

ANALYSIS OF COMPENSATION AND WORK ENVIRONMENT ON EMPLOYEE PRODUCTIVITY IN REGIONAL WATER DRINKING COMPANIES, LUMAJANG DISTRICT

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Abstract: *Employee work productivity can grow if there is reasonable compensation and a conducive work environment (Muttaqien, 2019) . If desires, wishes and policies are balanced and realistic, they will have a positive impact on work productivity. Therefore the quality of human resources is a very vital factor in its role in supporting the company's productivity to achieve its goals (Muttaqien, 2021) . From the phenomenon of several companies that have not been able to provide compensation and a good work environment, it will have an impact on decreasing work productivity. The regional drinking water company (PDAM) of Lumajang Regency is a public sector company (BUMD) which has quite large assets and has a very large number of customers. the product is in the form of clean water that is suitable for consumption so it is worthy of research.*

This study describes the relationship between independent and dependent variables (explanatory research). The aim is to determine the significance of the effect of the compensation variable and work environment variables on employee work productivity PDAM Lumajang. The results of the study of 45 respondents show that the effect of compensation and work environment is significant on the work productivity of employees at PDAM Lumajang. The results of the coefficient of determination show that 37% of employee productivity can be explained by compensation and work environment variables , while 63 % of employee productivity is influenced by other variables , such as motivation, leadership, communication and others.

Keywords: *Compensation , Work Environment, Work Productivity.*

Introduction

The role of human resources in a company is very important because it is the main driver of all company activities or activities in achieving its goals, both to gain profits and to

maintain the company's survival (Cahyaningati et al. , 2022) . The success or failure of a company in maintaining its existence starts from the quality of its human resources through optimization, effectiveness and efficiency. In other words, the productivity of an organization or

company is greatly influenced and even depends on the quality and competitive ability of its human resources (Jarlah et al. , 2021) .

According to Muttaqien (2014) compensation is a form of reward that must be issued by the company in the hope of creating employee performance. The purpose of giving compensation is (1) to formally establish a bond of cooperation between management and employees so that there is a clear commitment regarding rights and obligations proportionally, (2) to provide satisfaction to employees so that they can stimulate achievement motivation, (3) to create enthusiasm work in order to achieve company goals, (4) to create work discipline for employees. Danang Sunyoto (2012) states that compensation indicators are; The compensation system must be a strong attraction to retain workers who have worked in the organization; Compensation system that contains the principle of justice; reward positive behavior; Compliance with laws and regulations; The creation of efficient and effective wage and payroll administration.

The work environment is an important component for work activities (Danang Sunyoto, 2012). According to Dermawan Wibisono (2012), work environment indicators are: good leadership; Good distribution of information; good working conditions; Clear reward system. A good work environment will create working conditions that are able to motivate employees and work passion. According to Abrori et al., (2022) the work environment is

everything that is around workers and which can influence them in carrying out assigned tasks, for example cleaning, music, lighting and others. Muttaqien et al., (2022) suggests that work productivity is generally defined as the relationship between output and input (output and input). Productivity is a measure of productive efficiency.

Work productivity consists of 3 (three) aspects, namely: first, productivity is the physical output per unit of productive business. Second, productivity is the level of effectiveness of industrial management in the use of facilities for production. Third, productivity is the effectiveness of the use of labor and equipment. But in essence all lead to the same goal , that work productivity is the ratio of work results to the time needed to produce a product from a workforce (Edi Sutrisno (2012).

