

# **The Effect of Compensation and Work Environment on Employee Performance with Teamwork as A Mediation Variable at The Makassar Main Port Authority Office**

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## **Abstract**

The objectives of this study are to: (1) Analyze the effect of compensation and work environment on employee teamwork at the Makassar Main Port Authority Office. (2) Analyze the impact of payment and work environment on employee performance at the Makassar Main Port Authority Office. (3) Analyze the effect of teamwork on employee performance at the Makassar Main Port Authority Office. (4) To study the impact of compensation and work environment on employee performance through collaboration at the Makassar Main Port Authority Office. The research design used is causal research, with the research method used is the path analysis method. Simultaneously, the sample in this study were all employees at the Makassar Main Port Authority Office, totaling 97 employees. The results show that: (1) Compensation and work environment positively and significantly affect employee teamwork at the Makassar Main Port Authority Office. (2) Compensation and work environment positively and significantly affect employee performance at the Makassar Main Port Authority Office. (3) Teamwork has a positive effect and significance on employees' performance at the Makassar Main Port Authority Office. (4) Compensation and the work environment positively and significantly affect employee performance through teamwork at the Makassar Main Port Authority Office.

## **Keywords:**

Compensation, Work Environment, Employee Performance, Teamwork, Mediation Variable

## **1. Introduction**

Employee performance is one of the benchmarks in determining the success of the organization. The higher the employee's performance, the higher the success rate of the organization. Employee performance is the action taken by employees in carrying out the work provided by the organization or agency.

Efforts to improve employees' ability is aimed to improve performance that has an impact on improving services to the community (Bismawati, 2016). One of the factors that are considered to contribute to the improvement of employee performance and service quality is, among others, the work environment and compensation. Agencies as working parents must provide a comfortable and conducive work environment that can make employees work productively. Providing a comfortable work environment will be able to provide satisfaction to employees to work done and give a deep impression for employees who in the end an employee will have a good performance and more maximal Handoko (2001) said that providing compensation to employees with financial payments in return for the work carried out can also motivate employees to carry out future activities. The settlement will provide benefits to both parties, both to the organization and to the employees. For compensation, organizations will help attract employees who have a high level of skills to work in the organization, providing stimulation so that employees are willing to work diligently to achieve maximum performance to improve employee productivity.

In addition to compensation and the work environment, teamwork is also an integral part of employee performance. Teamwork becomes a necessity in realizing the success of work. Teamwork will be a strong drive and can synergize with individuals who are members of teamwork. Without good cooperation, the result is hampered in making performance can decrease. According to Tenner and Detero (in Aziz. A, 2018), teamwork is the ability of individuals who work together to achieve the same goals. Makassar Main Port Authority Office is a port organization unit under the Ministry of Transportation of the Republic of Indonesia, located in the First-class port and is responsible to the Directorate General of Sea Transportation. At the beginning of the author's study at the Office of the Main Port Authority of Makassar saw the performance of not maximal employees. This is due to the lack of cooperation of fellow employees due to differences of opinion. On the other hand, the application of compensation is uneven, and the work environment is less comfortable because of the facilities and infrastructure.

### **1.1. Objective of the Research**

Along with the discussion in the background above, the researchers are interested in researching "The Effect of Compensation and Work Environment on Employee Performance With Teamwork As a Mediation Variable In The Office of the Main Port Authority of Makassar." The formulation of problems in the research at the Makassar Main Port Authority Office is as follows: Does compensation positively and significantly affect employees' teamwork at the Makassar Main Port Authority Office?; Does the work environment positively and significantly impact employees' cooperation at the Makassar Main Port Authority Office?; Does compensation positively and significantly affect employees' performance in the Makassar Main Port Authority Office?; Does the work environment entirely and impact employees' performance in the Makassar Main Port Authority Office substantially?; Does teamwork positively and significantly affect employees' performance in the Makassar Main Port Authority Office?; Does compensation positively and significantly affect employee performance through collaboration at the Makassar Main Port Authority Office?; Does the work environment impact employee performance substantially through partnership at the Makassar Main Port Authority Office?

## **2. Literature Review**

Employees of a corporation or organization require adequate and equal pay, even though it is competitive compared to other organizations or businesses. A successful pay scheme can have a massive effect on one's work spirit and efficiency. Wages and bonuses, promotions, benefits, and services, according to Simamora (2004), are metrics that assess employee pay. Compensation can be divided into two kinds of payment: salaries, wages, and intensive (commissions and bonuses), meanwhile, indirect compensation such as facilities and benefits.

