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## THE INFLUENCE OF COMPENSATION AND WORKING ENVIRONMENT ON THE PERFORMANCE OF MICRO SMALL AND MEDIUM ENTERPRISE (UMKM) WORKERS SEMPUR KOPANG MEATBALL MERCHANT

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### Abstract

*This research uses a descriptive analysis method, namely to examine the status of a human group, an object, a set of conditions, a system of thought or a class of events in the present. This research uses a case method, namely the case of micro, small and medium enterprises (MSMEs) selling perfect Kopang meatballs. From the research results and based on the data analysis that has been carried out from the discussion of the results that have been carried out, the results show that*

*Compensation has a significant effect on the performance of PT UMKM Bakso Sempur Kopang employees by (-7.3) %.*

- 1. The work environment has a significant effect on the performance of Bakso Sempur Kopang MSME employees 71.1%.*
- 2. Compensation and work environment have a significant effect on the performance of Bakso Sempur Kopang MSME employees by 52.1%.*

*As an input in this research, it is recommended that businesses selling perfect meatballs pay more attention to providing compensation tailored to the conditions of the workers and continue to provide loans when workers need them.*

**Keywords:** *Compensation, Work Environment, Performance of Bakso Sempur Workers*

### INTRODUCTION

#### Background

Human resources have a very important role in organizations to achieve competitive advantage. Technological developments and

environmental changes make human resources an important factor in determining the ability of an organization or company in global

competition. Therefore, humans must always innovate to win this competition. The progress of an organization can only be achieved with quality and competitive human resources. Human resources are a very important company component in supporting the success of achieving the company's vision, mission and goals.

With quality human resources, companies can carry out their business activities optimally in order to achieve the level of performance that is the company's target. Through efficient and effective use of human resources, a company will run well. This shows that human resources are the main key that must be considered. Human resources must be managed well by the company. Human resource management is carried out by managers for employees under them. Everyone who is a company employee must be managed well by managers from the highest level employees to the lowest level employees. In addition to not creating discrimination, but also so that all employees can work optimally. It is important for human resources to have good performance, so that they can produce maximum performance. Performance is the result of a person's work in quality and quantity that has been achieved by employees in carrying out tasks according to the responsibilities given. Mangkunegara (2016:9).

In general, performance can be interpreted as a very complex concept, both in definition and measurement, because it is multi-dimensional. So performance measurement should interact with various measurement dimensions. Performance is basically the responsibility of every employee who works in an organization, so that organizational performance is a reflection of the performance of each employee.

Compensation is one of the main factors in employment. Personnel policies have a lot to do with considerations for determining employee compensation. The level of employee compensation is closely related to the employee's education level, position level and length of service. Therefore, determining employee compensation needs to be based on an assessment of the employee's performance, condition, education level, position and length of service. Apart from that, management needs to pay attention to providing compensation to employees.

Compensation is everything that employees receive as remuneration for their work that is balanced with the employee's expectations to meet the need for satisfaction with the achievements that have been achieved and is in line with the company's strategic business objectives. Nurcahyo (2015) said that compensation is everything that employees receive as compensation for their work that is balanced with the employee's expectations to fulfill the need for satisfaction with the achievements that have been achieved and is in line with the strategic goals of the business.

According to Hasibuan (2012:118) compensation is divided into two types, namely: direct compensation in the form of salary/wages and incentive wages; indirect compensation (indirect compensation or employee or employee welfare).

Apart from compensation, the work environment is also an important factor in supporting employee performance. The work environment is all physical aspects of work, work psychology and work regulations that can influence job satisfaction and achievement of work productivity (Mangkunegara 2013:105).

According to (Darmadi, 2020:242) the work environment includes anything around employees that influences an individual in

carrying out the obligations assigned to him, such as air conditioning, good lighting and so on. Meanwhile, according to Anam (2018:46) the work environment is something that exists around employees so that it influences someone to feel safe, comfortable and satisfied in carrying out and completing the work given by their superiors. (Anam, 2018:46). A comfortable work environment will make employees feel comfortable and enthusiastic about doing their work. Apart from that, the work environment is one of the factors that has a positive and negative impact on employee work productivity.

