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THE EFFECT OF WORK ENVIRONMENT, MOTIVATION, AND WORK SATISFACTION ON EMPLOYEE PERFORMANCE: A CASE STUDY OF ONE OF THE REGIONAL-OWNED COMPANIES IN MEDAN

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ABSTRACT

This study aims to examine and analyze the effect of work environment, motivation and work satisfaction on employee performance at the Head Office of one of the regional-owned company in Medan. 137 people were chosen as the sample using a stratified random sampling technique out of 209 people of the population. This descriptive quantitative study applied Multiple Linear Regression Analysis as the analytical technique with a significance level of 5%. The results of this study has revealed that simultaneously work environment, motivation and work satisfaction have a significant effect on the employee performance of the Head Office of one of the regional-owned company in Medan. The partial test shows that each of the work environment, motivation and work satisfaction has a positive and significant effect on the employee performance of the Head Office of one of the regional-owned company in Medan. Since the score of determinant coefficient (R2) is 51.4%, the employee performance variable can be explained by the work environment, motivation and work satisfaction variables while the remaining 48.6% can be explained by other factors which were not examined in this

Keywords: *Employee Performance, Work Environment, Motivation, Work Satisfaction*

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INTRODUCTION

In facing the flow of globalization, Human Resources (HR hereafter) play a crucial role in an organization's activities because HRs have an essential role in planning, implementing and controlling the organization (Mangkunegara, 2013; Matondang, 2023). Therefore, the development and improvement of the quality of HRs is necessarily required in order to have a positive impact on the economic development and quality of an organization. That is why, one of the regional-owned companies in Medan that is being researched in this study has and always continues to strive to improve its organizational performance over the course of the years.

The company has attempted and always continuously attempt to improve the quality of its organizational performance. This, of course, can be realized if the performance of the company's employees is good since performance is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him (Mangkunegara, 2013). Employee performance is very beneficial for an organization because employee performance can increase worker productivity, save resources owned by management and the entire organization, keep employee performance under control, stable employees and help organizations survive and adapt to environmental changes.

In improving the employee performance, a supportive work environment is also needed. Work environment, as defined by McCoy & Evans (2005), is everything that exists around employees that can influence them in carrying out the tasks and duties. A good, safe and comfortable work environment circumstance will increase employee enthusiasm and concentration at work which allows them to accomplish their tasks on schedule which will certainly affect the employee performance (Hasibuan, 2013; McCoy & Evans, 2005). Based on the observation and pre-survey results, some work support tools are inadequate, such as the keyboard on the computer is quite damaged (jammed when pressed) which makes the employees have difficulty in working. Not only that, a number of employees also complain about the inadequate file cabinets at each desk. The absence of the cabinet resulted in piles of files that were not neatly arranged on the employee's desk so that their comfort and concentration were disturbed while working.These kinds of work environment certainly give a bad influence on the employee performance.

Moreover, motivation is also another factor that influences employee performance. Robbins & Judge (2012) define motivation as a process that explains the intensity, direction, and persistence of an individual to achieve his goals. Similarly, Hasibuan (2013) asserts that motivation is important at work because it is something that causes, distributes, and supports human behavior, so that they want to work actively and enthusiastically to achieve optimal results. Based on the observation and pre-survey results, some employees of the company being researched are not fully motivated at work. This condition arises due to the low attention of the leadership towards the needs of appreciation and self-actualization of employees. With the lack of company appreciation for employees whose performance reaches the target, as well as the problem of promotion opportunities that some employees feel is unfair where the promotion of these employees is subjective.

Furthermore, work satisfaction is also one of the factors that influencing employee performance. Satisfaction is a person's feeling of pleasure or disappointment that arises after comparing the performance (results) of the product that is thought of against the performance (results) expected (Higgins, 2000). According to Robbins & Judge (2012), employees who are satisfied with their jobs will not be absent and quit their jobs and their work performance will also increase. Based on the observation and pre-survey results, employee turnover rate occurs for several reasons, including early retirement by employees in order to receive a large severance pay for personal reasons, besides that there are also employees who prefer to be self-employed or doing business, compared to continuing a career in this company.