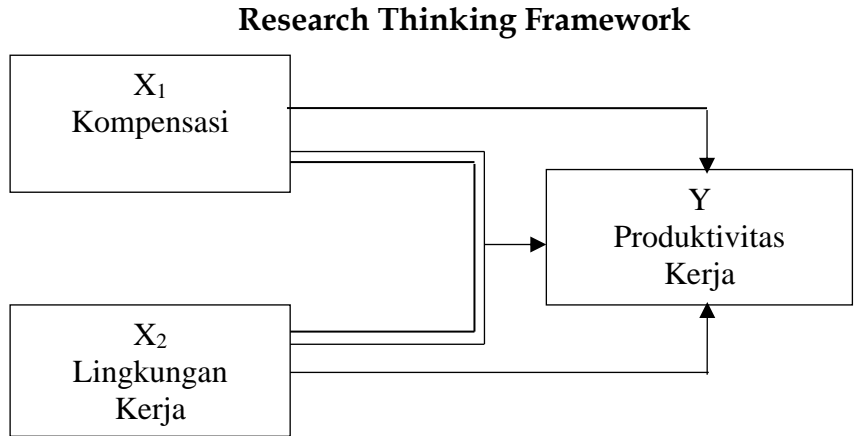
Indicators of work productivity according to Edy Sutrisno (2012) namely Capabilities Having the ability to carry out tasks, abilities; increased results achieved; Spirit at work; self-development; Quality/quality of work; Efficiency.

Research purposes

1. Lumajang employees .
2. To determine the significance of the influence of work environment variables on the work productivity of PDAM Lumajang employees .
3. To find out the compensation and work environment variables that have a dominant influence on the work productivity of PDAM Lumajang employees .

Framework

For more details, see the image below for the research framework.



Source: (Danang Sunyoto, 2012; Edy Sutrisno (2012)

Research methods

This type of research is quantitative research by looking for causal associative relationships between *independent and dependent variables* (Sugiyono , 2008). To test the partial effect and simultaneous effect between the independent variable

(X), namely compensation (X_1) and work environment (X_2) on the dependent variable (Y), namely work productivity using multiple linear regression analysis. Respondents were 45 employees of PDAM Lumajang in administration, measurement and production .

Results and Discussion .

Description of Respondents

T able Description of Respondents by Gender

No	Gender	Amount	
		Respondents	Percentage (%)
1	Man	43	95%
2	Woman	3	5%
Amount		45	100%

Source : Results of questionnaires from PDAM employees (2022).

Table of Respondents' Description by Education Level

No	Educational stage	Amount	
		Respondent	Percentage (%)
1	SENIOR HIGH SCHOOL	10	22.2%
2	Bachelor	35	77.8%
Amount		45	100%

Data Source: Results of questionnaires from PDAM employees (2022) .

Table of Description of Respondents by Age

No	Age	Amount	
		Respondent	Percentage (%)
1	20 - 30 years	10	22.2%
2	31 - 40 years	20	44.4 %
3	41 - 50 years	12	26.7%
4	> 50 years	3	6.7%
Amount		45	100%

Source : Results of questionnaires from PDAM employees (2022).

Table of Recapitulation of Validity Testing Results

No .	Questionnaire	r count	r table	Significance	Ket.
1.	<u>Compensation (X1)</u>				
	- Question 1	0.683 _	1.88	0.000	Valid
	- Question 2	0.603 _	1.88	0.000	Valid
	- Question 3	0.873 _	1.88	0.003	Valid
	- Question 4	0.873	1.88	0.000	Valid
2.	<u>Work Environment (X2)</u>				
	- Question 1	0.567 _	1.88	0.000	Valid
	- Question 2	0.568 _	1.88	0.000	Valid
	- Question 3	0.372 _	1.88	0.012	Valid
	- Question 4	0.612	1.88	0.000	Valid

3.	Work Productivity (Y)				
	- Question 1	0.844	1.88	0.000	Valid
	- Question 2	0.811	1.88	0.000	Valid
	- Question 3	0.779	1.88	0.000	Valid
	- Question 4	0.789	1.88	0.000	Valid
	- Question 5	0.753	1.88	0.000	Valid
	- Question 6	0.581	1.88	0.000	Valid

Data source: Results of Questionnaire Data Processing with SPSS (2022)

Reliability Test Results

Table of Recapitulation of Reliability Test Results

Variable	Coefficient <i>Cronbach's Alpha</i>	Reliability Intervals	Information
Compensation (X1)	0.881	0.80 - 1.00	Very Reliable
Work Environment (X2)	0.749	0.601-0.80	Reliable
Work Productivity (Y)	0.923	0.80 - 1.00	Very Reliable

source : Results of Questionnaire Data Processing with SPSS (2022)