The subjects of this research are the Sempur Kopang Meatball UMKM Workers who are on Jalan Purbaya, Sempur, Kopang sub-district, Central Lombok Regency. The number of workers at Bakso Sempur Kopang MSME is 12 people. Bakso Sempur Kopang is an MSME that has been established since 2007. Bakso Sempur provides meatballs that have a good taste and are affordable. with its position on the edge of the river, it makes it a comfortable place to enjoy a meal so that it has become a stopping place for customers who have survived to this day. From the results of observations and interviews and initial interviews with the owner of the Bakso Sempur Kopang UMKM, it was found that there were indications of increased employee performance, such as the punctuality of workers to come to work. Then the effectiveness of the work carried out by the workers by serving consumers in a friendly manner in order to maintain consumer satisfaction is also assessed as very good by the owner of the Bakso Sempur Kopang UMKM.

## Research Problems

What factors influence the increase in employee performance at Bakso Sembur Kopang?

### Research question

1. Does compensation affect the performance of Bakso Sempur Kopang workers?
2. Does the work environment influence the performance of Bakso Sempur Kopang workers?

### Research purposes

1. To analyze whether compensation affects the performance of Bakso Sempur Kopang workers?
2. To analyze whether the work environment has an influence on the performance of Bakso Sempur Kopang workers

## LITERATURE REVIEW

### Understanding Compensation

According to Nurcahyo (2015), compensation is everything that employees receive as compensation for their work which is balanced with the employee's expectations to fulfill the need for satisfaction with the achievements that have been achieved and is in line with the company's strategic business objectives.

According to Hasibuan (2016) compensation is all income in the form of money, direct or indirect goods received by employees as compensation for services provided to the company.

According to Wibowo (2007), compensation is an achievement counter to the use of more energy or services provided by the workforce.

According to Hamali (2018) compensation is an important function in human resource management.

Sedarmayanti (2011: 239) compensation is everything that employees receive as compensation for their work.

According to Handoko in (Sutrisno, 2017) what is meant by compensation is everything received by employees as remuneration.

According to Samsudin (2010: 187) compensation is any form of payment or reward given to employees and arises from the employee's work. According to Enny (2019: 37) compensation can be defined as a form of reciprocal service given to employees as a form of appreciation for their contribution and work. them to the organization.

#### Factors Affecting Compensation

Sedarmayanti in Widodo (2015:133), revealed factors that influence performance, including:

- a. Attitude and mentality (motivation, work discipline, and work ethics)
- b. Education
- c. Skills
- d. Leadership management
- e. Income level
- f. Salary and health
- g. Social Security
- h. Work environment
- i. Facilities and infrastructure
- j. Technology
- k. Opportunity for achievement

According to Hartatik (2014:258), there are several factors that influence compensation in companies, namely:

- a. Government factors

In this case, government regulations are directly related to determining minimum salary standards, income tax, setting prices for raw materials and so on, so this greatly influences companies in determining employee compensation policies.

- b. Joint offer between company and employee

The policy for determining the amount of compensation can also be influenced when bargaining occurs regarding the amount of salary or wages given by the company to employees. This is caused by companies recruiting employees who have expertise in certain fields that are really needed by the company, so this condition is directly related to the amount of salary given.

- c. Standard employee living costs

In this case, compensation policies need to consider the employee's minimum cost of living standards. This is because the basic needs of employees must be met appropriately. Employees who can fulfill basic needs well will have a sense of security and will automatically be motivated to work better in achieving company goals.

#### Compensation Indicator

According to Simamora (2015:445) compensation indicators are as follows:

1. Wages and Salaries

Wages are payments that are often used for production and maintenance workers. Wages generally relate to hourly pay rates and salaries usually apply to annual, monthly or weekly pay rates.

2. Incentives

Incentives are additional compensation above or beyond the salary or wages provided by the company.

3. Allowance

Benefits are health and life insurance, pension programs, company-covered vacations and other benefits related to employment.

4. Facilities

Perks are generally related to perks such as a company car or access to the company that employees get.

According to Anwari (2018) compensation indicators are:

1. Salary is a financial reward that is paid to employees on a regular basis, such as annually, quarterly, monthly or weekly, or, it can also be said to be a fixed payment that a person receives from membership in a company.

