

The Influence On Employee Performance In Organization: The Study Of Organizational Culture, Work Environment, Financial Compensation And Non Financial Compensation

Alif Sulthon Basyari¹, Maulidyah Amalina Rizqi² Devi Nandalia³

alifsulthon@umg.ac.id¹, maulidyah@umg.ac.id², devynandaa@gmail.com³

Universitas Muhammadiyah Gresik^{1,2,3}

Abstract. The goal of this study is to ascertain the performance of the permanent employees of PT. Surabaya Panel Lestari Gresik in connection to the work environment, organizational culture, financial compensation, and non-financial compensation. The literature review and hypothesis formulation then utilised the information acquired from the distribution of questionnaires to 62 permanent employees of PT. Surabaya Panel Lestari Gresik using Total Sampling. Testing is conducted using multiple linear regression analysis. The results of the investigation show that corporate culture has little bearing on employees' inconsistent performance, but that the working environment has a big impact on it. Both financial and non-financial pay have a substantial impact on employee performance. The workplace, company culture, and financial and non-financial pay all have a significant influence on how variable employee performance is.

Keywords: organizational culture, work environment, Financial Compensation, Non financial Compensation, performance.

1 Introduction

In the current era of globalization, quality is seen as a tool to achieve competitive advantage. Local companies in a country must face other companies that have more competitive advantages. Situations like this make companies must be able to adapt and survive. One of the right strategies is to improve the quality of human resources, because the human resources owned by the organization are important assets that can provide a competitive advantage for the organization. Employees in a company is a resource that determines the achievement of company goals. Achieving company goals is not an easy thing to do because a strategy is needed to achieve them. The fundamental problem that is often faced by companies is how to manage human resources to do their job as well as possible in order to achieve the goals that have been

set. Every company wants its employees to have high performance at work. The high performance of an organization's human resources can be a competitive advantage of the organization itself because it is not easily imitated by its competitors.

Performance is influenced by many factors including both particular people and particular circumstances[8]. Individual factors include attitudes, personality traits, physical characteristics, desire or motivation, age, gender, educational level, cultural background, and other personal variables[7]. Situational factors include social and organizational factors, physical and occupational factors. Social and organizational factors include organizational policy, type of training and supervision, pay system and social environment. Physical and work factors, including: work methods, design and condition of work tools, determination of work space, and work environment. According to [10] that employee performance is influenced by salary, work environment, organizational culture, leadership and work motivation (motivation), work discipline, job satisfaction, motivation.

A strong culture can produce effects that greatly affect individuals and performance [4]. According to [1], Norms are utilized as guidance for ways of thinking and doing in an effort to accomplish common goals. Organizational culture is a system of shared values and beliefs drawn from the habitual habits and fundamental philosophy of its founders. The setting at work is where employees perform their everyday tasks. [3]. A positive work atmosphere gives employees a sense of security and enables them to perform at their best. Employees' emotions might be impacted by their work environment. [15]. If an employee enjoys his or her workplace, they are more likely to feel comfortable carrying out tasks to make the most of their time there and to give their best effort. This will result in higher productivity. Financial reward in accordance with [14]: First, direct monetary compensation, such as salaries, wages, commissions, and bonuses, is offered. The second is indirect financial compensation, including as housing, education, health, and retirement benefits, as well as holiday, travel, and other allowances. The fulfillment a person feels from their employment or from their workplace's psychological and/or physical surroundings is known as non-financial compensation. [11].

Additionally, non-financial compensation is split into two categories: work-related and work-environment-related compensation. For non-financial compensation related to the work environment, such as being placed in a conducive work environment, healthy work environment, safe and comfortable work environment, opportunities to be promoted, and appropriate, interesting, and challenging work, see the list below.. PT. Surabaya Panel Lestari is a company engaged in the manufacturing of furniture located in Gresik and is a subsidiary branch of the Olympic Group, based in Bogor.