Hence, based on the above phenomena so as to fill the empirical gap, this study intends to answer the following research questions:

(1) Do work environment, motivation, and work satisfaction simultaneously have a significant effect on employee performance at one of the regional-owned companies in Medan?
(2) Does work environment have a positive and significant effect on employee performance at one of the regional-owned companies in Medan?
(3) Does motivation have a positive and significant effect on employee performance at one of the regional-owned companies in Medan?
(4) Does work satisfaction have a positive and significant effect on employee performance at one of the regional-owned companies in Medan?

LITERATURE REVIEW

1. Employee Performance

Employee performance, according to Mangkunegara (2013), is the result of work in quality and quantity achieved by employees in carrying out their duties in accordance with the responsibilities given to these employees. Simply put, employee performance can be said to be the result of how an employee behaves in the company (Ilham, 2018; Philips, 2009). According to Robbins & Judge (2009), there are six criteria that can be used as an assessment of individual employee performance as follows:

a. Quality of work is measured from employee perceptions of the quality of work produced and the perfection of tasks on the skills and abilities of employees.
b. The quantity of work is measured from the employee's perception of the number of assigned activities and their results.
c. Timeliness of work is measured from employee perceptions of an activity that is completed at the beginning of time until it becomes a result.
d. Work effectiveness is the level of use of organizational resources (energy, money, technology, raw materials) in carrying out tasks and the effectiveness of completing tasks assigned to the organization.
e. Independence at work is the level of a person's ability to carry out his work functions without asking for help, guidance from other people, or supervisors.
f. Work commitment is the level where employees have work commitments with agencies and responsibilities towards the organization.

2. Work Environment

Work environment is a place where employees carry out their daily activities. A conducive work environment provides a sense of security and comfort that allows employees to work optimally (Robbins & Judge, 2009). Employee productivity and performance will be high if the work environment provides full support for employees. Tohardi (2011) states that there are five main factors that influence work environment. They are as the followings:

a. Light
b. Air Temperature
c. Noise

d. Decoration/Spatial Layout
e. Relations between Employees

3. Motivation

Motivation is one of the most important things for an employee, with motivation people can go beyond their mind and achieve what they need and can make employees work as hard as possible for their goals or targets (Sutrisno, 2013). Work motivation needs to be systematically examined for its development, and also requires attention from the boss him/herself, so that it can improve employee work behavior, and if employee work motivation is not considered, then employee performance will decrease (Herzberg, 2017). According to Herzberg (2017), motivation has its own goals in an organization, which are as follows:

a. Encouraging passion and employee morale.
b. Increase employee morale and job satisfaction.
c. Increasing employee work productivity.
d. Maintaining the loyalty and stability of the company's employees.
e. Improving discipline and reducing employee absenteeism.
f. Creating a good working atmosphere and relationship.
g. Increase employee creativity and participation.
h. Improving employee welfare.
i. Increasing employees' sense of responsibility towards their duties.

4. Work Satisfaction

Work satisfaction is an emotional attitude that is pleasant and loves work (Hasibuan, 2012; Wilton, 2022). This attitude is reflected by work morale, discipline, and work performance. Furthermore, Mangkunegara (2013) states that work satisfaction is a feeling that supports or does not support an employee's self related to his work or his condition. According to Drucker (2011) there are four factors that influence work satisfaction, they are as follows:

a. Physiological Factors (interest, peace in work, attitude towards work, talents & skills).
b. Social Factors (co-workers who are compact, fair and wise leadership, as well as awards, & reasonable orders).

c. Physical Factors (type of work, setting time and break time for work equipment, room conditions, temperature, lighting, air circulation, employee health condition, & age).
d. Financial Factors (system and amount of salary, social security, benefits, facilities provided, & promotions).

RESEARCH METHOD

1. Design

This study used a quantitative descriptive approach. Quantitative descriptive research method is a method used to analyze data by describing or describing data that has been collected as it is without intending to make conclusions that apply to the general public or generalizations, which of course contains a lot of figures starting from collection, processing, and results that are dominated by number. (Sugiyono, 2019). While the analytical method this research is Causal-associative. Causal-associative is a research to determine the relationship and influence between two or more variables (independent variable and dependent variable) (Sugiyono, 2019). This research is associative-causal because this research elucidated the influence of work environment, motivation, and work satisfaction on employee performance at one of the regional-owned companies in Medan, North Sumatra, Indonesia which was conducted from December 2018 to February 2019.