1. Bonus

2. Bonuses are direct rewards paid to employees because their performance exceeds specified standards. Bonuses are another form of direct wages outside wages and salaries which are fixed compensation, which is usually called performance-based compensation (pay for performance plan).

3. Providing benefits to employees in the form of money or goods, but only of a certain nature. Benefits are given to employees who have been appointed as permanent employees, such as holiday allowances, health insurance, and so on

Work environment

### Understanding the Work Environment

According to Anam (2018:46), the work environment is something that surrounds employees so that it influences someone to feel safe, comfortable and satisfied in carrying out and completing the work given by their superiors.

According to Darmadi (2020:242) the work environment includes things around employees that influence an individual in carrying out the obligations assigned to him, such as air conditioning, good lighting and so on.

According to Effendy & Fitria (2019:50) the work environment is direct work interaction with someone who has a higher position, the same position, or a lower position.

According to Sedarmayanti (2017) the work environment is the totality of tools and materials encountered, the surrounding environment in which a person works, their work methods, and their work arrangements both as an individual and as a group.

According to Sihombing and Naibaho (2010: 22) the factors that influence the work environment are as follows:

1. Work Facilities

Low performance is caused by a work environment that does not support the implementation of work such as a lack of work equipment, suffocating work areas, poor ventilation, and confusing processes.

## 2. Salary and Benefits

Workers will look for a work environment that guarantees the achievement of job requirements if their salary does not match their expectations.

## 3. Work relationships

Work groups with a high level of cohesion and loyalty will be more productive because one worker will help other workers complete the work.

### Work Environment Indicators

Employee performance indicators according to Robert L. Mathis and John H. Jackson (2006:378) are as follows:

### 1. Quantity

Quantity is the amount produced expressed in terms such as number of units, number of activity cycles completed. Quantity is measured from employee perceptions of the number of activities assigned and the results.

### 2. Quality

Quality is adherence to procedures, discipline, dedication. The level at which the desired activity results are close to perfect in the sense of conforming to some ideal way of performing the activity, as well as meeting the expected goals of an activity. Work quality is measured from employee perceptions of the quality of work produced as well as the perfection of tasks regarding the employee's skills and abilities.

### 3. Reliability

Reliability is the ability to perform required work with minimum supervision.

### 4. Presence

Attendance is the belief that you will come to work every day and according to working hours.

### 5. Ability to work together

The ability to collaborate is the ability of a worker to work together with other people in completing a task and work that has been determined so as to achieve the greatest efficiency and useful results.

### Types of Work Environment

According to Sedarmayanti (2015) states that the types of work environment are divided into two, namely:

#### 1. Physical work environment

The physical work environment is all physical conditions found around the workplace that can affect employees either directly or indirectly. The physical work environment can be divided into two categories, namely:

- a. Work environments that are directly related to employees such as work centers, chairs, tables and so on.
- b. The intermediate environment or general environment can also be called the work environment which influences human conditions, for example temperature, humidity, air circulation, lighting, mechanical vibration noise, unpleasant odors, color and so on.

#### 2. Non-physical work environment

The non-physical work environment is all work conditions related to work relationships, both relationships with superiors, relationships between colleagues and subordinates. This non-physical work environment is also a group of work environments that cannot be ignored. Companies should be able to reflect conditions that support cooperation between superiors, subordinates and those who have the same position status in the company. The conditions that should be created are a family atmosphere, good communication and self-control.

## Previous Research

Manotar Gurning's (2017) research analyzed the influence of compensation and work environment on employee performance at PT. Fiesta Dasa Utama MLC- Cikarang shows that partially compensation and the work environment have a positive and significant effect on the performance of PT employees. Fiesta Dasa Utama MLC-Cikarang.

Nuria Khusna's research (2015) analyzed the influence of compensation and work environment on employee performance at CV. Sunteak Alliance Jepara shows that partially compensation and work environment have a positive and significant effect on the performance of CV Sunteak Alliance employees.