Multicollinearity Test Results

Table of Multicollinearity Test Results

Variable	tolerance	VIF	Information
Compensation (X1)	0.997	1 , 003	Multicollinearity Free
Work Environment (X2)	0.997	1 , 003	Multicollinearity Free

source : Results of Questionnaire Data Processing with SPSS

Hypothesis Testing Results

Table of Test Results t

Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	std. Error	Betas			tolerance	VIF
1 (Constant)	25,749	6,276		4.103	.000		
COMPENSATION	2,511	.253	.885	3,024	.000	.997	1,003
WORK ENVIRONMENT	.528	.262	.284	2,014	.000	.997	1,003

a. Dependent Variable: WORK PRODUCTIVITY

source : Results of Questionnaire Data Processing with SPSS

From the results of the t test on variable X_1 , namely compensation, the value of $t_{count} = 3.024$ with a significance of 0.000 is obtained. By using a significance limit of 5%, a t table of ± 1.684 is obtained. This means $t_{count} (3.024) > t_{table} (1.684)$, which means H_0 is rejected and H_a is accepted. With a significance level of 0.000 which is below the 5% significance limit, it can be concluded that compensation has a significant effect on work productivity.

The results of the t test on variable X_2 , namely the work

environment, obtained the value of t count = 2.014 with a significance of 0.003. By using a significance limit of 5% or 0.05, a t table of ± 1.684 is obtained. This means $t_{count} (2.014) > t_{table} (1.684)$, which means H_0 is rejected and H_a is accepted. With a significance level of 0.041 which is below the 0.05 significance limit, it can be concluded that the work environment has a significant influence on work productivity.

F test results

Table of F Test Results

ANOVA ^b

Model		Sum of Squares	df	MeanSquare	F	Sig.
1	Regression	92,318	2	46,159	18,294	.020 ^a
	residual	451,460	42	10,749		
	Total	543,778	44			

a. Predictors: (Constant), WORKING ENVIRONMENT, COMPENSATION

b. Dependent Variable: WORK PRODUCTIVITY

source : Results of Questionnaire Data Processing with SPSS (2022)

F test on the research variables, the calculated F value = 18.294 with a significance level of 0.000. By using a significance limit of 5% or 0.05 , an F table of 1.68 is obtained. This means F count > F table, which means Ho is rejected and Ha is accepted. With a significance level of 0.000 which is far

below the significance limit of 0.05, it can be concluded that there is a significant effect of compensation and work environment simultaneously on work productivity.

Dominant Test Results

Table of Dominant Test Results

Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	std. Error	Betas			tolerance	VIF
1 (Constant)	25,749	6,276		4.103	.000		
COMPENSATION	2,511	.253	.885	3,024	.000	.997	1,003
WORK ENVIRONMENT	.528	.262	.284	2,014	.000	.997	1,003

a. Dependent Variable: WORK PRODUCTIVITY

Source: Primary data processed (2022)

The results of the data analysis in the table above show that the beta coefficient value standardized by the

incentive variable is 0.885 while the beta coefficient value standardized by the job satisfaction variable is 0.284.

This shows that the standardized beta coefficient value of the compensation variable is greater than the beta coefficient value of the work environment variable. These results prove the truth of the third hypothesis that compensation is a

variable that has a dominant influence on work productivity.

**The Resulting Multiple Linear Regression Function
Table of Multiple Linear Regression Functions**

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	25.749	6.276		4.103	.000		
KOMPENSASI	2.511	.253	.885	3.024	.000	.997	1.003
LINGKUNGAN KERJA	.528	.262	.284	2.014	.000	.997	1,003

a. Dependent Variable: WORK PRODUCTIVITY

source : Results of Questionnaire Data Processing with SPSS

The regression equation model that can be written from these results in the form of the *Unstandardized coefficients regression equation* is as follows:

$$Y = 25.749 + 0.511 X_1 + 0.528 X_2$$

From the results of the multiple linear regression equation it can be explained:

- a. A *constant value* of 25.749 indicates that the value of work productivity will be equal to 25.749 if the value of compensation (X_1) and work environment (X_2) is equal to 0.
- b. The compensation coefficient (X_1) of 2.511 (positive indicates a unidirectional relationship) states that every increase of 1 (one) compensation will increase work productivity 2.511 and conversely every decrease of 1

(one) compensation will decrease work productivity by 2.511, assuming the other independent variables are work environment (X_2) constant or fixed.