As a well-known furniture manufacturer, Olympic has been active for 26 years and has more than 70 branches throughout Indonesia which distribute their products to 3600 stores in more than 100 countries all over the world. Until now, the company still exists in maintaining its corporate image and continues to actively penetrate the market through various methods and discounts for stores and consumers. PT. Surabaya Panel Lestari as one of the companies that implements performance appraisal. So far, performance appraisal at this company is carried out directly by the superiors of each employee (such as supervisors, managers, heads of organizational units, and directors) and the human resources department (HR) as the party responsible for employee attendance. Seeing the performance appraisal process which is quite bureaucratic with so many divisions and branches, of course there are often obstacles in this

process, such as the occurrence of delays for each division in conducting performance appraisals caused by the busyness of the heads of the production department, difficulties from the HR side in evaluating the performance of employees from each division and parts, as well as difficulties in recording the results of performance appraisal in each existing period. This of course slows down the work of the HR team in making annual employee performance reports both in the central company area and in branch companies. The employees of PT. Surabaya Panel Lestari have shown a decline in performance in the production division, which is an unusual phenomenon in the industry.

From January to September the output data for PT. Surabaya Panel Lestari is not stable, there are increases and decreases, this is due to uncertain consumer demand. But in every month between the production target and production results have decreased. And a drastic decrease in output occurred in August and September, due to the relocation from Gresik to Lamongan, thus slowing down the production process. This shows a decrease in employee performance. Numerous variables, including chances for promotion, job stability, pay, employer and management, supervision, intrinsic workplace characteristics, working environment, social aspects of the job, communication, and facilities, have an impact on an individual's performance. (Gilmer in Sutrisno, 2014; 77). The phenomenon of organizational culture applied by PT. Surabaya Panel Lestari to improve employee performance, including apples every Monday before going to work to increase employee morale by reading the company's vision and mission and singing the Olympic march, briefing and praying every start of work led by each leader and implementing 5S and 5S. As for the working environment conditions at PT Surabaya Panel Lestari, the available land is quite limited so that the space for employees is less flexible, the arrangement of machines is close together, the lighting is not optimal, the air circulation is also lacking and it is dirty as a result of flying sawdust. Meanwhile in the office it is also not comfortable because the narrow room results in many files that are not neatly organized so that they are not pleasing to the eye. The financial compensation provided by PT. Surabaya Panel Lestari to employees are salaries, bonuses, job allowances, transport allowances, meal allowances and some compensation allowances. The problem that occurs in the field is the difference in position allowances between production stock counters and helper parts resulting in social jealousy between employees resulting in decreased performance. In the application of non-financial compensation, namely the absence of promotion, giving awards for work performance and the lack of fast adaptation between new and old employees, of course this results in employees not working well.

2. Literature Review And Hypothesis Development

2.1 Organizational Culture and Employee Performance

A strong organizational culture will assist the organization in providing assurance to all employees to develop together, grow and develop the institution [13]. An understanding of organizational culture needs to be instilled in employees from an early age [9]. Employees will eventually absorb organizational culture, which will then develop into a group culture, before becoming absorbed as a personal culture, through training, orientation, and self-adjustment if they initially enter organizations with different characteristics and expectations. Employees will feel identical to their organization, united, and free from hurdles to reaching optimal performance if the process of internalizing organizational culture into a personal culture has

been successful. Both the agency and the employees stand to gain from this situation. Organizational culture is measured using several factors, namely work professionalism, distance from management, employee openness, employee regularity and employee integration [5]. In organizations that have a strong culture, employees tend to follow a set direction. Employees who opt to walk alone frequently have a weak company culture as a result of which they lack a clear orientation. Organizational performance is therefore subpar. A strong culture can improve company performance because it inspires individuals to work extraordinarily hard. Even in a competitive context, a strong culture can have impacts that have a stronger impact on individuals and performance than other aspects like organizational structure, financial analytic tools, leadership, and others [12]. Performance can be enhanced by an adaptive organizational culture, which is one that can quickly change with the times. The organizational culture diagnosis model explains the relationship between organizational culture and performance as follows: the greater the quality of the variables that make up the organizational culture, the better the organizational performance.

H1: Organizational culture has a significant positive effect on employee performance.

2.2 Work Environment and Employee Performance

The relationship between the work environment and employee performance has also been proven by [7]. A good work environment will greatly influence employee performance, aspects that affect the work environment include: lighting settings, and work levels, but lighting here is defined as good air regulation and circulation, especially in the work environment, cleanliness of the work environment [7]. If all of this can be fulfilled and guaranteed, then there will be no more feelings of anxiety or worry about the safety of the employee and the employee's belongings, for example, a company environment is less sterile and does not maintain the cleanliness of the environment, the impact is a nest of disease that befalls one of the company's employees, the quality of the employee's performance automatically decreases and if this continues to happen without any solution, the products produced by the company are decreasing, this means that the company's low employee performance will suffer losses, therefore every employee is required to have high capability in order to achieve a maximum level of work, to achieve a maximum level of performance, the company must guarantee the selection of the right person with the right job as well as the circumstances and conditions that enable them to work optimally [10].