Farikha Nur Khasanah's research (2016) which analyzed the influence of compensation and work environment on employee performance at Waroeng Spesial Sambal (SS) Yogyakarta (Study at Waroeng SS Samirono and Jalan Kaliurang) showed that partially compensation and work environment had a positive and significant effect on employee performance at Waroeng SS Samirono branch and Jalan Kaliurang.

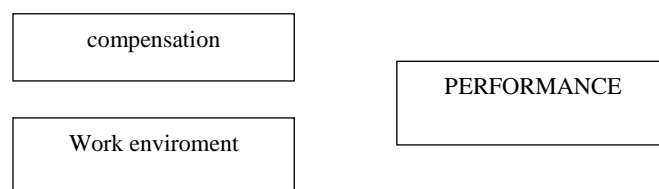
### The Relationship Between the Influence of the Work Environment on Performance

Wibowo (2017) said that a work environment or work situation that provides comfort will encourage employee performance.

According to Musriha (2011), the work environment has a positive impact on employee performance. Musriha also said that a comfortable work environment causes employee concentration levels at work to increase, and this condition causes employee work productivity levels to increase.

## Conceptual Framework

Based on theory and previous research, it can be concluded/described the conceptual framework between compensation, work environment and performance as follows:



## RESEARCH METHODOLOGY

### Types of Research

The type of research used in the research is associative research. According to Sugiyono (2015) associative research is research that aims to determine the influence of cause and effect or the relationship between two or more variables. In this research, associative research methods are used to determine the effect of compensation and work environment on employee performance.

## Location and Time of Research

This research was located at the Bakso Sembur Kopang UMKM located in Kopang District, East Lombok Regency in January 2023.

## Population

According to Sugiyono (2019:126) population is a generalized area consisting of: objects/subjects that have certain quantities and characteristics determined by researchers to be studied and then conclusions drawn. The population in this study were 12 Bakso Sembur Kopang MSME workers

**Table .1 BaksoSembur Kopang UMKM Workers**

Type of work	Quantity (People)
Waiter	8
Cashier	2
Presenter	2
Total	12

## Data Collection Method

The data collection method used in this research is the census method. According to Sugiyono (2002). The census method is research conducted on all members of the population. The census method was used because the population in this study was not that large, namely only around 12 people, so the respondents in this study were all Bakso Sembur Kopang MSME workers.

## Samples and Sampling Techniques

### Sample

According to Sugiyono (2008: 118) A sample is a part of the whole and the characteristics possessed by a population. The sample in this research was all workers of the Bakso Sembur Kopang UMKM.

### Sampling Techniques

According to Margono (2004) Sampling technique is a way to determine a sample whose number is the same as the sample size which will be used as the actual data source. Because this research uses the entire population as a sample, a saturated sampling technique is used, namely a sampling technique that uses the entire population as a sample.

## Data Collection Techniques and Tools

### Technique and Data Collection

#### 1. Interview Technique

According to Sugiono (2017: 194) interviews are used as a data collection technique if the researcher wants to carry out a preliminary study to find out the problem to be researched, and if the researcher also wants to know things from the respondent in more depth and the respondents in this research are workers of the Bakso Sembur Kopang UMKM .

#### 2. Questionnaire Technique

According to Wagito (1999: 35), a questionnaire is a method of collecting research data using a list of questions that will be answered by respondents.

### Data Collection Tools

The data collection tool in this research is a questionnaire. According to Sugiyono (2017:142) a questionnaire is a data collection technique that is carried out by giving a set of questions or written statements to respondents to answer. The questionnaire used by researchers was developed from research questionnaires that had been carried out by previous research, namely as follows:

- Performance questionnaire from Khasanah research (2016)
- Performance Environmental Questionnaire from Khasanah research (2016)
- Compensation Questionnaire from Khasanah research (2016)

## Data Types and Sources

### Data Types

The type of data in this research is quantitative data. Quantitative data is data in the form of numbers collected in research sourced from questionnaire answer scores obtained from respondents, then the scores will be processed using software (SPSS) for Windows and data analysis will be carried out.

### Data Source

#### 1. Primary Data

It is a data source that directly provides data to data collectors. Primary data sources were obtained through interviews with research subjects and conducting direct observations or observations in the field (Sugiyono 2016: 255). Primary data in this research came from filling in questions in the form of questionnaires and direct interviews with Bakso Sembur Kopang MSME workers.

