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The Effect of Financial Compensation, Work Discipline and Non-Physical Work Environment on Employee Productivity

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Abstract

Work productivity is a very important factor in supporting the success of the company's business in all aspects. Employee work productivity will continue to increase if employees are always disciplined and follow every company rule and there is a good work environment. As for the problem in this study is a decrease in employee productivity at PT. Furukawa Automotive Systems Indonesia. This study aims to determine the effect of financial compensation, work discipline and non-physical work environment on employee work productivity at PT. Furukawa Automotive Systems Indonesia. In this study using quantitative research. Data were collected through a questionnaire method to 50 respondents. This study uses a saturated sample technique. The research was processed using multiple linear regression analysis with the SPSS 22 program. The results of this study indicate that the variables of financial compensation, work discipline and non-physical work environment have a positive and partially significant effect on the work productivity of PT. Furukawa Automotive Systems Indonesia.

Keywords: Financial Compensation, Work Discipline, Non-Physical Work Environment, Employee Productivity.

1. Introduction

Employee productivity for a company is very important as a measure of success in running a business. Because the higher the work productivity of employees in the company, it means that the company's profits and productivity will increase. A good level of employee work productivity will have a positive influence on the production and operational activities of the company both now and in the future (Siswadi, 2016).

Success in an organization cannot be separated from the work productivity of its employees. Work productivity is a very important factor in supporting the success of the company's business in all aspects and labor productivity is a barometer of how far employees are used effectively in a production process to achieve the expected output (Ukkas, 2017).

PT. Furukawa Automotive Systems Indonesia (FASI) is a subsidiary of Furukawa Electric Co., Ltd from Japan. This company is a manufacturing company that offers a variety of products and services for various industries. One of the products is automotive components and wiring harness. As befits an organization, the human resources at PT. Furukawa Automotive System Indonesia is an important asset for running an organization / company. Therefore, the company must pay attention to the labor factors that determine the company's success in achieving its goals, in order to increase employee productivity.

Based on the author's observations, there has been a decrease in target achievement amid the increasing demand on the P1 line of PT. Furukawa Automotive Systems Indonesia, this can be seen in the following production data:

Table 1. P1 Production Line Data for 2020

Period	Target (pcs)	Actual (pcs)
January	4,307,646	4,265,712
February	3,970,855	3,939,863
March	3,965,776	3,934,776

The decrease in employee productivity is caused by a less motivated workforce. This is due to factors providing compensation that are not in accordance with employee expectations. In an effort to increase employee work productivity, the company must provide high morale to employees so that it is in accordance with what is expected and in accordance with what the company desires, so that the goals of the company can be achieved well in the long term and the survival of the company can be achieved. Guaranteed (Audina, 2017).

Annas (2017) in his research states that fair and proper compensation is needed so that employees will feel cared for by the company. Research from Purwanto et al. (2016) reinforces the statement that if justice and fairness are not fulfilled it will cause employees to complain which then has an impact on decreasing morale which in turn causes employee work productivity to decrease. Although according to regulations, the amount of compensation is appropriate because it has met the minimum wage set by the government, on the other hand, the amount of bonus is still not as expected by employees. According to Saputra and Arliz (2016), the provision of appropriate compensation can improve the performance of these employees which in the end can greatly affect the resulting productivity.

The still low level of employee discipline is also one of the factors for the decline in productivity levels due to the large number of employees who are disciplined against various company rules and there is a high level of absenteeism. The level of attendance can be seen in the following table:

Table 2. List of P1 Line Employee Attendance in 2020

Period	Sick	Permission	Paid Leave	Alpa
January	25	3	8	0
February	28	1	9	1
March	27	2	11	2

According to Hasibuan (2003: 193) quoted in Aviyana and Fatmasari (2019) discipline is the awareness and willingness of a person to obey all the rules and norms that apply in the organization / company. If employees do not care about work discipline, it is certain that work productivity will decrease. In fact, to get work productivity, discipline from employees is needed (Syahrul and Sari, 2016).