H2 : Work environment has a significant positive effect on employee performance.

2.3 Financial Compensation and Employee Performance

Employees may be certain of the amount of pay they will receive because the amount of salary is established and known in advance. [3]. The employee and his family will use this remuneration to take care of their requirements. The quantity of pay that employees earn is a reflection of their position, recognition, and level of need fulfillment that they and their families experience. [6]. If employees get paid more, it indicates that their position is improving, their status is improving, and their demands are also becoming more fully met. (15). Consequently, job satisfaction is also improving. Herein lies the significance of employee remuneration for salespeople (both physical and mental). Employee performance will be higher if financial remuneration obtained by the employee is greater than, or lower if financial compensation received by the employee is less than, the employee's performance. (15).

H3 : Employee performance is significantly improved by financial compensation.

2.4 Non Financial Compensation and Employee Performance

According to [15] The fulfillment a person feels from their employment or from their workplace's psychological and physical environment is known as non-financial compensation. Additionally, non-financial compensation is split into two categories: work-related compensation and compensation connected to the workplace environment. [14]. For non-financial compensation related to the work environment, such as being placed in a conducive work environment, a healthy work environment, safe and comfortable conditions, opportunities to be promoted, and those related to the work itself, such as healthy company policies, appropriate, interesting and challenging work, opportunities to be promoted, and awarding positions as a status symbol. Employee performance is anticipated to increase in a firm with a good remuneration scheme. [15]. If employees receive additional non-financial compensation in the form of awards from the organization, they tend to try to improve their performance. If the employee feels that the reward he has received is proportional to the contribution he has made, then the employee will try to maintain and even improve his performance in the future. However, if the employee feels that his non-financial compensation is not in accordance with what he has given, then the employee tends to be reluctant to try to improve his performance. H4 : Non Financial Compensation has a significant positive effect on employee performance.

3 Research Methods

The frame of mind is a temporary explanation of the symptoms that are the object of the problem, with organizational culture (X1) work environment (X2) financial compensation (X3) and non-financial compensation (X4) being independent variables, while employee performance (Y) is the dependent variable (dependent variable). In this study will test or look for a significant influence between the independent variables and the dependent variable. This study's research methodology is a quantitative one. The research methodology is deductive in nature, employing ideas or theories to address the formulation of the issue. Research that is quantitative places an emphasis on objective phenomena. Sukmadinata (2009; 530) asserts that employing numbers, statistical analysis, frameworks, and controlled experiments, one can maximize the objectivity of quantitative research designs. Research methods belonging to non-experimental quantitative research are descriptive, survey, ex post facto, comparative, correlational. The method used is the causal associative method. It is a causal relationship, one variable (Independent) affects another variable (Dependent). The sampling method in this study is a study that uses all members of the population called the total sample (total sampling) or census. The use of this method applies if members of the population are relatively small (easy to reach). In this study, because the population is relatively small and relatively easy to reach, the researchers used the total sampling method. With this sampling method, it is hoped that the results will tend to be closer to the actual value and it is hoped that it can also minimize the occurrence of errors / deviations from the population value. Usman & Akbar, (2009:45) in this research, the samples taken were 62 permanent employees. Inferential statistical analysis used to answer problems and at the same time test hypotheses.