#### 2. Secondary Data

According to Wardiyant in Sugiarto (2017: 87) secondary data is information obtained not directly through sources but from third parties. Secondary data in this research was obtained from literature and literature reviews which include relevant data related to the research. The secondary data obtained is data on Bakso Sembur Kopang MSME workers.

## Data Collection and Collection Procedures

Data retrieval and collection in this research used interview procedures, questionnaires and documentation.

#### 1. Interview

According to Afiffuddin (2009) interviews are a method of collecting data by asking something to the person who is the source. The interview model used in this research is a structured interview where the researcher determines the problem and questions to be asked to find hypothetical answers.

#### 2. Questionnaire

According to Sugiyono (2015) a questionnaire is a data collection technique that is carried out by giving a set of written statements or questions to respondents for them to answer. This research was carried out by giving a questionnaire directly and the list of questions asked were structured questions and respondents gave answers with checklists and then filled in the guidelines in the questionnaire.

#### 3. Documentation

According to Sugiyono (2018:476) documentation is a method used to obtain data and information in the form of books, archives, documents, written numbers and images in the form of reports and information that can support research.

### Data Analysis Procedures

## Measurement Scale

The research uses a Likert scale to measure the score of each questionnaire question. According to Sugiyono (2014) the Likert scale is a scale used to measure the attitudes, opinions and

responses of a person or group of people regarding social phenomena.

The Likert scale used in this research means that respondents must answer questions from 5 answer categories.

Table 3.10.1 Likert Scale

**1 Scala Likert**

No	Answer	Score
1	Strongly agree	5
2	Agree	4
3	Quite agree	3
4	Disagree	2
5	Strongly disagree	1

The purpose of the Likert scale is to make it easier to assess a large number of variables. To provide a score for each category, an assessment is carried out using the interval formula, namely:

$$\text{Class Interval} = \frac{\text{Highest score} - \text{lowest score}}{\text{Number of class}} = \frac{5 - 1}{5} = 0,8$$

These intervals can be used as guidelines as follows:

No	Interval	Category	
		Employee Performant	Compensation
1	4.20- 5.00	Very good	Very decent
2	3.40-4.19	Good	Fair
3	2.60-3.39	Good fair	Fair
4	1.80-2.59	Not good	Not suitable
5	1.00-1.79	Not good	Not worth it

**Validity test**

According to Sugiyono (2017: 125), it shows the degree of accuracy between the data that actually occurs on the object and the data collected by the researcher. This validity test is carried out to measure whether the data obtained after the research is valid data or not, using the measuring instrument used (questionnaire). The validity test was carried out on Bolly Tente-Bima Department Store employees with 49 employees as respondents.

$$r_{hitung} = \frac{n \sum XY - (\sum X \cdot \sum Y)}{\sqrt{\{n \sum X^2 - (\sum X)^2\} \{n \sum Y^2 - (\sum Y)^2\}}}$$

Information :

r xy = Correlation coefficient

n = Number of samples

∑ XY = Number of products of variables x and y

∑ Y = Number of variable y values

∑ X<sup>2</sup> = Sum of the powers of the value of the variable x

∑ Y<sup>2</sup> = Sum of powers of variable y values

This validity test was carried out using the SPSS for Windows program with the following criteria:

- If r count > r table then the statement is declared valid.
- If r count < r table then the statement is declared invalid.
- The calculated r value can be seen in the corrected item total correlation column.

**Reliability Test**

Reliability testing in this research was carried out using Cronbach Alpha. According to Imam Ghozali (2013:47), it is said to be reliable if the Alpha result is 0.6, with the Aplha formula as follows:

$$r = \left[ \frac{k}{k-1} \right] - \left[ \frac{ab^2}{\sigma^2} \right]$$

R = Instrument reliability

k = number of statement items

ab<sup>2</sup>= total item variance

σ<sup>2</sup>= total variance

The test criteria are:

- If the reliability coefficient value is Alpha 0.6 then the reliability is declared reliable (trusted).
- If the Alpha reliability coefficient value is 0.6 then the reliability is declared unreliable (not reliable).