- c. The work environment coefficient (X_2) of 0.528 (positive indicates a unidirectional relationship) states that every increase in 1 (one) work environment will increase work productivity by 0.528 and conversely every decrease in 1 (one) work environment will decrease work productivity by 0.528, assuming other independent variables namely compensation (X_1) constant or fixed.

**Coefficient of Determination (R²) Determination Coefficient Table
Summary Model ^b**

Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	.412 ^a	.370	.130	3,279	2,376

a. Predictors: (Constant), WORKING ENVIRONMENT, COMPENSATION

b. Dependent Variable: WORK PRODUCTIVITY

source : Results of Questionnaire Data Processing with SPSS (2022)

From the calculation results it is known that the coefficient of determination (*R Square*) obtained by 0.370 or 37%. This shows that there is a positive and very strong relationship between compensation and work environment variables and work productivity, which means that the better the compensation and work environment, the better work productivity increases. Or 37% change in work productivity caused by compensation and work environment variables, while the other 63 % caused by other variables not examined, namely motivation, leadership, communication.

Discussion of Research Results.

1. Effect of Compensation on Work Productivity

Testing this hypothesis shows that there is a positive and significant effect of the compensation variable on the work productivity of PDAM Lumajang employees $t_{count} X_1$ of 3.024 > t_{table} 1,684 . These results indicate that a good assessment of compensation is in accordance with work productivity. Respondents' responses as the results of the study show that the majority of respondents gave responses in agreement with the

compensation variable provided by PDAM Lumajang, meaning that respondents get compensation in accordance with the work productivity performed by employees. The results of the analysis show that compensation has a significant effect on work productivity. The better the compensation provided by PDAM Lumajang , the better the employees will be in carrying out the work according to the tasks given. However, if the compensation provided by PDAM Lumajang is getting worse and worse, the employee's work productivity will decrease and they will prefer to leave their job . This supports the research of Yuliandari *et al.* , (2018) which states that compensation affects employee work productivity.

When the components of compensation such as incentives and benefits are given properly and according to the provisions, it will increase employee morale and work results. In addition, the existence of incentives and benefits will also encourage employees to improve their abilities and encourage employees to continue to develop themselves. The condition of

employees who have good abilities in carrying out their work will make the company's productivity increase. Companies will continue to progress and develop when employees have high productivity. Therefore, compensation as one of the factors that can encourage employee work productivity must be continuously improved. Incentives and benefits must be given according to the provisions, on time and continuously evaluated for improvement so that employees are more enthusiastic at work and employee productivity is increasing. The higher the compensation given by the company, the higher the employee productivity. The results of this study are in line with the research of Yuliandari *et al.*, (2018) ; Apriani, (nd) , Larasati & Achmad, (2016) . Dinantara & Oktaviani, 2019; Fitrianti & Prasetyo, 2018; Handaru *et al.*, 2019; Ramadhan & Sasi, (2017).

The Influence of the Work Environment on Work Productivity.

Hypothesis testing shows that there is a positive and significant influence of work environment variables on the work productivity of PDAM Lumajang employees with t_{count} of 2.014 > t_{table} 1,684 . These results indicate that the work environment is appropriate and supports work productivity. Respondents' responses indicated that the majority gave responses in agreement with the work environment variables at PDAM Lumajang, meaning that respondents got a conducive work environment and felt comfortable with the provision of facilities, such as lunch

and time for worship. The results of the analysis show that the work environment has a significant effect on work productivity . A good work environment will be able to make employees feel at home and enthusiastic about working. This research supports the research of Larasati & Achmad, (2016) ; Muttaqien *et al.*, (2019) which states that the work environment affects employee work productivity.

Working environment conditions in PDAM Lumajang can be seen from the lighting, color arrangement, work facilities, circumstances, relationships management and workspace. All components are able to reflect the condition good working environment in PDAM Lumajang. Good lighting combined with Bright colors will create a comfortable environment for concentration employees at work is increasing. The same goes for work facilities Adequate working conditions and good working conditions make employees more fluent in completing tasks and work. Enough wiggle room will make Employees are more comfortable and focused at work. Harmonious relationship between leaders and employees are also very important in creating a comfortable work environment. Good and comfortable work environment conditions increase morale employees at work and improve employee performance. There is an environment conducive work environment, both physical and non-physical work environment will improve ability of employees and encourage employees to continue to develop themselves.