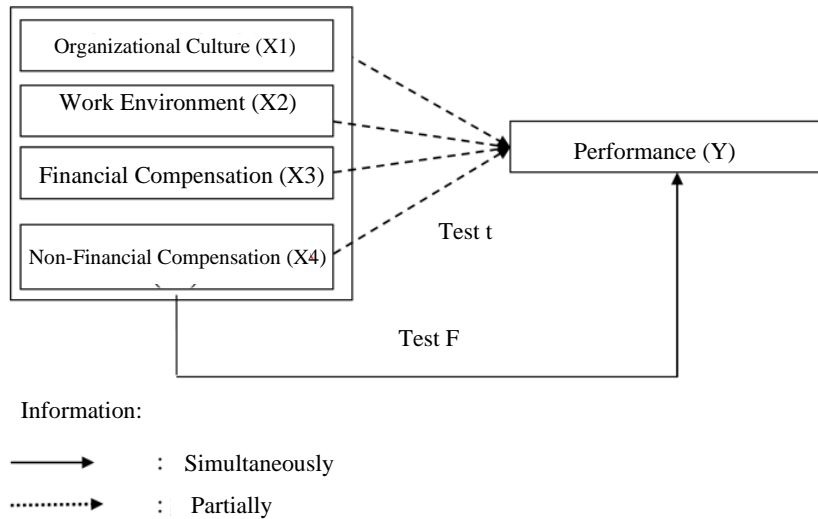


Figure. 1. Research’s Conceptual Thinking

3.1 Equations, formulas and code

In this study, the data is processed through several processes. the first is the research instrument test which includes a reliability test and a validity test. then after passing the instrument test, the data will be tested using the classic assumption test with several types of tests, namely the heteroscedasticity test, multicollinearity test, and normality test. after passing the instrument test and classical assumption test, the data will be tested at the multiple linear regression stage to determine the relationship between the variables in this study. The following is the linear regression equation utilized in this investigation.:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e \quad [8]$$

4 Results And Discussion

4.1 Validity, Reliability, and Regression

After conducting research on 62 respondents who have been determined, then obtain the results of the validity test as follows:

Table 1. Reliability Test

No.	Question Items	r Calculate	r Table	Sig.	Information
1.	X1				
	X1.1	0,409	0,2500	0	Valid
	X1.2	0,583	0,2500	0	Valid
	X1.3	0,621	0,2500	0	Valid
	X1.4	0,589	0,2500	0	Valid
2.	X2				
	X2.1	0,761	0,2500	0	Valid
	X2.2	0,698	0,2500	0	Valid
	X2.3	0,736	0,2500	0	Valid
3.	X3				
	X3.1	0,826	0,2500	0	Valid
	X3.2	0,917	0,2500	0	Valid
	X3.3	0,460	0,2500	0	Valid
4.	X4				
	X4.1	0,848	0,2500	0	Valid
	X4.2	0,808	0,2500	0	Valid
5.	Y				
	Y1	0,496	0,2500	0	Valid
	Y2	0,707	0,2500	0	Valid
	Y3	0,633	0,2500	0	Valid
	Y4	0,584	0,2500	0	Valid

Based on table 1, it indicates that all the instruments used in this study are valid because the r count is greater than the r table. The results of the reliability of the research variables are as follows:

Table 2. Reliability Test

Item	r alpha	r table	Information
Organizational culture	0,672	0,2500	Reliabel
Work environment	0,792	0,2500	Reliabel
Financial compensation	0,804	0,2500	Reliabel
Non financial compensation	0,801	0,2500	Reliabel
Employee Performance	0,719	0,2500	Reliabel

Table 2 demonstrates that the dependent and independent variables both have positive r alpha values that are greater than the value in the r table, where the r table for $df = N = 62$ at a

5% significance level is 0.2500. So all question items are considered reliable or reliable in carrying out their function as a measuring tool. Furthermore, after testing the validity and reliability, the research output is analyzed using the Linear Regression method and the R Squere test with the following results:

Table 3. Regression Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig
		B	Std. Error	Beta		
1	(Constant)	,944	1,915		,493	,624
	organizational culture	-,197	,130	-,172	-1,513	,136
	milieu	,352	,097	,280	3,636	,001
	financial	,141	,070	,173	2,017	,048
	non-financial	1,034	,132	,845	7,820	,000

From the results of the calculation of the regression analysis in table 3, it can be explained by the following equation :

$$Y = 0,944 - 0,197X_1 + 0,352X_2 + 0,141X_3 + 1,034X_4 + e \quad [7]$$

1. The value of a = 0.944 means that performance (Y) increases by 0.944 if organizational culture (X1), work environment (X2), financial compensation (X3), and non-financial compensation (X4) are all worth 0.944.
2. If the organizational culture (X1) changes by one unit value, then Y will decrease by -0.197 units. Assuming the work environment (X2), financial compensation (X3), non-financial compensation (X4) is fixed.
3. If the work environment (X2) changes by one unit value, then Y will increase by 0.352 units with a positive effect. Assuming organizational culture (X1), financial compensation (X3), non-financial compensation (X4) remains.
4. If financial compensation (X3) changes by one unit value, then Y will increase by 0.141 units with a positive effect. Assuming organizational culture (X1), work environment (X2), non-financial compensation (X4) is fixed.
5. If non-financial compensation (X3) changes by one unit value, then Y will increase by 1.034 units with a positive effect. Assuming organizational culture (X1), work environment (X2), financial compensation (X3) is fixed.

