

THE EFFECT OF COMPENSATION AND WORK ENVIRONMENT ON EMPLOYEE PERFORMANCE AT PT. TWS ORGANIZER INDONESIA

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Abstract

*This study aims to determine the extent to which the Influence of Compensation and Work Environment Affects Employee Performance at PT. TWS Organizer Indonesia. This study uses quantitative methods. Data were obtained through distributing questionnaires to 70 tour guide employees at PT. TWS Organizer Indonesia. Data analysis techniques include validity tests, reliability tests, classical assumption tests, multiple linear regression analysis, *t* tests, *F* tests and coefficients of determination with the help of IBM SPSS version 26. The results of this study indicate that partially the Influence of Compensation variable (*X*₁) has a significant effect on the Employee Performance variable (*Y*) with a significance value of 0.000 <0.05 and a *t*-count value of 15.140 > *t*-table 1.671. Partially the Work Environment variable (*X*₂) has a significant effect on the Employee Performance variable (*Y*) at PT. TWS Organizer Indonesia with a significance value of 0.002 <0.05 and a *t*-count value of 3.231 > *t*-table 1.671. Then simultaneously the Compensation Influence variable (*X*₁) and the Work Environment variable (*X*₂) have a significant effect on the Employee Performance variable (*Y*) with a significance value of 0.000 <0.05 and an *F*-count value of 369.227 > *F*-table 3.15. Based on the results of the data, it can be concluded that the Influence of Compensation and Work Environment have a significant effect both partially and simultaneously on Employee Performance at PT. Tws Organizer Indonesia.*

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1. Introduction

Human resources are a crucial factor in determining a company's success in achieving its organizational goals. Good employee performance will impact productivity, service quality, and the achievement of company targets. According to Syahrums Agung (2019), human resources are a valuable asset for an organization and must be managed effectively to optimally contribute to achieving company goals. Organizational success depends heavily on the quality of its human resources.

The work environment refers to all conditions surrounding employees that may influence the execution of their duties, both physically and non-physically. The physical work environment includes work facilities, lighting, and office conditions, while the non-physical work environment encompasses interpersonal relationships within the organization. According to Sedarmayanti (2001), the work environment is divided into two types, namely physical and non-physical environments, both of which have an impact on employee performance. A conducive work environment is able to enhance employee comfort, motivation, and productivity.

Compensation refers to all forms of remuneration provided by the company to employees as a reward for their contributions. Compensation may include direct compensation such as salaries, allowances, bonuses, and incentives, as well as indirect compensation such as insurance and social security benefits. According to Edwin B. Flippo, compensation is the price paid for the services rendered by employees. Meanwhile, Alex S. Nitisemito (2002) states that compensation is a financial reward provided by the company, either directly or indirectly, to employees.

Employee performance is the result of work achieved by individuals in carrying out their assigned responsibilities within an organization, measured through aspects of quality, quantity, timeliness, and work effectiveness. Good performance reflects the real contribution of employees in achieving organizational goals.

PT TWS Organizer Indonesia is a company engaged in event organizing services and tourism activities such as trekking, team building, fun games, and various event arrangements. The company was established in 2019 and is located in Bogor Regency, West Java. It aims to become a leading event organizer known for quality, creativity, and professionalism in delivering successful events. To achieve this vision, the company emphasizes improving human resource quality, service innovation, and strengthening relationships with clients and partners.

In its operations, the company faces several issues related to employee performance, particularly among tour guides. These include high work pressure due to strict time schedules, which may lead to work-related stress. In addition, irregular working hours, including nights, weekends, and public holidays, result in physical and mental fatigue as well as reduced work motivation. Job risks such as extreme weather conditions and emergency situations also increase psychological pressure on employees. Furthermore, a performance evaluation system that focuses heavily on tour success and customer satisfaction may lead to unhealthy competition among employees, thereby disrupting teamwork. In addition, the company's limited ability to provide indirect compensation such as health insurance, employment security, and pension benefits remains a challenge due to fluctuating financial conditions.

The objective of this study is to determine the effect of compensation and work environment on employee performance at PT. TWS Organizer Indonesia.

