



The Influence of Work Environment, Leadership, and Compensation on Employee Performance

Prajapati Utomo

Hasanuddin University, Makassar, Indonesia
utomopraja@gmail.com

Abstract. The Mayor's Office in Makassar served as the site of this investigation. Using a saturated technique, the full population—75 employees of the Makassar Mayor's Office—was taken into consideration to determine the sample. Questionnaires and document studies were the approaches utilized to obtain data. Analysis using multiple linear regression is the analytical technique employed. The study's findings indicated that (1) the Makassar Mayor's Office employees' performance was positively and significantly impacted by their work environment and leadership. (2) simultaneously the work environment, leadership and compensation and the work environment had a positive and significant effect on the performance of the Makassar Mayor's Office workers (3) partially shows that the Compensation variable has a positive relationship with performance, but the t test shows that compensation has no influence on the performance of Makassar Mayor's Office workers. Then the regression analysis formula can be $\hat{y} = 9.173 + 0.993X_1 + 1.875X_2 + 0.099X_3$. Y is employee performance, variable X1 is the work environment, variable X2 is leadership and variable X3 is compensation.

Keywords: Work environment, Leadership, Compensation, Employee Performance

1 Introduction

Improving employee performance can be influenced by several factors, one of which is the work environment. The work environment is the conditions that exist around employees and can influence them in carrying out the tasks assigned to them. So, the work environment is very important for employees, the more welcoming the workplace is, the greater the work of employees in achieving the goals of government agencies. In this way, a good relationship between working environmental conditions and employee conditions will create enthusiasm for work. This is supported by Sitinjak's statement which states that both the real and virtual work environments have a big impact on how well employees perform [1].

The role of a leader in achieving satisfactory goals cannot work if this does not exist. A good and inspiring leader in efforts to change and optimize the achievement of organizational performance and goals will run according to plan and produce satisfactory results. Leaders do not only focus on advancing their agency/organization but

pay attention to the welfare and improve employees' capabilities so that they can work well. Apart from that, leaders also serve as supervisors in monitoring each employee's work to see whether it is in accordance with standards in achieving satisfactory performance. A leader is a figure who can direct, manage, control, organize and encourage other people to work through the power and position they hold.

Compensation according to Razak, is a reward given in the form of financial and non-financial things given by an organization as remuneration for someone's work [2]. Compensation is the thing that has the most impact on improving employee performance due to the employee stimulus provided by the agency while they work, so that employees can continue to be encouraged to improve their performance. This also has a big impact on leaders whose hard work can be appreciated finally and socially by being recognized during their term of office as the performance of their agency/organization continues to develop. So, the compensation he gets can also be in the form of a promotion, this also applies to ordinary employees.

Previous research discussing government performance, claimed that whereas leadership and pay have a favorable and considerable the work environment has a favorable effect on employee performance but little effect [3]. This research is also supported by Jayanto, who states that employee performance is not significantly and favorably impacted by the workplace [4]. Meanwhile, according to Sugiarti, Andriana, and Nurbina, et. al. research, stated that agency employees' performance is influenced by their work environment, leadership, and pay all at once [5, 6, 7]. The reason the author carried out this research was to find out whether there was a research gap that had occurred so that researchers were interested in taking a case study at the Makassar Mayor's Office.

2 Research Methods

This kind of research is quantitative in nature, beginning with the problems and goals to be addressed. It employs a survey method together with tools from correlational analysis to ascertain the significance of the link between the dependent and independent variables. This research was conducted on employees of the Makassar Mayor's Office. The 75 workers at the mayor's office made up the study's population. Saturated sampling, also known as census sampling, was used to sample the total population for this study, consisting of 75 individuals.

Prior to using multiple linear regression analysis as the analysis method, validity and reliability tests are conducted. In this study, hypothesis testing was conducted using the coefficient of determination test (R square) on the research data.

3 Results and Discussion

3.1 Validity Test and Reliability Test

Table 1. Work Environment (X1)

Indicator	r count	Sig	Status
1	0.746	,000	Valid
2	0.376	,000	Valid
3	0.453	,000	Valid

Table 2. Leadership (X2)

Indicator	r count	Sig	Status
1	0.754	,000	Valid
2	0.892	,000	Valid
3	0.384	,000	Valid

Table 3. Compensation (X3)

Indicator	r count	Sig	Status
1	0.983	,000	Valid
2	0.389	,000	Valid
3	0.289	,000	Valid

Table 4. Performance (Y)

Indicator	r count	Sig	Status
1	0.639	,000	Valid
2	0.346	,000	Valid
3	0.299	,000	Valid
4	0.476	,000	Valid

Table 5. Reliability Test Results

Indicator	Alfa Crombach's Value	Status
Work Environment (X1)	0.875	Reliable
Leadership (X2)	0.854	Reliable
Compensation (X3)	0.599	Reliable
Performance (Y)	0.868	Reliable

The outcomes of the validity test and each variable's dependability test using SPSS program above show that all variables are valid and reliable, because in the validity

test the entire question item has a calculated $r > r$ table (0.227) and all the Cronbach alpha values exceed 0.50.