Table 4. Determinant Test (R²)

Model	R	R Square	Adjusted R Square	Std. Error Of The Estimate
1	,840 ^a	,706	,685	,94068

According to the findings of Adjusted R Square = 0.685, organizational culture variables (X1), work environment variables (X2), financial compensation variables (X3), and non-financial compensation variables (X4) are able to explain changes in the dependent variable performance (Y) in a ratio of 68.5%, while the remaining 31.5% is caused by other factors not included in this model. According to the R square of 0.706, organizational culture (X1), work environment (X2), financial compensation (X3), and non-financial compensation (X4) account

for 70.6% of the change in the dependent variable of employee performance (Y), while other factors not included in this model account for the remaining 29.4%. $R = 0.840$ denotes an 84.0% correlation between the independent variables (X) and the dependent variable (Y).

4.2 Organizational Culture and Employee Performance

The results showed that the t-count/t research value was $-1.513 < \text{the t-table value of } 2.002$, H_0 was therefore approved whereas H_a was denied. It can be concluded that organizational culture has no effect on employee performance. Organizational culture has no effect on employee performance because it is not the main factor that influences employee performance. Employees who opt to walk alone frequently have a weak company culture as a result of which they lack a clear orientation. Organizational performance is therefore subpar. A strong culture can improve company performance because it inspires individuals to work extraordinarily hard.

4.3 Work Environment and Employee Performance

The results showed that the t value/t research was $3.636 > \text{the t table value was } 2.002$, so H_0 was rejected and H_a was accepted. It can be concluded that the work environment influences employee performance. The relationship between the work environment and employee performance has also been proven by Gibson (2009: 110). A good work environment will greatly influence employee performance, lighting controls, work levels, although lighting is defined here as good air regulation and circulation, especially in the work environment, and cleanliness of the work environment are some factors that influence the work environment.

4.4 Financial Compensation and Employee Performance

The results showed that the t value/t research was $2.017 > \text{the t table value was } 2.002$, so H_0 was rejected and H_a was accepted. It can be concluded that financial compensation affects employee performance. Hasibuan (2008: 117) argues that: employees are certain of the amount of pay they will earn since the amount of salary is established and known in advance. The employee and his family will use this remuneration to take care of their requirements. The level of recognition and need fulfillment that employees and their families experience is reflected in the amount of remuneration that they receive. If employees get paid more, it indicates that their position is improving, their status is improving, and their demands are also becoming more fully met. Consequently, job satisfaction is also improving. Herein lies the significance of employee remuneration for salespeople (both physical and mental). Employees will perform better if they receive more compensation in the form of financial compensation; on the other hand, if they receive less compensation in the form of financial compensation, their performance will also be low.

4.5 Non Financial Compensation and Employee Performance

The findings revealed that H_0 was rejected while H_a was accepted because the t value/t research was $7.820 > \text{the t table value of } 2.002$. We can draw the conclusion that employee performance is impacted by non-financial pay. Employee performance is predicted to increase in organizations with strong remuneration structures. Employees are more likely to try to enhance their performance if they receive additional non-financial remuneration from the company in the form of awards. If the employee feels that the additional non-financial compensation he has

received is proportional to the contribution he has made, then the employee will try to maintain and even improve his performance in the future. However, if the employee feels that his non-financial compensation is not in accordance with what he has given, then the employee tends to be reluctant to try to improve his performance.

According to Mondy (2008: 5) the fulfillment a person feels from their work or from their physical and/or psychological environment at work is referred to as non-financial compensation. Employee performance will be higher if non-financial compensation received by employees is more than non-financial compensation received by employees; on the other hand, if non-financial compensation received by employees is lower; employee performance will also be worse.

5 Conclusion

All of the study's hypotheses were tested, and the following conclusions could be drawn from them: 1. Organizational culture has no effect on employee performance variables at PT. Surabaya Sustainable Panels. 2. Work environment has a significant effect on employee performance variables at PT. Surabaya Sustainable Panels. 3. Financial compensation has a significant effect on the performance variables of employees of PT. Surabaya Sustainable Panels. 4. Non-financial compensation has a significant effect on the performance variables of employees of PT. Surabaya Sustainable Panels.