2. Research Method

The research method employed was quantitative research using primary and secondary data. Primary data was obtained through interviews, observations, and the distribution of questionnaires to all research respondents. Meanwhile, secondary data was collected from various sources, such as books, scientific journals, and previous research findings relevant to the research topic. The research instrument consists of a questionnaire designed using a Likert scale with a rating range of 1 to 5.

The study population comprises all employees of Pt.Tws Organizer Indonesia, totaling 70 individuals. The sampling technique employed is non-probability sampling using the saturation sampling method, which involves selecting the entire population as the study sample.

Data analysis was conducted through classical assumption tests, including normality tests, multicollinearity tests, and heteroscedasticity tests. Subsequently, the data were analyzed using multiple linear regression, partial tests (t-tests), simultaneous tests (F-tests), and the coefficient of determination (R^2) to measure the magnitude of the independent variables' influence on the dependent variable.

3. Results and Discussion

Results

1. Validity and Reliability Test

According to Ghazali (2021), the purpose of validity testing is to determine how well a questionnaire measures validity. For a question to be valid, it must accurately reflect the elements it is intended to measure.

Ghazali (2021) explains that reliability testing is used to determine the degree of consistency with which a questionnaire measures the same variable

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or construct across repeated measurements. The more consistent the measurement results, the more reliable the instrument is considered to be.

Table 1 Validity Test for Compensation Influence Variable (X1)

Questionnaire Item	r Value	r Table	Description
P1	0,787	0,235	Valid
P2	0,824	0,235	Valid
P3	0,918	0,235	Valid
P4	0,425	0,235	Valid
P5	0,525	0,235	Valid
P6	0,691	0,235	Valid
P7	0,548	0,235	Valid
P8	0,720	0,235	Valid
P9	0,548	0,235	Valid
P10	0,940	0,235	Valid
P11	0,840	0,235	Valid

Source: Results of the analysis of the April 2026 questionnaire data using IBM SPSS Statistics 26

The results for the Compensation Influence variable (X1) show that all nine items meet the validity criterion, since the r-calculated value for each item is higher than the r-table value.

Table 2 Validity Test for Work Environment Variable (X2)

Questionnaire Item	r Value	r Table	Description
P1	0,569	0,235	Valid
P2	0,467	0,235	Valid
P3	0,545	0,235	Valid
P4	0,698	0,235	Valid
P5	0,698	0,235	Valid
P6	0,443	0,235	Valid
P7	0,348	0,235	Valid
P8	0,349	0,235	Valid

P9	0,681	0,235	Valid
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Source: Results of the analysis of the April 2026 questionnaire data using IBM SPSS Statistics 26

The findings for the Work Environment variable (X2) indicate that all nine items are valid, as the calculated r-value for each item surpasses the r-table value.

Table 3 Validity Test for the Employee Performance Variable (Y)

Questionnaire Item	r Value	r Table	Description
P1	0,561	0,235	Valid
P2	0,932	0,235	Valid
P3	0,932	0,235	Valid
P4	0,891	0,235	Valid
P5	0,388	0,235	Valid
P6	0,731	0,235	Valid
P7	0,853	0,235	Valid
P8	0,823	0,235	Valid
P9	0,475	0,235	Valid
P10	0,951	0,235	Valid
P11	0,951	0,235	Valid
P12	0,464	0,235	Valid

Source: Results of the analysis of the April 2026 questionnaire data using IBM SPSS Statistics 26

The results for the Employee Performance variable (Y) show that all 12 items satisfy the validity requirement, since each item's calculated r-value exceeds the r-table value.

Table 4 Reliability Test

Variable	Cronbach's Alpha	Description
Compensation Influence (X1)	0,899	Reliable
Work Environment	0,768	Reliable

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(X2)		
Employee Performance (Y)	0,928	Reriel

Source: Results of the analysis of the April 2026 questionnaire data using IBM SPSS Statistics 26

The reliability test results indicate that the Cronbach's Alpha values for all variables exceed the threshold of 0.60, confirming that the variables used in this study are reliable.

2. Test of Classical Assumptions

Table 5 Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		70
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	5.10101119
Most Extreme Differences	Absolute	.127
	Positive	.127
	Negative	-.122
Test Statistic		.127
Asymp. Sig. (2-tailed)		.060 ^c
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Source: Results of the analysis of the April 2026 questionnaire data using IBM SPSS Statistics 26

As shown in the table, the Asymp. Sig. value of 0.060 exceeds the 0.05 significance threshold, indicating that the data in this study follow a normal distribution.