The world can be described as all the entities that surround us, whether they are living things, inanimate objects, physical objects, or something invisible to the naked eye and events that arise because of encounters between the elements of the universe. Human resources that are dependable, skilled, and trained and a productive work environment are all essential. The work environment's efficiency and sufficient quality of work-life (QWL) foster efficient human capital, which has quality, are dedicated, and can later devote themselves to their work. Staff commitment and participation, career growth, feeling proud of organizations, fair payment, keeping health at work, proper accommodation, and work protection. As well as mitigating issues that can enhance coordination and security at work, some of the factors can improve the efficiency of the work environment.

Any organization requires a clean and stable atmosphere, in which the work environment can play an essential role in promoting operational activities. There are two types of work environments, according to Sedarmayanti, 2001 (in Nela Pima Rahmawati, Bambang Awasto, and Arik Prasetya 2014), physical work environments and non-physical work

environments. Any physical environments in the office that can impact workers directly or indirectly are considered part of the physical work environment. The non-physical work environment, on the other hand, includes all circumstances surrounding work relationships, including those with supervisors and colleagues. Connections with subordinates, for example.

The room, illumination, disturbance in the workspace (noisy), the state of the air (humidity, temperature, air circulation), and color are all included in the physical work environment, according to Tohardi, 2002 (in Radega Wiratama, 2015). Managerial relations and employee relations with supervisors were the components of the non-physical work environment, according to Soedamayanti, 2007 (in the 2015 Radega Wiratama). In this case, a leader or manager is needed. The leader or boss must be able to boost employee results while still creating a positive work climate.

Performance is the result of work achieved by a person or a group of people in an organization, by their respective authorities and responsibilities, to achieve the objectives concerned legally, not breaking the law and by morals and ethics (Prawirosentono, 2002; Nuraini et al., 2019; Umanailo, 2020, 2019). Performance is the ability of employees to carry out specific skills (Sinambela, 2012; Mu'adi et al., 2020; Nawawi et al., 2020). Employee performance is essential because, with this performance, it will be known how much the employee can carry out the assigned tasks. According to (Soeprihanto 2000), performance is the appearance of the activities' results, including the following aspects: 1. Quality, 2. Quantity, 3. Timeliness, 4. Power effectiveness, 5. Need for supervision, and 6. The influence of personal relationships.

### 3. Methods

This type of research is associative or related research. The quantitative method is carried out in the study's design. After all, it is causal research because it knows independent variables and dependent variable variables and tests the interrelationship between the variables studied. In this study, the population was all employees at the Makassar Main Port Authority Office, which amounted to 97 employees. The sample techniques used are the probability sampling technique and the saturated/census sample technique because the subject is less than 100. The data analysis technique in this study uses path analysis, which helps analyse the causal relationship between variables to determine the direct effect and indirect effect between the independent variables on the dependent variable.

### 4. Results

#### 4.1. Analysis Results

The equation of model 1 path is as follows:  $Y_1 = \alpha_1 X_1 + \alpha_2 X_2 + e_1$ ;  $Y_1 = 0.213 X_1 + 0.209 X_2 + 0.897$ . Based on the analysis of the above path, it can be described as follows:  $\alpha_1 = 0.213$ , which indicates that compensation has a positive effect on teamwork. If compensation increases by 1 point, then. Teamwork will increase by 0.213. This means that the better the compensation, the partnership will also be better:  $\alpha_2 = 0.209$ , which indicates that the work environment has a positive effect on teamwork. If the work environment increases by 1 point, then collaboration will increase by 0.209. This means that the larger the work environment, the bigger the teamwork.; The value of variable compensation to teamwork is 0.043. The work environment to collaboration is 0.047 so that compensation and work environment significantly impact partnership with a substantial deal of more than 0.050;  $R^2 = 0.103$  is a coefficient of determination that indicates that the compensation variable and work environment contribute 10.3% to teamwork, while the remaining 89.7% is influenced by other variables not included in this study.

**Table 1.** Model 2 Path Equation Test Results

Model		Coefficients				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig
		B	Std. Error	Beta		
	(Constant)	-1.724	2.254		-.765	.446
	Compensation (X1)	.255	.109	.204	2.330	.022
	Work Environment (X2)	.324	.089	.318	3.633	.000
	Teamwork (Y1)	.261	.065	.340	3.999	.000
a. Dependent Variable: Employee Performance (Y2)						