3.2 Multiple Linear Regression Analysis

Table 6. Multiple Linear Regression Results

Model	Coefficients ^a				
	Unstandardized		Standardized	Q	Sig
	Coefficients	Std. Error	Coefficients		
B		Beta			
1 (Constant)	9,173	1,582		4,345	,024
Work environment	,993	,277	,392	4,579	,000
Leadership	1,875	,389	,715	2,467	,000
Compensation	,099	,046	,090	,921	,158

R Square 0.592
a. Dependent Variable: PERFORMANCE

The regression equation is as follows

$$\hat{y} = 9.173 + 0.993X_1 + 1.875X_2 + 0.099X_3 \quad (1)$$

This shows that (1) A constant of 9.173 states that if there is no change in the Work Environment, Leadership and Compensation factors then the Performance level is 9.173 units. (2) The regression coefficient for the Work Environment variable (X_1) has a positive value of 0.993, meaning that every additional unit of the Work Environment factor will affect performance by 0.993 units with the assumption that X_2 and X_3 are constant. The partial influence between the work environment and performance based on the test results above obtained a significant value of 0.000 at a significance level of 5% or 0.050, which shows that there is an influence.

If the company makes positive changes to the work environment, employee performance will also increase, even if it is a moderate increase. On the other hand, if the work environment is reduced, employee performance will decrease in accordance with the empirical findings [8, 9]. (2) The regression coefficient for the Leadership variable (X_2) has a positive value of 1.875, meaning that each additional factor unit of increasing leadership will affect performance by 1.875 units with the assumption that X_1 and X_3 are constant. The partial influence between leadership and performance based on the test results above obtained a significant value of 0.000 at a significance level of 5% or 0.050, which shows that there is an influence in accordance with the findings of Febbyani, Sugiarti, Andriana, and Nurbina, et al [3, 5, 7]. (3) The regression coefficient for the Compensation variable (X_3) has a positive value of 0.099, meaning that every additional unit of the Compensation factor will affect performance by 0.099 units assuming that X_1 and X_2 are constant. The partial influence between compensation and performance based on the test results above obtained a significant

value of 0.158 at a significance level of 5% or 0.050, which indicates that there is no influence in accordance with the findings of Razak et al [2].

Apart from that, from it is evident from the test results above that the beta test or variable that is considered the most dominant in influencing performance in this research model is the leadership variable with a beta value of 0.715. Apart from that, by looking at R Square or R² in the results of the analysis test above, it is found that it is 0.592, which means that 59.2% of this research model is able to explain the influence on performance, while 40.8% is the influence of other factors outside the model developed in this research.

4 Conclusion

Conclusions can be drawn regarding the outcome of this research, namely (1) partly the place of employment and leadership variables are variables that have an influence on performance, with each having a positive influence, where a one percent increase in these variables will increase one percent of performance. (2) however, it is different from the compensation variable which is variable

References

1. Sitinjak, L., N.: The Influence of the Work Environment on Employee Job Satisfaction. *JAB* 60(2), 1-10 (2018).
2. Razak, A., et al: The Influence of Leadership, Compensation and Work Environment on the Performance of Polewali Mandar Regency Agriculture and Food Service Employees. *Indonesian Nobel Master of Management Journal* (2023).
3. Febbyani, A., Masman, R., R.: The Influence of Leadership Style, Compensation, and Work Environment on Employee Performance at PT. Apatel. *Journal of Managerial and Entrepreneurship*, 1(4), 725-735 (2019).
4. Jayanto, M., H., Brasit, N., Badaruddin, B.: The Influence of Leadership, Work Environment and Compensation on the Performance of the Takalar Regency Regional Financial Management Agency Employees. *Indonesian Management Pioneer Journal (JPMI)* 2(2), 225–234 (2023).
5. Sugiarti, E.: The Influence of the Work Environment and Compensation on Employee Performance at PT. Expamet success. *Journal of Education, Humanities and Social Sciences (JEHSS)* 3(2), 479-486 (2020).
6. Andriana, T., V., Liana, L.: The Influence of Leadership, Compensation, and Work Environment on Employee Performance. *SEIKO: Journal of Management & Business* 5(2), 1-10 (2022).
7. Nurbina, et al.: The Influence of Leadership, Work Environment and Compensation on Employee Performance at PT. Londria Group Makassar. *Islamic Muslim University Master of Management Journal* 9(2), 1-10 (2022).
8. Lestary, L., Harmon: The Influence of the Work Environment on Employee Performance. *Journal of Business & Investment Research* 3(2), 2460-8211 (2017).
9. Ahmad, A., J., Mappamiring, Nuryanti, M.: The Influence of the Work Environment on Employee Performance at the Bulukumba Regency Education and Culture Service, <https://Journal.Unismuh.Ac.Id/Index.Php/Kimap/Index>, last accessed 2023/09/20.

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