The reliability value of the instrument above shows that the level of reliability of the research instrument is adequate because it is close to 1 (0.6). It can be concluded that the question items for each variable explain or provide an overview of the variables studied.

**Multiple Linear Analysis**

Multiple linear analysis is a regression equation that can explain and describe an independent variable with respect to several related variables. Multiple linear analyses is used to predict the rise and fall of the dependent variable, if two or more independent variables are used as manipulated predictors. According to Atmaja (2019), Sugiono (2019) states that to test hypotheses that have been proposed previously, the following multiple linear analysis tools can be used:

$$Y = a + b1X1 + b2X2 + e$$

Information:

Y = Employee performance

X1 = Compensation

X2 = Work Environment

A = constant

b1 = compensation regression coefficient

b2 = work environment regression coefficient

e = error

**Statistical Test t**

The t statistical test is carried out to test whether the independent variable (X) has a significant relationship or not with the dependent variable (Y) 62. To test the significance of the relationship, the t statistical test formula Sugiyono, (2012:251) is used as follows:

$$\frac{r\sqrt{n-2}}{r\sqrt{1-r}}$$

Where :

$t$  = tcount value

$r$  = Correlation Coefficient

$n$  = Number of Rank Pairs

The decision making criteria is if the calculated  $t$  is smaller than the  $t$  table then  $H_0$  is accepted, and  $H_a$  is rejected. But if on the contrary, if the  $t$  count is greater than the table ( $t$  count  $t$  table) then  $H_a$  is accepted.

## RESEARCH RESULT

### Respondent Identity

The respondents in this research were all 12 employees of Bakso Sempur Kopang MSMEs. The characteristics of respondents included in this study include gender, marriage status and age

Characteristics of respondents based on gender

The characteristics of respondents based on gender can be seen in the following table:

**Table 2. Respondent characteristics based on gender**

Gender	Respondent	Percentage
Laki-laki	9	75%
Perempuan	3	25%
Total	12	100%

Source: Primary data (processed 2023)

From table 2, the characteristics of respondents based on gender above, it can be seen that of the 12 respondents, 9 people or 76% were men and 3 people or 25% were women. Thus, male respondents are more dominant than female respondents.

Respondent characteristics based on marital status

The characteristics of respondents based on marital status can be seen in table 5.3 below:

**Table 3. Characteristics of respondents based on marital status**

Gender	Respondent	Percentage
Kawin	10	82%
Tidak Kawin	2	18%
Total	12	100%

Source: Primary data processed

From the table of characteristics of respondents based on marital status, the 12 respondents consisted of 10 people or 82% who were married, 4 people or 18% who were not married. Thus, respondents who are married are more dominant than respondents who are not married.

**Characteristics of respondents based on age**

The characteristics of respondents based on age can be seen in the following table:

**Table 4. of respondent characteristics based on age**

Age	Respondent	Percentage
< 18 year	0	0

18 – 25 year	3	25%
25 – 35 year	3	25%
35 – 45 year	6	50%
> 45 year	0	0
Total	12	100%

Source: Primary Data processed

Instrument Test

Validity test

The validity test is used to measure whether a questionnaire is valid or not. A questionnaire is said to be legitimate or valid if the statements in the questionnaire are able to reveal something that the questionnaire will measure. The significance test is carried out by comparing the calculated  $r$  value with the  $r$  table for degree of freedom ( $df$ ) =  $n-k$ . In this case,  $n$  is the number of samples while  $k$  is the number of independent variables. With sample size ( $n$ ) = 29, number of independent variables = 2 and alpha significance level of 0.05, the  $r$  table in this study is 0.355 (Ghozali, 2011:52-53).