According to Wartana (2011) quoted in Ananta and Adnyani (2016), it is stated that the achievement of effective and efficient company goals cannot be separated from employee work

discipline that must be considered by the company. Thus the existence of work discipline interventions can have a positive impact on employee work productivity (Gitonga et al. 2019). Apart from financial compensation and employee work discipline, there are factors that are no less important in increasing employee productivity, namely the non-physical work environment. Non-physical work environment is a condition related to employee relations that can affect employee performance and work productivity. Because based on the author's observations, there has not been a good working relationship, both the relationship between superiors and subordinates as well as relationships with colleagues on line P1 of the PT process department. Furukawa Automotive Systems Indonesia.

According to Nitisemito (2000: 171-173) in Septiani (2016), companies should reflect conditions that support cooperation between superiors, subordinates and those with the same position in the company. The work environment will affect the individual and the organization as a whole. Even though employees are given the right stimulus, morale can become worse if the work environment is neglected (Intan Joseph, 2016). According to Harsidi et al. (2016) a work environment that is good, pleasant, safe and can provide comfort for employees in carrying out their activities is very coveted by employees and companies, because it will have an impact on the productivity generated by employees.

Basically work productivity is a problem that must get serious attention from the company, because the increase in work productivity will not happen by itself, but there must be effort and participation from both the company and the employees themselves.

2. Literature Review

Work Productivity

Productivity is generally defined as the relationship between output (goods or services) and input (labor, materials, money). Productivity is a measure of productive efficiency. A comparison between output and input results. Input is often limited by labor, whereas output is measured in physical units, forms and values. Work productivity basically includes a mental attitude that always has a view that today's life must be better than yesterday and tomorrow must be better than today. Such an attitude will encourage someone not to feel satisfied quickly, but to develop them and improve work ability in a way that is always looking for improvements and improvements (Siswadi, 2016). Work productivity is the comparison between input (input) and output (outcome) used, where the output must have added value and good engineering techniques. An employee can be said to be productive if he is able to produce goods or services as expected in a short or appropriate time. Labor productivity is a barometer of how far workers are used effectively in a production process to achieve the expected output (Ukkas, 2017).

Financial Compensation

According to Sunyoto (2012: 31) in saputra and Arliz (2016) financial compensation is something that is received by employees in the form of salaries, wages, bonuses, premiums, old age benefits, medical treatment and others of the same kind paid by organizations / companies. According to Sinungan (2006: 118) cited in Audina (2017), financial compensation is all income in the form of money, which includes salaries and wages, plus benefits received by employees in return. Meanwhile, according to Simamora (2006: 442) quoted in Audina (2017) is a broad term that relates to financial rewards received by people through their employment relationship with an organization. From several definitions it can be concluded that financial compensation is the reward paid by a company or

organization to an organization. Employees in the form of financial, either directly or indirectly as remuneration for contribution of employees to the company or organization.

Work Discipline

According to Hasibuan (2003: 193) cited in Aviyana and Fatmasari (2019), work discipline is a tool used by managers / leaders to change employee behavior so that they increase one's awareness and willingness to obey all organizational rules and applicable social norms. What is meant by work discipline here is regarding work time discipline and discipline in obeying the rules, SOPs, procedures that exist within the organization and implementing them with high awareness without coercion. The manifestation of high work discipline is the achievement of high productivity as well. According to Handoko (2002: 208) quoted in Aviyana and Fatmasari (2019) Employee work discipline can be divided into 3 types, namely preventive discipline, corrective discipline, and progressive discipline.

Non Physical Work Environment

According to Sedarmayanti (2009: 26) quoted in Septiani (2016), non-physical work environments are all situations that occur related to work relationships, both relationships with superiors and relationships with colleagues, or relationships with subordinates. Another opinion arises regarding the non-physical work environment and is similar to the opinion of Sedarmayanti above, namely expressed by Nitisemito (2000: 171-173) quoted in Septiani (2016), that companies should reflect conditions that support cooperation between supervisors, subordinates and those with same position in the company.