Table 6 Multicollinearity Test

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.621	.793		.783	.437		
	Compensation Influence	.831	.055	.819	15.140	.003	.425	2.353
	Work Environment	.184	.057	.175	3.231	.000	.425	2.353

a. Dependent Variable: Employee Performance

Source: Results of the analysis of the April 2026 questionnaire data using IBM SPSS Statistics 26

The multicollinearity test showed a Tolerance value of $0.425 > 0.10$ and a VIF of $2.353 < 10$, so it can be concluded that the regression model does not suffer from multicollinearity.

Table 7 Heteroscedasticity Test

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.943	.495		1.908	.061		
	Compensation Influence	.063	.034	.332	1.831	.072	.425	2.353
	Work Environment	-.90	.035	-.460	-2.537	.014	.425	2.353

a. Dependent Variable: ABS_RES

Source: Results of the analysis of the April 2026 questionnaire data using IBM SPSS Statistics 26

According to the Glejser test results, the significance values for X1 (0.203) and X2 (0.975) are both above 0.05, suggesting that the regression model does not exhibit heteroscedasticity.

3. Multiple Linear Regression Analysis

Table 8 Multiple Linear Regression Test

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.621	.793		.783	.402
	Compensation Influence	.831	.055	.819	15.140	.000
	Work Environment	.184	.057	.175	3.231	.002
a. Dependent Variable: Kinerja Pegawai						

Source: Results of the analysis of the April 2026 questionnaire data using IBM SPSS Statistics 26

Based on the analytical results presented in the table, the following multiple linear regression model was derived:

$$Y = 0.621 + 0.831X_1 + 0.184X_2 + e$$

This means:

- 1) The constant (a) value of 0.621 indicates that if the Compensation Influence (X₁) or work Environment (X₂) variables are zero, the Employee Performance (Y) score remains at 0.621.
- 2) The regression coefficient for the Compensation Influence variable (X₁) is 0.831 with a positive direction. This means that if Compensation Influence (X₁) increases by one unit, Employee Performance (Y) will increase by 0.831 units.
- 3) The work Environment variable (X₂) has a regression coefficient of 0.184, which is a positive value. This implies that if work Environment (X₂) increases by one unit, Employee Performance (Y) will increase by 0.184 units.

4. t-Test and F-Test

Table 9 t-Test (Partial)

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.621	.793		.783	.402
	Compensation Influence	.831	.055	.819	15.140	.000

	Work Environment	.184	.057	.175	3.231	.002
a. Dependent Variable: Kinerja Pegawai						

Source: Results of the analysis of the April 2026 questionnaire data using IBM SPSS Statistics 26

The partial test for the Compensation Influence variable (X1) yielded a t-value of 15.140 > t-table 1.671, with a significance level of 0.000 < 0.05. These results indicate that Compensation Influence (X1) has a positive and significant effect on Employee Performance (Y), thus Ha1 is accepted and H01 is rejected.

The partial test for the Work Environment variable (X2) yielded a t-value of 3.231 > t-table 1.671, with a significance level of 0.002 < 0.05. This indicates that Work Environment (X2) has a positive and significant effect on Employee Performance (Y), thus Ha2 is accepted and H02 is rejected.

Table 10 F-Test (Partial)

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	191.065	2	95.532	369.227	.000 ^b
	Residual	16.818	56	13.631		
	Total	207.882	67			
a. Dependent Variable: Employee Performance						
b. Predictors: (Constant), Compensation Influence, Work Environment						

Source: Results of the analysis of the April 2026 questionnaire data using IBM SPSS Statistics 26

The influence of Compensation (X1) and Work Environment (X2) has a simultaneous, positive, and significant influence on Employee Performance (Y), as indicated by the p-value of 0.000 (<0.05) and the calculated F-value of 369.227 > the critical F-value of 3.15; therefore, H3 is accepted and H03 is rejected.