If:  $r$  count  $>$   $r$  table then the questionnaire is declared valid

$r$  count  $<$   $r$  table then the questionnaire is declared invalid

The results of the validity test on the variables compensation ( $X_1$ ), work environment ( $X_2$ ) and employee performance ( $Y$ ) are as follows:

The results of the validity test on the compensation variable ( $X_1$ ) which were processed using the SPSS 17.0 for Windows program are presented in the table

following:

**Table 5. Compensation Validity Test Results**

Item Pernyataan	$r$ hitung	$r$ tabael	Sig.	Keterangan
X1.1	0,838	0,355	0,000	Valid
X1.2	0,851	0,355	0,000	Valid
X1.3	0,855	0,355	0,000	Valid
X 4	0,785	0,355	0,000	Valid
X 5	0,692	0,355	0,000	Valid
X1.4	0,785	0,355	0,000	Valid
X1.5	0,692	0,355	0,000	Valid

Source : Primary data processed

Based on Table. The results of the Compensation Validity Test above can be concluded that all statements in the questionnaire in the compensation validity test are declared valid and proven by  $r$  count  $>$   $r$  table.

The results of the validity test on the work environment variable ( $X_2$ ) which were processed using the SPSS 17.0 for Windows program are presented in the following table:

Table 5.8. Work Environment Validity Test Results

### Linear Regression Analysis

Linear regression analysis is used to test the hypothesis regarding the partial influence of variables between the independent variable

compensation (X1) and work environment (X2) on the dependent variable employee performance (Y) with the equation:  $Y = a + b_1X_1 + b_2X_2$

Y : Dependent variable

a : Regression constant

X1 ; employee performance variables

X2 ; work environment variables

**Table 6. Multiple Linear Regression Test Results**

Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	23.379	6.764		3.456	.002
Kompensasi (X1)	-.073	.112	-.092	-.652	.520
Lingkungan Kerja (X2)	.711	.136	.743	5.244	.000

a. Dependent Variable: Kinerja (Y)

From the equation  $Y = a + b_1X_1 + b_2X_2$  and based on table 5, a multiple linear regression equation can be created as follows:

$$Y = 23,379 + (-0.073X_1) + 0.711X_2 \text{ or}$$

$$Y = 23.379 - 0.073X_1 + 0.711X_2$$

The linear regression equation is explained as follows:

- The constant is 23.379, which means that if compensation (X1) and work environment (X2) are 0 then performance (Y) is 23.379.
- The regression coefficient for the compensation variable (X1) is -0.073, which means that if the work environment variable remains constant and compensation increases by 1%, performance will decrease by 0.073. The higher the compensation, the lower the performance will be.
- The work environment regression coefficient (X2) is 0.711, which means that if the compensation variable (X1) remains constant and the work environment (X2) increases by 1%, performance will increase by 0.711. A positive coefficient means that there is a positive relationship between the work environment and employee performance. The more the work environment improves, the more employee performance will increase.
- Coefficient of Determination
- The coefficient of determination aims to find out how far the model's ability is to explain variations in the dependent variable (Ghozali, 2011:97). Data processing using the SPSS 17.0 for Windows program produces data in table 5.18 below:

Table 6. Coefficient of Determination Test Results

**a. Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.722 <sup>a</sup>	.521	.485	3.47770

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

Source: Primary Data (processed, 2017)

From table 6 above it is known that R Square = 0.521, thus the simultaneous influence of compensation and environmental variables together on performance variables is 52.1%.

**Auto Correlation**

A good regression equation does not have autocorrelation problems. A good regression model is a regression that is free from autocorrelation (Gozali, 2011:110). From data processing using SPSS 17.0 for Windows, the following data is obtained in table 5.19:

Table 5.19 Auto Correlation Test Results

From the table above, it is known that the value of  $d = 2.363$  will be compared with the  $d_U$  and  $d_L$  values in the Durbin Watson table with the criteria: significant rate = 5%, total data  $n = 29$  and  $k = 2$  (independent variables). From the Durbin Watson table, it is obtained that  $d_U < d < 4 - d_U$ , in other words, there is no positive or negative autocorrelation.

**Hypothesis testing**

- The hypothesis in the first t test is:
  - $H_0: \beta =$  there is no significant influence of each independent variable on the independent variable.
  - $H_1: \beta =$  there is a significant influence of each independent variable on the independent variable
- The hypothesis in the second t test is:
  - $H_0 =$  Work environment (X1) has no significant effect on performance (Y).
  - $H_1 =$  Work environment (X2) has a significant effect on performance (Y)
- Decision making in the t test, namely:
  - If  $t_{count} < t_{table}$  or if the sig value is  $> 0.05$  then  $H_0$  is accepted and  $H_1$  is rejected.
  - If the calculated t value  $> t_{table}$  or if the sig value  $< 0.05$  then  $H_0$  is rejected and  $H_1$  is accepted.