Therefore, it is important for companies to continue to create and maintain an atmosphere work environment so that it remains comfortable and good so that employee productivity increases increase. The better the work environment, the better work productivity employee. The results of this study are in line with the results of previous studies conducted by Handaru *et al.*, (2019; Panjaitan, (2017); Ramadhan & Sasi, (2017); Sinaga, (2016).

The Effect of Compensation and Work Environment on Simultaneous Seacra Work Productivity.

Hypothesis testing shows that there is a positive and significant effect of compensation and work environment variables on the work productivity of PDAM Lumajang employees, knowing that F_{count} is $18.294 > F_{table} 1,68$. These results indicate that there is a good assessment of compensation and the environment so that the two variables can increase employee work productivity. This research supports research conducted by Larasati & Achmad, (2016) and Yuliandari *et al.*, (2018) which states that compensation and work environment simultaneously influence the work productivity of employees. Compensation, namely rewards or remuneration provided regularly by company either in the form of money (*financial*) or non-money (*non-financial*) to employees for the assistance they have provided in an effort to achieve goals company (Selvia *et al.*, 2028). Income level is

also a factor affect employee work productivity so that compensation also becomes things that are very concerned by employees at work, their main goal is to get their work rights, namely in the form of compensation from the company. According to Farchan, (2018) compensation is given with the aim of giving stimulation and motivation to the workforce to improve work performance, as well efficiency and effectiveness at work. The level of compensation will determine the scale of life employee economics, while relative compensation shows the status and price of employees.

Thus if the employee views that if the compensation is inadequate then the productivity, work performance, and job satisfaction of employees will decrease. Compensation a good will increase employee retention in a company that how compensation has a big effect on the work productivity of these employees.

A work environment that is able to create a harmonious relationship between superiors with subordinates, colleagues, and relationships with subordinates to create an environment To create harmony, it is necessary to establish clear company regulations and a clear communication system which can encourage employees to be motivated, and others. If employees feel that the non-physical work environment is good, employees will feel that their needs are met to be affiliated in the workplace is fulfilled, thus employees will be more eager to work and can increase work productivity.

CE SIMP RECOMMENDATIONS AND SUGGESTIONS.

Conclusion

This study aims to determine the effect of employee compensation and work environment variables on the work productivity of PDAM Lumajang employees and to determine which variable has a greater influence on employee work productivity . Judging from the formulation of the problem and data analysis that has been carried out as well as the discussion that has been stated previously, several conclusions can be drawn as follows:

1. The results of testing the first hypothesis using multiple linear regression method stated that partially there is a significant effect of the compensation variable on employee work productivity at Lumajang PDAM .
2. The results of testing the second hypothesis using multiple linear regression method state that partially there is a significant influence of work environment variables on employee productivity at PDAM Lumajang .
3. The results of testing the third hypothesis using the multiple linear regression method state that simultaneously, it proves that all independent variables (compensation and work environment) have a significant

influence on work productivity variables .

4. The results of testing the dominant variable show that compensation is the variable that has the dominant influence on work productivity.

Suggestions -Suggestions

1. PDAM Lumajang needs to consider the compensation provided so that it is in accordance with the standard of living of employees, because if the compensation of employees is in accordance with a decent standard of living it will support an increase in work productivity so that it will be easier for the company to achieve its business plan goals.
2. Compensation and work environment on the work productivity of PDAM Lumajang employees should be maintained and improved in the future . PDAM Lumajang must be able to maintain ideal and proportional compensation to its employees in order to generate high loyalty to the company.

Limitations and follow-up studies

This study has limitations, namely only examining the effect of employee compensation and work environment variables on work productivity with limited respondents. For future researchers,

it is hoped that they can examine the influence of other variables not examined in this study. Apart from that, researchers who are interested in conducting similar research can take other research objects outside of employees at PDAM Lumajang , which may provide results that are different from the results of this study.

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