2. Population and Sample

Population is a collection of subjects, objects, concepts, or phenomena have certain qualities and characteristics set by researchers for studied and then pulled in conclusion (Sugiyono, 2019). Whereas, sample is part from amount And characteristics which owned by population the (Sugiyono, 2019).

The population in this study are all employees working at the head office of one of the regional-owned companies in Medan which were 205 people. While the sample in study was taken using the *Proportionate stratified Random Sampling* where the number of samples and respondents to be taken in 17 divisions taken proportionally in accordance with amount population employee at one of the regional-owned comapanies in Medan. The sample in this study was 67 people which was taken using

Slovin's formula, that state determination amount sample in group population can done with formula as following:

$$n = \frac{N}{1 + [N\,[\,e^{2}\,]]}$$

Information:

n = Amount sample

N = Amount population

e = Percentage leniency error

3. Techniques of Data Collection

This study occupied three techniques in collecting the data. They are as follows:

(1) Observation

Observation is a complex process, a process composed of various biological and psychological processes. Two of the most important are the processes of observation and memory (Sugiyono, 2019).

(2) Questionnaire

Questionnaire is a data collection technique that is carried out by giving a set of questions to respondents directly or indirectly (Umar, 2019). In this study, a closed questionnaire with the answers provided was distributed via the Google form application to the respondents (employees of the regional-owned company being researched).

(3) Documentation

Documentation is a data collection technique by collecting records of past events (Sugiyono, 2019). These documents can be in the form of writing, drawings, or monumental works from someone (Sugiyono, 2019; Umar, 2019). In this study, several documents related to the regional-owned company being researched were collected such as office organizational structure, brief history of the office, number of employees, employee performance appraisal recapitulation, as well as other data related to the phenomena discussed.

4. Techniques of Data Analysis

(1) Multiple Linear Regression

Statistical analysis with multiple linear regression is used to predict how far the influence of one or several independent variables in this study, namely organizational culture (X1), leadership (X2) and motivation (X3) on the dependent variable, namely employee performance (Y) (Situmorang et al., 2010). In this study, multiple linear regression techniques were analyzed using SPSS. The model equation used is as follows:

$$Y = a + \beta 1X1 + \beta 2X2 + \beta 3X3 + \varepsilon$$

Information :		
Y	=	Employee Performance
a	=	Constant
β1-3	=	Multiple regression coefficients
X1	=	Work Environment
X2	=	Motivation
X3	=	Work Satisfaction
ε	=	Standard Error Term

(2) Classical Assumption Test

a. Normality Test (Graphic Analysis & Kolmogrov-Sminov Statistical Analysis)

b. Heteroscedasticity Test

c. Multicollinearity Test

d. Simultaneous Test with F-Test

e. Partial T-Test

f. Coefficient of Determination (R2)

RESULTS AND DISCUSSION

1. Multiple Linear Regression

Table 1. Multiple Linear Regression

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.127	.295		.430	.668		
	Work Environment (X1)	.512	.110	.415	4.668	.000	.464	2.157
	Motivation (X2)	.284	.106	.231	2.674	.008	.491	2.038
	Work Satisfaction (X3)	.212	.101	.167	2.097	.038	.574	1.742

a. Dependent Variable: Employee Performance (Y)

Based on the table above, the multiple linear regression equation is obtained as follows:

$$Y = 0{,}127 + 0{,}512X_1 + 0{,}284X_2 + 0{,}212X_3 + e$$

The constant value is 0.127 which means that if there is no independent variable value in this case work environment, motivation and job satisfaction equal to 0 (zero), then, the value of employee performance (Y) will be 0.127. furthermore, in accord with work environment variable, Sig. value is known 0.000 < 0.05 and t-count 4.668 > t-table 1.977, then the work environment has a significant effect on employee performance. Next, in accord with motivation variable, Sig. value is known 0.008 < 0.05 and t-count 2.674 > t-table 1.977, then motivation has a significant effect on employee performance. Lastly, in accord with work satisfaction variable, Sig. value is known. is 0.038 < 0.05 and t-count 2.097 > t-table 1.977, then, work satisfaction has a significant effect on employee performance.