Framework

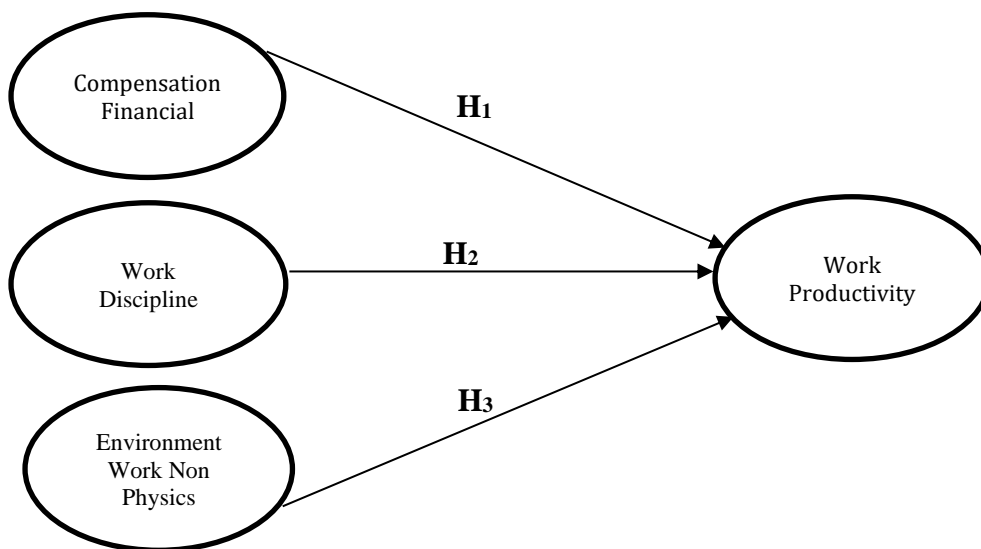


Figure 1. Research Design

H1: The Effect of Financial Compensation on Work Productivity

Increased productivity carried out by the company to its employees by improving human resources. The way to improve human resources is through the formation of motivation as one of the factors that can directly affect the increase in employee productivity and one way to motivate

employees to increase their productivity is by providing appropriate compensation from the company. Motivation will arise from employees to work as well as possible if the wages they give are right. Thus financial compensation can affect the increase in employee productivity. On the other hand, giving improper financial compensation will not increase work productivity and can even reduce their enthusiasm and enthusiasm for work (Annas, 2015). This hypothesis is supported by Rizka Audina's research (2017) which shows that financial compensation has a significant effect both partially and simultaneously.

H2: The Effect of Work Discipline on Work Productivity

From the results of research conducted by Ananta and Adnyani (2016), the conclusion is that there is a partially significant effect of work discipline variables on employee work productivity. The value on the regression coefficient indicates that work discipline has a direct effect on employee productivity, meaning that the more disciplined the employee is in doing his job, the higher the employee's productivity. This hypothesis is supported by the research of Cincin Aviyana and Dewi Fatmasari which shows that there is a relatively positive relationship between work discipline and employee work productivity.

H3: The Effect of Non-Physical Work Environment on Work Productivity

From the results of research conducted by Harsidi et al. (2016), the conclusion is that non-physical work environment variables have a positive influence on employee work productivity. Thus it can be concluded that the work environment has a high influence on one's work productivity. For example, a good working environment will have a good impact on work productivity. Likewise, if the conditions of the work environment are bad, it will also have a bad impact on the individual so that it will have a negative impact on productivity (Septiani, 2019). This hypothesis is supported in research by Dian Septiani (2016) which results in research that physical and non-physical work environments have a significant effect on employee productivity.