**Table 7. Hasil Uji t**

Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	23.379	6.764		3.456	.002
Kompensasi (X1)	-.073	.112	-.092	-.652	.520
Lingkungan Kerja (X2)	.711	.136	.743	5.244	.000



a. Dependent Variable: Kinerja (Y)

From the table above it is known that the calculated t for compensation (X1) is -0.625, which means the effect is in the opposite direction to performance (Y) and the calculated t for the work environment (X2) is 5.244 in the same direction as performance (Y).

Determining the t table value uses the following formula:

$$T \text{ table} = t (\alpha / 2 ; n-k-1) = t (0.05 / 2 ; 29-2-1) = (0.025; 26) = 2.056$$

From the information above, conclusions can be drawn:

- For the compensation variable (X1) it has a calculated t value of  $-0.625 < 2.056$  and sig. amounting to  $0.520 > 0.05$ , then H0 is rejected and H1 is accepted, thus compensation has a significant effect on employee performance. This is in accordance with research conducted by I Gusti Agung Ketut, Ayu Dewi Indrawati (Faculty of Economics and Business, Udayana University, 2014) that compensation affects employee performance.
- For the work environment variable (X2) it has a calculated t value of  $5.244 > 2.056$  and sig.  $0.000 < 0.05$  then H0 and H1 are accepted, thus the work environment has a significant effect on employee performance. This is in line with research conducted by I Gusti Agung Ketut, Ayu Dewi Indrawati (Faculty of Economics and Business, Udayana University, 2014) that the work environment influences employee performance.

**F Test (Simultaneous Significant Test)**

The F test aims to determine the significance of the influence of the independent variables compensation (X1) and work environment (X2) which together have an effect on performance (Y).

The basis for making F test decisions is as follows:

- If  $F_{count} > F_{table}$  or sig value.  $< 0.05$ , then there is a simultaneous influence of variable X on variable Y.
- If  $F_{count} < F_{table}$  or sig value.  $> 0.05$ , then there is no simultaneous influence of variable X on variable Y.

**Table 8 F Test Results**

ANOVA<sup>b</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	342.580	2	171.290	14.163	.000 <sup>a</sup>
Residual	314.454	26	12.094		
Total	657.034	28			

- Predictors: (Constant), Lingkungan Kerja (X2), Kompensasi (X1)
- Dependent Variable: Kinerja (Y)
- From the F test results table above, it can be seen that Fcount is 14,163 and the sig. of 0.000.
- Ftable calculations use the formula:
- $F_{table} = F(k; n-k) = F(2; 29-2) = F(2;27) = 3.3541$
- From the data above it can be concluded that the Fcount of 14.136 is greater than the Ftable of 3.3541, so the sig value.  $< 0.05$ , then it can be concluded that there is a

simultaneous influence of compensation variables (X1) and work environment (X2) on employee performance (Y)

**CONCLUSIONS & RECOMMENDATIONS**

**Conclusion**

1. From the problem formulation proposed based on the data analysis that has been carried out and the discussion that has been put forward, the following conclusions are obtained:
2. Compensation has a significant effect on the performance of PT UMKM Bakso Semppur Kopang employees by (-7.3)%.
3. The work environment has a significant effect on the performance of Bakso Semppur Kopang MSME employees 71.1%.
4. Compensation and work environment have a significant effect on the performance of Bakso Semppur Kopang MSME employees by 52.1%.

**Suggestion**

Suggestions that can be given regarding the research results and conclusions that have been described are as follows:

1. It is recommended that Bakso Semppur Kopang MSMEs maintain accuracy in targeting compensation, especially in terms of providing wages and incentives to encourage employees to achieve targets that are more than those set by the company.
2. It is recommended that Bakso Semppur Kopang MSMEs maintain complete work equipment and worker facilities
3. It is recommended that Bakso Semppur Kopang MSMEs can maintain a more comfortable and safe working environment for employees to support increased employee performance

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