score of each question item and the total score, so it is often referred to as interitem-total correlation.

According to Kuncoro (2019) a measurement scale is called valid if it does what it is supposed to do and measures what is actually measured. If the measurement is invalid then it is not useful for the researcher because it is not measuring or doing what it should do.

#### 2. Reliability Test

Reliability testing is the process of measuring the accuracy (consistency) of an instrument. This test is intended to guarantee that the instrument used is an instrument.

This test is intended to ensure that the instrument used is an instrument that is reliable, consistent, stable and dependable, so that when used repeatedly it can produce the same data.

An instrument is said to be reliable if the instrument is able to reveal data that can be trusted and is in accordance with actual reality. This test is carried out to determine the consistency of an answer regarding the respondent's response. The results of the reliability test can be seen from the good Cronbroch alpha reliability value.

The Reliability Test is a measuring tool for measuring a questionnaire which is an indicator of a variable or outcome. A questionnaire is said to be reliable or reliable if a person's answers to questions are consistent or stable over time.

Table 3.1 Reliability Test Parameters Test Parameters Rule of thumbs Cronbach Alpha reliability >0.6 Composite Reliability >0.6

# D. Hypothesis Testing

# 1. Coefficient of Determination

The coefficient of determination (R2) is used to measure how far the model's ability to explain variations in the dependent variable. The coefficient of determination value is between 0 and 1. A small R2 value means that the ability of the independent variables to explain variations in the dependent variable is very limited. A value close to 1 means that the independent variables provide almost all the information needed to predict variations in the dependent variable (Ghozali, 2011).

# 2. Hypothesis testing of direct and indirect effects

To test this type of hypothesis, compare t count with t table with a confidence level of 95% or alpha 0.05 with two-tailed testing so that alpha becomes 0.025 (two Tail) provided that if t count is greater than t table then the hypothesis is accepted. Likewise, if the calculated t is smaller than t, the hypothesis is rejected.

## IV RESULTS AND DISCUSSION

A. Results and Discussion of Respondent Characteristics

1. Structural Model Planning

Description of the latent variables and their manifest variables are as follows:

- a. Oxogen latent variable (Independent) Work environment (X1) has 4 manifest variables (indicators), namely, light illumination expressed by (X1.1), Color (X1.2), Air (X1.3), Sound (X1.4)
- b. Oxogen Latent Variable (Independent) Compensation (X2) has 4 manifest variables (indicators), namely, Salary expressed as (X2.1), Incentives (X2.2), Allowances (X2.3), Facilities (X2.4).
- c. The endogenous (dependent) latent variable, namely Satisfaction (Y1) has 4 manifest variables (indicators), namely, employment (Y1.1), Wages (Y1.2), Promotion (Y1.3), and Supervisor (Y1.4).
- d. The endogenous latent variable (Dependent), namely, employee performance (Y2), has 6 Manifest variables (Indicators), namely, Quality of work (Y2.1), Quantity of work (Y2.2), Initiative (Y2.3), Discipline (Y2.4), Thoroughness (Y2.5), and Honesty (Y2.6)

When evaluating the measurement model for PT employee performance respondents. Bankaltimtara Nunukan Branch, the indicators used are not all valid and reliable. So that a structural model that is suitable for this research is obtained, namely as follows:

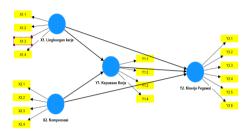


Fig 2. Research model planning

Source: SmartPLS ver.3 Processed primary data output

B. Evaluation of Model Measurements (Outher Model)

Evaluation of the measurement model consists of three stages, namely convergent validity test, discriminant validity test, average variance extracted (AVE) and reliability test.

1. Convergent Validity Test

Measuring the validity of reflective indicators can be done using the correlation between the indicator score and the construct score. Measurements with reflective indicators show that there is a change in another indicator on the same variable.

Table 1. Output Result for Outer Loading

	work environme nt	Compensat ion	Satisfaction	employee performanc e
	X1	X2	Y1	Y2
X1.1	0,895			
X1.2	0,841			
X1.3	0,754			
X1.4	0,912			
X2.1		0,743		
X2.2		0,851		
X2.3		0,78		
X2.4		0,803		
Y1.1			0,824	
Y1.2			0,791	
Y1.3			0,859	
Y1.4			0,766	
Y2.1				0,905
Y2.2				0,871
Y2.3				0,818
Y2.4				0,748
Y2.5				0,734
Y2.6				0,794

Source: Sma rtPLS ver.3 Primary data output is processed

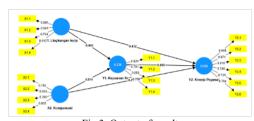


Fig 3. Output of result (Source: SmartPLS ver.3 Processed primary data output)

From the results in table 3 the output shows that the factor provides a value above the specified value, namely 0.5. So that the indicators used in this research are satisfactory and can be said to be valid.