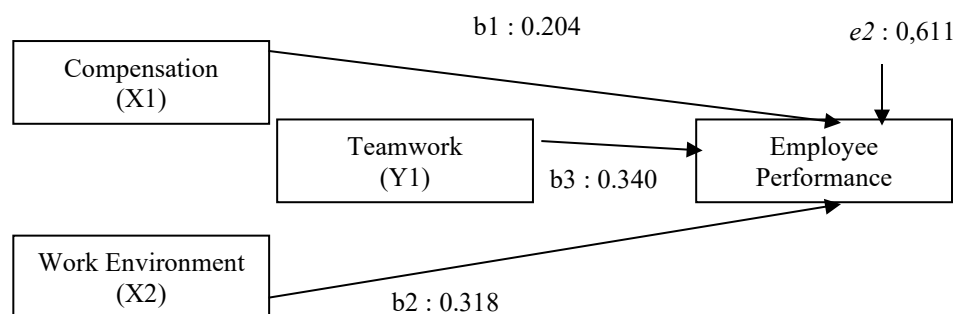
Source: SPSS output results, 2019

**Table 2.** Test Results Coefficient of Model 2 Path Equation Determination

Model Summary				
Model	R	R Square	Adjusted R Square	Std. An error of the Estimate
2	.639 <sup>a</sup>	.409	.390	3.282

a. Predictors: (Constant), Teamwork (Y1), Work Environment (X2), Compensation (X1)

Source: SPSS output results,2019.



**Figure 1.** Equation Coefficient Test Result

The equation of model 2 path is as follows:  $Y_2 = b_1X_1 + b_2X_2 + b_3Y_1 + e_2$ .  $Y_2 = 0,204 X_1 + 0,318 X_2 + 0,340 + 0,611$ . Based on the analysis of the above path, it can be described as follows:  $\beta_1 = 0.204$ , which indicates that compensation positively affects employee performance. If compensation increases by 1 point, then employee performance will increase by 0.204. This means that the better the balance, the better the employee's account will be.  $\beta_2 = 0.318$ , which indicates that the work environment has a positive effect on employee performance. If the work environment increases by 1 point, then the; Employee's performance will increase by 0.318. This means that the better the work environment, the better the employee's account.  $\beta_3 = 0.340$ , which indicates that Teamwork has a positive effect on employee performance. If Teamwork increases by 1 point, then employee performance will increase by 0.340. This means that the better Teamwork, the better employee performance will be; The value of variable compensation to employee performance is 0.022. Work environment variable to employee performance is 0.000, and Teamwork variable to employee performance is 0.000, so balance, work environment, and teamwork significantly impact employee performance substantial value of more than 0.050; Adjusted  $R^2 = 0.390$  is a coefficient of determination that indicates that the work environment and teamwork compensation variables contribute 39.0% to employee performance. In comparison, the remaining 61.1% is influenced by other variables not included in this study.

#### 4.2. Hypothesis Test Results

The direct effect of Compensation (X1) on Teamwork (Y1). Find out the value of direct influence for compensation variables to teamwork can be seen from the value of coefficients (standardized coefficients), which is 0.213 and positive value with a significance level of 0.043 ( $0.043 < 0.050$ ). Thus, compensation has a positive and significant effect on teamwork, so the first hypothesis (H1) is accepted; The direct influence of Work Environment (X2) on Teamwork (Y1). Know the value of the immediate effect of the Work Environment on teamwork can be seen from the value of coefficients (standardized coefficients), which is 0.209, and positive value with a significance level of 0.047 ( $0.047 < 0.050$ ). Thus, the work environment positively and significantly affects teamwork, so the second hypothesis (H2) is accepted; Direct Effect of Compensation (X1) on Employee Performance(Y2). To be able to know the value of the immediate effect of compensation on employee performance can be seen from the value of coefficients (standardized coefficients) which is 0.204, and a positive value with a significance level of 0.022 ( $0.022 < 0.050$ ). Thus, compensation has a positive and significant effect on employee performance, so the third hypothesis (H3) is accepted; Direct Influence of Work Environment (X2) on Employee Performance(Y2). To be able to know the value of the direct influence of the work environment on employee performance can be seen from the value of coefficients (standardized coefficients) that is 0.318 and positive value with a significance level of 0.000 ( $0.000 < 0.050$ ). Thus, the work environment positively and significantly affects employee performance, so the fourth hypothesis (H4) is accepted; The direct influence of Teamwork (Y1) on Employee Performance(Y2). To be able to know the value of the immediate effect of teamwork on employee performance can be seen from the value of coefficients (standardized coefficients) of 0.340 and positive value with a significance level of 0.000 ( $0.000 < 0.050$ ).

Thus, teamwork has a positive and significant effect on employees' performance, so the fifth hypothesis (H5) is accepted.

Indirect Effect of Compensation (X1) on Employee Performance (Y2) through teamwork (Y1) To know the value of the indirect influence of competence on the performance of employees through teamwork (Y1) can be seen from the results of multiplication of coefficient values (standardized coefficients) between the influence of compensation on collaboration and the value of the coefficient of influence teamwork then obtained a coefficient value of 0.553. Compared to the direct variable between payment to employee performance of 0.213 received indirect influence value  $>$  direct influence ( $0.533 > 0.204$ ), teamwork as a mediation variable can have a significant impact and positive value. Thus, compensation has a positive and significant effect on employee performance through collaboration, so that the sixth hypothesis (H6) is accepted.