References

- [1] 330-Article Text-1651-2-10-20211220.
- [2] Al Amar Subang Korespondensi S, Arifudin O. PENGARUH KOMPENSASI TERHADAP KINERJA KARYAWAN DI PT. GLOBAL (PT.GM). 2019;3(2). Available from: <http://journal.stiemb.ac.id/index.ph>
- [3] Bolung R V, Moniharapon S, Lumintang GG. THE EFFECT OF TRAINING AND COMPENSATION TO EMPLOYEE PERFORMANCE AT BPMPD PROVINCE NORTH SULAWESI. Pengaruh Pelatihan..... 1838 Jurnal EMBA. 2018;6(3):1838–47.
- [4] Bukhari B, Pasaribu SE. Pengaruh Motivasi, Kompetensi, Dan Lingkungan Kerja Terhadap Kinerja. Maneggio: Jurnal Ilmiah Magister Manajemen [Internet]. 2019 Mar 30;2(1):89–103. Available from: <http://jurnal.umsu.ac.id/index.php/MANEGGIO/article/view/3365>
- [5] Dunggio S, Budaya Organisasi P. PUBLIK: Jurnal Manajemen Sumber Daya Manusia, Administrasi dan Pelayanan Publik Sekolah Tinggi Ilmu Administrasi Bina Taruna Gorontalo Volume VII Nomor 1 2020.
- [6] Hasibuan H, Munasib A. MANEGGIO: Jurnal Ilmiah Magister Manajemen Pengaruh Kepemimpinan Motivasi dan Disiplin Kerja Terhadap Kinerja Karyawan. 2020;3(2). Available from: <http://jurnal.umsu.ac.id/index.php/MANEGGIO>
- [7] Kusuma Dewi dan Agus Frianto S, Lingkungan Kerja P, Manajemen J, Ekonomi F. PENGARUH LINGKUNGAN KERJA TERHADAP KINERJA KARYAWAN MELALUI MOTIVASI SARI KUSUMA DEWI AGUS FRIANTO. Vol. 1, Jurnal Ilmiah Manajemen |. 2013.
- [8] Lestary L, Harmon D. Pengaruh Lingkungan Kerja Terhadap Kinerja Karyawan. Jurnal Riset Bisnis & Investasi. 2017;3(2).
- [9] Muhammadiyah U, Utara S. PENGARUH BUDAYA ORGANISASI TERHADAP KINERJA PEGAWAI NEL ARIANTY. Vol. 14. 2014.
- [10] Nabawi R. Pengaruh Lingkungan Kerja, Kepuasan Kerja dan Beban Kerja Terhadap Kinerja Pegawai. Maneggio: Jurnal Ilmiah Magister Manajemen [Internet]. 2019 Sep 30;2(2):170–83. Available from: <http://jurnal.umsu.ac.id/index.php/MANEGGIO/article/view/3667>
- [11] Nugraha A, Sri D, Tjahjawati S. Pengaruh Kompensasi Terhadap Kinerja Karyawan. Jurnal

Riset Bisnis dan Investasi. 2017;3(3):24.

[12] Prabayanthi PA, Widhiyani NLS. Pengaruh Profesionalisme, Budaya Organisasi dan Komitmen Organisasi pada Kinerja Auditor. E-Jurnal Akuntansi. 2018 Feb 8;1059.

[13] Rivai A. MANEGGGIO: Jurnal Ilmiah Magister Manajemen Pengaruh Kepemimpinan Transformasional dan Budaya organisasi Terhadap Kinerja Karyawan. 2020;3(2). Available from: <http://jurnal.umsu.ac.id/index.php/MANEGGIO>

[14] Tinggi S, Ekonomi I, Sibolga AW, Dwianto AS, Purnamasari P. Pengaruh Kompensasi Terhadap Kinerja Karyawan Pada PT. JAEIL INDONESIA. Jurnal Ekonomi & Ekonomi Syariah. 2019;2(2).

[15] Wairooy A. Pengaruh Disiplin Kerja dan Kompensasi Terhadap Kinerja Karyawan pada PT. Pertamina (Persero), Tbk. Pemasaran Region VII Makassar.