2. Classical Assumption Test

Normality Test (Histogram Graph Analysis)

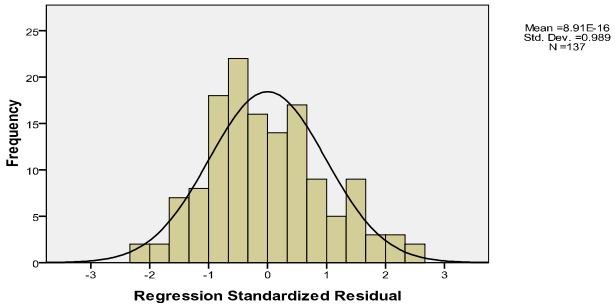


Figure 1. Graph Analysis

The normality test is aimed to test whether in the regression model, the confounding or residual variables have a normal distribution. The shape of the graph does not deviate to the left or right, indicating that the variables are normally distributed. Display of the histogram graphic results in the image above which shows that the residual data is normally distributed as seen from the nearly perfect (symmetrical) bell shape image.

Normality Test (Kolmogorov-Smirnov Statistical Analysis)

Tabel 2. Kolmogorov-Smirnov Statistical Analysis

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		137
Normal Parameters[a,,b]	Mean	.0000000
	Std. Deviation	.49773309
Most Extreme Differences	Absolute	.093
	Positive	.093
	Negative	-.045
Kolmogorov-Smirnov Z		1.089
Asymp. Sig. (2-tailed)		.187

a. Test distribution is Normal.

b. Calculated from data.

Based on Table 2 above, it can be seen that the probability value $\boldsymbol{p}$ or Asymp. Sig. (2-tailed) of 0,556. Because the probability value $\boldsymbol{p}$, which is 0,556, is greater than the significance level, which is 0.05. This means that the assumption of normality is met.

Heteroscedasticity Test

Tabel 3. The Results of Heteroscedasticity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.671	.174		3.861	.000
	Work Environment (X1)	-.069	.065	-.135	-1.077	.284
	Motivation (X2)	-.054	.063	-.104	-.857	.393
	Work Satisfaction (X3)	.041	.060	.077	.687	.493

a. Dependent Variable: Glejser

Based on the table above, it is known that the probability value or Sig. Glejser from the work environment is 0.284 > 0.05, the value of Sig. Glejser's motivation is 0.393 > 0.05 and the value of Sig. Glejser of job satisfaction is 0.493 > 0.05, it is concluded that there is no heteroscedasticity.

Multicollinearity Test

Tabel 4. The Results of Multicollinearity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.127	.295		.430	.668		
	Work Environment (X1)	.512	.110	.415	4.668	.000	.464	2.157
	Motivation (X2)	.284	.106	.231	2.674	.008	.491	2.038
	Work Satisfaction (X3)	.212	.101	.167	2.097	.038	.574	1.742

a. Dependent Variable: Employee Performance (Y)

Based on the table above, the VIF value of the work environment is 2.157, the VIF value of motivation is 2.038 and the VIF value of work satisfaction is 1.742. Because all VIF values are <10, it is concluded that there is no multicollinearity.

Simultaneous Influence Test With F-Test

Table 5. The Results of F-Test

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.598	3	11.866	46.840	.000[a]
	Residual	33.692	133	.253		
	Total	69.290	136			

a. Predictors: (Constant), Work Satisfaction (X3), Motivation (X2), Work Environment (X1)

a. Dependent Variable: Employee Performance (Y)

Simultaneous statistical tests show a probability level of 0.000 and a calculated f value of 46.840. So it can be concluded, P = 0.000 ≤ α = 0.05 and f count 46.840 ≥ f table = 2.672 which means Hα is accepted. This means that the independent variables, namely work environment, motivation and work satisfaction simultaneously have a significant effect on employee performance.