# 2. Descriminant Validity Test

For reflective indicators, it is necessary to test discriminant validity by comparing the values in the cross loading table. An indicator is declared valid if it has the highest loading factor value for the targeted construct compared to the loading factor value for other constructs.

Table 2 Output Results for Cross Loading

	work environment	Compensation	Satisfaction	employee performance	
	X1	X2	Y1	Y2	
X1.1	0,895	0,69	0,497	0,764	
X1.2	0,841	0,712	0,342	0,812	
X1.3	0,754	0,476	0,245	0,529	
X1.4	0,912	0,686	0,499	0,723	
X2.1	0,501	0,743	0,365	0,57	
X2.2	0,564	0,851	0,344	0,771	
X2.3	0,588	0,78	0,558	0,676	
X2.4	0,75	0,803	0,549	0,712	
Y1.1	0,206	0,397	0,824	0,337	
Y1.2	0,179	0,353	0,791	0,299	
Y1.3	0,487	0,56	0,859	0,557	
Y1.4	0,535	0,497	0,766	0,518	
Y2.1	0,642	0,761	0,471	0,905	
Y2.2	0,592	0,787	0,513	0,871	
Y2.3	0,54	0,718	0,584	0,818	
Y2.4	0,595	0,588	0,407	0,748	
Y2.5	0,866	0,651	0,428	0,734	
Y2.6	0,825	0,69	0,331	0,794	

Source: SmartPLS ver.3 Processed Primary data output

# 3. Average Variance xtracted (AVE)

Used to measure the amount of variance that can be captured by the construct compared to the variance caused by measurement error.

Table 3Output Result of Average Variance Extracted

Variable	AVE
work environment	0,727
Compensation	0,633
Satisfaction	0,657
employee performance	0,663

Source: SmartPLs ver.3 processed primary data output

The results from table 3 Calculation of Avarage Variance Extracted (AVE) show that all variables measured in this study have a variance value of more than 0.5. So it can be said that all variables have variance.

#### 4. Reliability Test

A reliability test is a test used to measure the degree of consistency of a measuring instrument. A measurement result can be said to be reliable if the measuring instrument can be trusted, so as to obtain constant and consistent results. In calculating this reliability test, the alpha formula is used. The results of reliability testing for each variable can be seen in the table.

Table 4 Reliability Test Results

Variable	Inf.	Cronbach' s Alpha	Composite Reability	inf
work environment	(X1)	0,875	0,914	Reliable
Compensation	(X2)	0,806	0,873	Reliable
Satisfaction	(Y1)	0,834	0,884	Reliable
employee performance	(Y2)	0,897	0,921	Reliable

Source: SmartPLS ver.3 Processed primary data output

Table 5 Reliability Test Results of Indicators

Variable	Information	Cronbach Alpha	inf	
1	X1.1	0,825	Reliable	
work environment	X1.2	0,861	Reliable	
(X1)	X1.3	0,874	Reliable	
(211)	X1.4	0,796	Reliable	
	X2.1	0,771	Reliable	
Compensati	X2.2	0,698	Reliable	
on (X2)	X2.3	0,768	Reliable	
	X2.4	0,755	Reliable	
	Y1.1	0,73	Reliable	
Satisfaction	Y1.2	0,753	Reliable	
(Y1)	Y1.3	0,807	Reliable	
	Y1.4	0,855	Reliable	
	Y2.1	0,853	Reliable	
employee performance (Y2)	Y2.2	0,861	Reliable	
	Y2.3	0,872	Reliable	
	Y2.4	0,884	Reliable	
	Y2.5	0,895	Reliable	
	Y2.6	0,879	Reliable	

Source: SPSS ver. 22 Processed primary data output

Table 5 shows that all the variables measured in this study have Cronbach's Alpha and Composite Reability values more than 0.6. So it can be said that all variables are reliable.

# 5. Structural Evaluation (Inner Model)

Evaluation of the structural model in PLS is carried out using the R-Square Test (R2) and the Significant Test.

# a. R2 Testing

The coefficient of determination (R Square) is a way to assess how much an endogenous construct can be explained by an exogenous construct. The coefficient of determination (R Square) value is expected to be between 1 and 1. Chin provides criteria. R-square values of 0.67, 0.33 and 0.19 indicate a strong, moderate and weak model (Chin, 1998 in Ghozali and Latan, 2015) Meanwhile, Adjusted R Square is the R Square value which has been corrected based on the standard error value. The Adjusted R Square value provides a stronger picture than R Square in assessing the ability of an exogenous construct to explain endogenous constructs.