3. Methodology

This type of research used in this research is descriptive analysis using a quantitative approach. This research design is an experimental or survey research. The population in this study were 50 employees of line P1 PT process department. Furukawa Automotive Systems Indonesia. Determination of the number of samples in this study using a saturated sample method, namely making the entire population as the research sample. The method stages in this research are through observation, literature study and questionnaires. Data analysis obtained from the answers of the respondents to the questionnaires that were distributed. Testing the data used in this study includes validity, reliability, multiple linear regression analysis, t test to test and prove the research hypothesis, f test and the coefficient of determination.

4. Results and Discussion

The analysis requirements test used in this study is the classic assumption test which consists of normality test, multicollinearity test and heteroscedasticity test. The normality test was carried out with the P-P Plot with the result that the points spread around the line and follow the diagonal line. Neither of the independent variables has a VIF value of more than 10.00, so there is no multicollinearity between the independent variables in the regression model. The results of the Heteroscedasticity Test with a scatterplot show that the points are above and below the number 0 on

the Y axis and there is no pattern, so there is no heteroscedasticity. The feasibility of the model can be seen from the coefficient of determination of 0.885 and the adjusted R square of 0.877, shown in table 3.

**Table 3. R2 Determination Coefficient Test Results
Model Summary^b**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.941 ^a	.885	.877	1.147

**Table 4. F Test Results
ANOVA^a**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	875.865	3	285.952	40.150	.000 ^b
Residual	609.873	97	7.122		
Total	1485.738	100			

Hypothesis testing is carried out based on the regression coefficient and probability value as summarized in Table 5.

Table 5. Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
1 (Constant)	-3.037	1.911		-1.589	.119
Financial compensation	.567	.094	.549	6.038	.000
Work discipline	.401	.098	.355	4.092	.000
Non-physical work environment	.149	.064	.137	2.335	.024

The results of calculations using the SPSS program show that the coefficient of determination (Adjusted R square) is 0.877. This means that 87% of financial compensation, work discipline and non-physical work environment have an effect on work productivity, while the remaining 13% of work productivity is influenced by other variables not examined in this study. The feasibility test of the model gets a proper conclusion where the test results get the value of Sig. F is 0.000 or below the level of the research test so that Ho is rejected. The results of the analysis to obtain the F test can be seen in table 4.

Hypothesis testing is carried out based on the regression coefficient and probability values as summarized in table 5. Based on the SPSS output, the regression equation is obtained as follows:

$$Y = -3.037 + 0.567 + 0.401 + 0.149$$

The regression equation interpretation is as follows:

- a. The negative constant value is -3.037. This indicates that financial compensation, work discipline and non-physical work environment greatly affect employee productivity, because they are directly related to employees. This means that without financial compensation, work discipline and a good

non-physical work environment, employee work productivity will be negative, namely - 3.037 or in other words, employee work productivity will decrease ($Y = -3.037$).

- b. The beta coefficient value in the financial compensation variable is 0.567, meaning that if the financial compensation has increased by one unit, then the work productivity will increase by 0.567 units, assuming that the other independent variables have a fixed value. Conversely, a decrease of one unit in the financial compensation variable will decrease work productivity by 0.567 with the other units being fixed.
- c. The beta coefficient value on the work discipline variable is 0.401, meaning that if the work discipline increases by one unit, then work productivity will increase by 0.401 units, assuming other independent variables have a fixed value. Conversely, a decrease of one unit in the work discipline variable will reduce work productivity by 0.401 with the other units being fixed.
- d. The beta coefficient value in the non-physical work environment variable is 0.149, meaning that if the non-physical work environment increases one-unit, then work productivity will increase by 0.149 units, assuming other independent variables have a fixed value. Conversely, a decrease of one unit in the non-physical work environment variable will reduce work productivity by 0.149 with the other units being fixed.