Simultaneous Influence Test With T-Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.127	.295		.430	.668
	Work Environment (X1)	.512	.110	.415	4.668	.000
	Motivation (X2)	.284	.106	.231	2.674	.008
	Work Satisfaction (X3)	.212	.101	.167	2.097	.038

a. Dependent Variable: Employee Performance (Y)

From the table above, it can be acknowledged that: (1) work environment variable has a t-count of 4.668 ≥ t-table of 1.977 and has a significance number of 0.000 which is less than 0.05, which means that the work environment variable partially has a positive and significant effect on employee performance. (2) Motivation variable has a t-count of 2,674 ≥ t-table of 1.977 and has a significance value of 0.008 which is less than 0.05, which means that the motivational variable partially has a positive and significant effect on employee performance. (3) Work satisfaction variable has a t-count of 2,097 ≥ t-table of 1.977 and has a significance value of 0.038 which is less than 0.05, which means that the motivational variable partially has a positive and significant effect on employee performance.

Determination Coefficient Test (R2)

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.717[a]	.514	.503	.503315

a. Predictors: (Constant), Work Satisfaction (X3), Motivation (X2), Work Environment (X1)

b. Dependent Variable: Employee Performance (Y)

Based on the table above, the coefficient of determination $R2$ is located in the R-Square column. It is known that the coefficient of determination is $R2$ = 0.514. This value means that all independent variables, namely work environment, motivation, and work satisfaction simultaneously affect the performance variable by 51.4%, the remaining 48.6% is influenced by other factors.

3. Discussion

The results showed that partially the regression coefficient value of work environment variable had a positive and significant effect on employee performance at the head office of one of the regional-owned companies in Medan. Where in the t-test it can be seen that the work environment variable has a positive and significant effect on employee performance, where the performance that arises cannot be separated from

the work environment of one of the regional-owned companies in Medan. This study is in line with Arda (2017) which states that work environment has a positive and significant effect on employee performance, and also supports research conducted by Ningtyas dkk. (2013) who state that if the better the level of employee work environment is obtained, the employee performance will also increase.

The variable of motivation has a positive and significant effect on the performance of employees at the head office of one of the regional-owned companies in Medan. Where in the t-test it can be seen that the variable motivation has a positive and significant effect on employee performance, which means that the motivation that arises in the employees of one of the companies being researched can have a partial (direct) effect in improving employee performance at the company. Chrisulianti & Hanifah (2019) found out that high motivation will make employees feel compelled to be even more enthusiastic at work so that it will improve employee performance. Conversely, if motivation is lacking or nonexistent, then employees will be lazy to work and this causes employee performance to decrease so that company goals are difficult to achieve.

The variable of work satisfaction has a positive and significant effect on the performance of employees at the head office of one of the regional-owned companies in Medan. Where in the t-test it can be seen that the variable work satisfaction has a positive and significant effect on employee performance, which means that the work satisfaction that arises in the employees of one of the companies being researched can have a partial (direct) effect in improving employee performance at the company. Shaju & Subhashini (2017) found out that high work satisfaction will make employees feel more comfortable working at one of the regional-companies in Medan so that it will improve employee performance.

CONCLUSION AND SUGGESTION

A. Conclusion

Based on the results of the F-test, simultaneously all independent variables, namely work environment, motivation and job satisfaction have a positive and significant effect on employee performance. Based on the results of the t test, all independent variables, namely work environment, motivation and job satisfaction have a positive and significant effect on employee performance. Based on the R2 test, all independent

variables, namely work environment, motivation and work satisfaction simultaneously affect employee performance variables by 51.4%. From the results of the study it can be concluded that work environment variables are more dominant in influencing employee performance than motivation and job satisfaction. We can see this from the results of the t test where the value of the work environment is 4.668 greater than the value of motivation of 2.674 and the value of work satisfaction of 2.097.

B. Suggestion

In relation to work environment variable, for the leaders in the company to immediately complete inadequate office facilities and infrastructure, and be able to provide solutions to employees when employees experience difficulties in carrying out their work. Moreover, in order to be able to maintain and increase employee work satisfaction by providing open opportunities for employees to be able to go through promotion levels as well as superiors' concern for employees by being willing to listen to input on matters related to work. Input from employees is a picture of what happens on the job.

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