Table 6 Results of R Square and Adjusted R Square Analysis

	R-square
Y1. Satisfaction	0,23472222
Y2. Kemployee performance	0,575

Source: SmartPLS ver.3 output data

#### treated primer

Based on the results of the R Square analysis above, it can be concluded as follows:

- 1. The R Square value of the joint or simulated influence of X1 and X2 on Y1 is 0.338 with an adjusted R Square value of 0.289. So, it can be explained that all exogenous constructs (X1 and X2) simultaneously influence Y1 by 0.289 or 28.9%. Because R Square is up to 33%, the influence of all exogenous constructs X1 and X2 on Y1 can be said to be moderate.
- 2. The R Square value of the joint or simulated influence of X1 and X2 on Y2 is 0.828 with an adjusted R Square value of 0.808. So, it can be explained that all exogenous constructs (X1 and X2) simultaneously influence Y2 by 0.808 or 80.8%. Because the R Square value is more than 67%, the influence of all exogenous constructs X1 and X2 on Y1 can be said to be strong.

  b. Significant Test

The support of a research hypothesis is if the coefficient or direction of the variable relationship (intended) by the original sample value) is in line with what was hypothesized, and if the T statistic value is more than T table it can be said to be significant. The author takes the T table value of 30-2=28, so the T table value of 28 is 2.048, which can be seen from the two tail test from the 0.5 direction or can be seen from the one party test from the 0.025 direction.

1. Out put Path Coefficient

Table 7 Output Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Error (STEER)	T Statistic (   O/STER R   )	P Values
work environment – Satisfaction	0,079	0,057	0,033	2,37	0,813
work environment- employee performance	0,432	0,423	0,14	3,093	0,002
Compensation – Satisfaction	0,516	0,52	0,305	2,095	0,091
Compensation – employee performance	0,495	0,507	0,184	2,687	0,007
Satisfaction – employee performance	0,067	0,068	0,116	3,078	0,564

Source: SmartPLS ver.3 processed primary data output

# 2. Output Indirect Effect

Table 8 Output Indirect Effect

	Original Sample (O)	Sample Mean (M)	Standard Error (STEER)	T Statistic (   O/STER R   )	P Values
work environment- Satisfaction-employee performance	0,035	0,032	0,075	2,461	0,045
Compensation-Satisfaction- employee performance	0,005	0,01	0,053	2,1	0,02

Source: SmartPLS ver.3 processed primary data output

## B. Discussion

Based on table 4.26, namely the direct influence (Path Coefficients) and in table 4.27 the indirect influence of the output above which is the result of testing direct and indirect influences so that it can be concluded as follows:

Hypothesis 1 states that the work environment has a significant effect on job satisfaction, this is shown from the original sample value of 0.079, T statistic of 2.370 > t table (2.048), p value of 0.813 > 0.05, and it can be concluded that the work environment (X1) influences job satisfaction (Y1) at PT. Bankaltimtara Nunukan Branch.

Hypothesis 2 states that the work environment (X1) has a significant influence on employee performance (Y2) and is accepted, this is shown by the original sample value of 0.432, the T statistic of 3.093 > t table (2.048), and the p value of 0.002 < 0.5. concluded that the work environment (X1) has a significant influence on employee performance (Y2) at PT. Bankaltimtara Nunukan Branch.

Hypothesis 3 states that compensation (X) has a significant effect on job satisfaction received, this is shown by the original sample value of 0.516, T statistic of 2.095 > t table (2.048), and p value of 0.091 > 0.5. It can be concluded that Compensation (X2) influence on job satisfaction (Y1) at PT. Bankaltimtara Nunukan Branch.

Hypothesis 5 states that compensation (X2) has a significant effect on employee performance (Y2) is accepted, this can be seen from the original sample value of 2.687 T statistic > t table (2.048), p value of 0.007 < 0.5 So it can be concluded that Compensation (X2) Has a significant effect on employee performance (Y2) at PT. bankaltimtara Nunukan Branch.

Hypothesis 5 states that job satisfaction (Y1) has a significant influence on employee performance, this is shown from the original sample value of 0.067, T statistic of 3.078 < t table (2.048), and p value of 0.564 > 0.5. It can be concluded that job satisfaction (Y1) has no effect on (Y2) at PT. Bankaltimtara Nunukan branch.

Hypothesis 6 states that the work environment (X1) has a significant effect on employee performance (Y2) through job satisfaction (Y1) being accepted, this is shown by the positive original sample value of 0.035, T statistic of 2.461 > t table (2.048), and p value of 0.645 > 0.5 It can be concluded that the work environment (X1) has no effect on employee performance (Y2) through job satisfaction (Y1) at PT. bankaltimtara Nunukan Branch.

Hypothesis 7 states that compensation (X1) has a significant effect on employee performance (Y2) through job satisfaction (Y1) received, this is shown by the positive original sample value of 0.005, T statistic of 2.100 > t table (2.048), and p value of 0.920 > 0.5 It can be concluded that compensation (X2) has no effect on employee performance (Y2) through job satisfaction (Y1). At PT. Bankaltimtara Nunukan Branch.

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