The effect of financial compensation on employee work productivity

The results showed that the financial compensation variable had a positive and significant effect on employee work productivity at PT. Furukawa Automotive Systems Indonesia. This is evidenced by the test results on the t test, namely t count of 6,038 with a significance level of 0,000, which means $t \text{ count} > t \text{ table}$ and $\text{sig} < 0.05$, so that H_0 is rejected H_{a1} accepted. So it is concluded that this study has succeeded in proving the first hypothesis. An increase in financial compensation by one unit will increase the work productivity of employees on line P1 of the PT process department. Furukawa Automotive Systems Indonesia with 0.567 units. This is because the financial compensation regression on employee work productivity on line P1 of the PT process department. Furukawa Automotive Systems Indonesia has a coefficient (b_1) of 0.567 units. Based on the results of the recapitulation of the respondents' answers, it shows that the highest average value in the seventh statement is 4.54 which means that the provision of holiday allowances by PT. Furukawa Automotive Systems Indonesia has been good so far and the lowest average score is 3.5 in the fourth statement which means that the bonuses received by employees are not in accordance with employee expectations. So it can be concluded that the financial compensation to employees is not fully maximal.

Discussion of the effect of work discipline on employee productivity

The results showed that the work discipline variable had a positive and significant effect on employee work productivity at PT. Furukawa Automotive Systems Indonesia. This is evidenced by the test results on the t test, namely t count of 4.092 with a significance level of 0.000, which means $t \text{ count} > t \text{ table}$ and $\text{sig} < 0.05$, so that H_0 is rejected H_{a1} accepted. So it is concluded that this study has successfully proven the second hypothesis. An increase in work discipline by one unit will increase the work productivity of employees on line P1 of the PT process department. Furukawa Automotive Systems Indonesia with 0.401 units. This is because the regression of work discipline on employee work productivity on line P1 of the PT process department. Furukawa Automotive Systems Indonesia has a coefficient value (b_2) of 0.401 units. Based on the results of the recapitulation of respondents' answers, it shows that the highest average value is in the seventh statement of 4.36, that is, if there is additional work it can be completed on time. meaning that in terms of punctuality of work it is classified as good and the lowest average value is 3.64 in the third statement which means that the level of employee discipline in terms of attendance or attendance is not in accordance with company standards.

Discussion of the effect of non-physical work environment on employee work productivity

The results showed that the non-physical work environment variables had a positive and significant effect on employee work productivity at PT. Furukawa Automotive Systems Indonesia. This is evidenced by the test results on the t test, namely t count of 2.335 with a significance level of 0.000, which means $t_{count} > t_{table}$ and $sig < 0.05$, so that H_0 is rejected H_1 accepted. So it is concluded that this study has succeeded in proving the third hypothesis. Increasing the non-physical work environment by one unit will increase the work productivity of employees on line P1 of the PT process department. Furukawa Automotive Systems Indonesia with 0.149 units. This is because the non-physical work environment regression on the work productivity of employees on line P1 of the PT process department. Furukawa Automotive Systems Indonesia has a coefficient (b_3) of 0.149 units. Based on the results of the recapitulation of respondents' answers, it shows that the highest average value in the seventh statement is 4.54, which means that employees agree that with active togetherness between superiors and subordinates, employees will feel a harmonious atmosphere and can create good cooperative relationships and The lowest average value of 3.64 is found in the sixth statement, which means that there is no good relationship between superiors and subordinates. So it can be concluded that the non-physical work environment has not met standardization or has not created a good working relationship between superiors and subordinates.

5. Conclusion

Based on the results of research and discussion of the effect of financial compensation, work discipline and non-physical work environment, the authors can draw conclusions that the variables of financial compensation, work discipline and non-physical work environment have an effect on work productivity at PT. Furukawa Automotive Systems Indonesia. The financial compensation variable is the variable that has the most dominant influence on work productivity compared to work discipline and non-physical work environment variables. Financial compensation, work discipline and non-physical work environments must be further improved; this is because they have a significant effect on employee productivity. So, PT Furukawa Automotive Systems Indonesia must continue to maintain and also improve it by paying attention to several aspects of indicators that affect financial compensation, work discipline and non-physical work environment. This is done with the aim of increasing employee productivity and optimally achieving company goals.

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