Indirect Influence of Work Environment (X1) on Employee Performance (Y2) through Teamwork (Y1) To know the value of the indirect influence of the work environment on the performance of employees through teamwork (Y1) can be seen from the results of multiplication of coefficient values (standardized coefficients). Between the influence of the work environment on cooperation with the value of the coefficient of influence teamwork patient satisfaction then obtained a coefficient value of 0.549; when compared with the direct variable between the work environment to the performance of employees of 0.318 then got indirect influence value  $>$  direct influence ( $0.533 > 0.318$ ) means that teamwork as a mediation variable can give a significant impact and positive value. Thus, the work environment positively and significantly affects employees' performance through collaboration, so the seventh hypothesis (H7) is accepted.

## 5. Discussion

The first hypothesis test results showed that compensation positively and significantly affects teamwork, indicated by the coefficient value's magnitude (standardized coefficients). of 0.346 and positive value with a significance level of 0.043 ( $0.043 < 0.050$ ).

If the compensation is getting better, then the teamwork will also be good at the office of the Main Port Authority of Makassar. This is in line with Heru, Marzolina, and Ahmad (2018), which found an influence between compensation to teamwork.

The results of the second hypothesis test show that the work environment has a positive and significant effect on teamwork indicated by the magnitude of the coefficient value (standardized coefficients) of 0.209 and positive value with a significance level of 0.047 ( $0.047 < 0.050$ ). If the work environment is getting better, then the teamwork will also be as good as in the office of the Main Port Authority of Makassar. In line with the research conducted by Arta and Harsono (2016), the work environment impacts working relationships with other employees for the better.

The results of the third hypothesis test showed that compensation has a positive and significant effect on the performance of employees indicated by the magnitude of the coefficient value (standardized coefficients) of 0.204 and positive value with a significance level of 0.022 ( $0.022 < 0.050$ ). If the compensation is getting better, then employees' performance will also be the primary good at the office of the Main Port Authority of Makassar. This study's results align with the findings made by Sembe, Tamsah, and Ilyas (2019). They stated a positive and significant influence between compensation to employees' performance of the Makassar District Office Makassar Makassar City.

The fourth hypothesis test results showed that compensation has a positive and significant effect on employees' performance, indicated by the magnitude of coefficients' value. (standardized coefficients) of 0.318 and positive value with a significance level of 0.000 ( $0.000 < 0.050$ ). If the working environment is better, then employees' performance will also be the main good at the office of the Main Port Authority of Makassar. This study's results are in line with the findings made by Sofyang, Pananrangi, and Gunawan (2017), stating that there is a positive and significant influence between the work environment and employee performance.

The results of the fifth hypothesis test showed that teamwork has a positive and significant effect on employee performance indicated by the magnitude of the coefficient value (standardized coefficients) of 0.340 and positive value with a significance level of 0.000 ( $0.000 < 0.050$ ). If the teamwork is getting better, then employees' performance will also be as good as in the Main Port Authority of Makassar's office and has the most decisive influence among other coefficients. In line with the research conducted by Poernomo and Timur (2006), stated there is an influence between teamwork on the performance of PT. Jesslyn K Cakes Indonesia Surabaya Branch.

The sixth hypothesis test results show that compensation has a positive and significant effect on employee performance through teamwork, indicated by a value of 0.553 and a positive value. It means that teamwork as a mediation variable can give a significant influence and positive value. Thus, compensation has a positive and significant effect on employees' performance through partnership at the Makassar Main Port Authority office.

The seventh hypothesis test results show that the work environment positively and significantly affects employee performance through teamwork, indicated by a value of 0.549 and a positive value. This means that teamwork as a mediation variable can have a significant influence and positive value. Thus, the work environment has a positive and significant effect on the performance of employees through teamwork at the Makassar Main Port Authority office

## 6. Conclusion

Based on the results of data processing and testing, conclusions were obtained to answer the formulation of research problems, namely as follows: Compensation has a positive and significant effect on teamwork at the Makassar Main Port Authority office; The Work Environment has a positive and significant impact on the teamwork at the Makassar Main Port Authority office; Compensation has a positive and significant effect on employees' performance in the Makassar Main Port Authority's office; The Work Environment has a positive and significant effect on employees' performance in the Makassar Main Port Authority's office; Teamwork has a positive and significant impact on employee performance at the Makassar Main Port Authority office; Compensation has a positive and significant effect on employee performance through teamwork at the Makassar Main Port Authority office; The work environment has a positive and significant impact on employee performance through teamwork at the Makassar Main Port Authority office.

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