5. Coefficient of Determination (R²)

Table 11 Coefficient of Determination (R²)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.959 ^a	.919	.917	509
a. Predictors: (Constant), Compensation Influence, Work Environment				
b. Dependent Variable: Employee Performance				

Source: Results of the analysis of the April 2026 questionnaire data using IBM SPSS Statistics 26

The R-squared (R^2) value of 0.805 indicates that the Influence of Compensation (X1) and Work Environment (X2) explains 91.9% of the variance in Employee Performance (Y), while the remaining 9.1% is caused by other variables outside the scope of this study.

Discussion

1. The Effect of Compensation on Employee Performance

The results of the hypothesis test indicate that compensation has a positive and significant effect on employee performance. The significance value is $0.000 < 0.05$, and the calculated t value is $15.140 > t$ table of 1.671. These results indicate that the better the compensation received by employees, the higher their performance.

The results of this study are in line with previous research conducted by Dyah Palupini ngtyas and Aurilia Triani Aryanin gtyas in (2022). They found that compensation and work environment influence employee performance.

2. Work Environment on Employee Performance

The results of the hypothesis show that the work environment has a positive and significant effect on employee performance. The significance value is $0.002 < 0.05$ with a calculated t value of $3.231 > t$ table of 1.671. A comfortable work environment, harmonious work relationships, and a supportive work atmosphere are proven to be able to improve the quality of employee work. The most dominant indicators in the work environment variable are the work atmosphere and relationships between colleagues.

The results of this study align with previous research conducted by Yorni Wonda, Ventje Tatimu, and Olivia Walangitan in 2022, which also found that the work environment has a positive and significant impact on employee performance.

3. The Influence of Compensation and Work Environment on Employee Performance

The results of the simultaneous test indicate that recovery and work environment jointly have a positive and significant effect on employee performance. The calculated F-value of 369.227 is greater than the F-table value of 3.15, with a significance level of 0.000.

The coefficient of determination (R^2) of 0.919 indicates that 91.9% of the variation in employee performance can be explained by compensation and

work environment variables. The remaining 8.1% is influenced by other factors not examined in this study.

These results indicate that improving the fairness of the compensation system and creating a conducive work environment are effective strategies for improving the performance of tour guides at PT. Penyelenggara TWS Indonesia.

This finding is in line with previous research conducted by (M Ichwanus Shafa and Sulastri 2021) which stated that Compensation has a positive impact on Employee Performance, and the Work Environment also has a positive impact on Employee Performance.

4. Conclusions and Suggestions

Conclusion

Based on the research results, it can be concluded that : Compensation has a positive and significant effect on employee performance at PT. Penyelenggara TWS Indonesia. The indicators that provide the greatest contribution are incentives and wages, which can increase employee morale. The work environment has a positive and significant effect on employee performance at PT. Penyelenggara TWS Indonesia. The most dominant factors are the work atmosphere and harmonious relationships between coworkers. Compensation and the work environment simultaneously have a positive and significant effect on employee performance at PT. Penyelenggara TWS Indonesia. The variables of fulfillment and the work environment explain 91.9% of the variation in employee performance.

Suggestion

The Compensation variable on Employee Performance in this study demonstrated a significant influence. The lowest score was found in questionnaire item P4, "Bonuses or incentives are given fairly based on work performance," with a score of 0.425. Therefore, PT. TWS Organizer Indonesia is expected to continue to pay attention to and improve its employee compensation system, including wages, incentives, benefits, and other work facilities. With better pay commensurate with workload, employee motivation, loyalty, and performance are expected to continue to improve, leading to the achievement of company goals.

The Work Environment variable on Employee Performance in this study demonstrated a significant influence. The employee performance questionnaire showed a very low score of 0.348 for item P7, which asked, "Do you have adequate work facilities?" Therefore, PT. TWS Organizer Indonesia must further improve its facilities and maintain and create a comfortable, safe, and conducive work environment, both in terms of relationships between coworkers, communication with coworkers, and adequate work facilities. By creating a harmonious work environment,

employees will feel more comfortable at work, thereby increasing their effectiveness and productivity. Based on the research results, the work environment is the variable with the most dominant influence on employee performance. Therefore, the results of this study are expected to provide companies with considerations in establishing strategic policies, particularly regarding work environment management and employee well-being, to optimally improve performance quality.

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