

## THE EFFECT OF THE WORKING ENVIRONMENT AND INCENTIVES ON EMPLOYEE PERFORMANCE WITH JOB SATISFACTION AS VARIABLES MODERATING IN THE MANAGEMENT AGENCY REGIONAL FINANCE OF LANGSA CITY

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### ABSTRACT

*Employee performance is needed by work units in achieving predetermined goals. Employee performance can be affected by various factors such as the work environment and incentives. A comfortable work environment according to employees and satisfying incentives received can support the enthusiasm to carry out each given task. The research was conducted with the aim of knowing the effect of the work environment and incentives on employee performance and the influence of the work environment and incentives on employee performance as moderated by job satisfaction. This study uses primary data sourced from a research questionnaire. The population in this study were employees of the Langsa City Regional Financial Management Agency, amounting to 97 people. Then the sample used in the study was 97 respondents with a saturated sampling technique. Methods of data analysis using Moderated Regression Analysis (MRA). The results showed that the work environment had a positive and significant effect on employee performance. Incentives have a positive and significant effect on employee performance. Job satisfaction is not a moderating variable between work environment and employee performance. Job satisfaction is not a moderating variable between incentives and employee performance. Thus, the job satisfaction variable can become an independent variable or an intervening variable.*

Keywords: Work Environment, Incentives, Job Satisfaction and Performance

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### INTRODUCTION

Human Resources within the scope of Government organizations are known as Civil Servants. Based on Law No. 5/2014, it describes the State Civil Apparatus, which is abbreviated as ASN, is Civil Servants and Government Employees with work agreements that are bound to government organizations. It was explained that each individual employee has individual goals, and it is undeniable that every main goal of an employee is to meet basic needs such as eating, drinking and a decent place to live. Meanwhile, organizations require employees to be able to provide performance. Employee performance is important to study because employees are the driving force of an organization. Employees become the achievers of the goals of the organization formed.

Employee performance can be found through work performance appraisal which has been regulated in the Republic of Indonesia Government Regulation Number 46 of 2011 concerning Civil Servant Job Performance Assessment. In the regulation, namely in Article 7 (2) the assessment of Employee Work Objectives (SKP) as referred to in paragraph 1 which includes quantity, quality, time and cost. This assessment applies to every civil servant and includes employees in areas such as the Badan Pengelolaan Keuangan Daerah Kota Langsa.

Employee performance can be seen based on performance appraisals using Employee Performance Targets which are always made at the end of each period, namely December each year. Based on performance data in the form of Employee Performance Targets of 97 employees, it is known that there are 17 employees who have increased work performance scores and there are 70 employees who have cooperative achievement scores with the previous year and there are 10 employees whose work performance scores have decreased. There are several factors that can improve employee performance, such as a comfortable and conducive work environment and motivation for providing compensation in the form of incentives. The comfort of the employee's work environment can trigger employees to work better so that employee performance can be maximally achieved. A good and comfortable work environment will be able to improve employee performance. The work environment is the entire work facilities and infrastructure around employees who are doing work which can affect the implementation of work (Sedarmayanti, 2018)

The work environment affects employee performance (Syafriana&Manik, 2018). There are many indicators of the work environment that an organization should know. While employees who work feel uncomfortable with the work environment, it has an impact on punctuality of work and timeliness can reduce income in the form of incentives. Meanwhile, incentives are a form of motivation expressed in the form of money on the basis of high performance and also a sense of recognition from the organization of employee performance (Mangkunegara, 2012). Providing incentives by the organization can improve employee performance. Incentives have an effect on employee performance.

A comfortable work environment and incentives received by employees according to performance and expectations can give employees a sense of satisfaction. On the other hand, employees who feel uncomfortable with the work environment and the incentives received are too small, it can reduce employee satisfaction. This is because employees who do not come to work properly and do not come to work can reduce incentives.

## LITERATURE REVIEW

### Work Environmet (WE)

The work environment of an organization has an important role and needs special attention. The work environment affects the activities of employees in completing their work. The work environment is a condition around the workplace, both physical and non-physical environments that can affect employees in carrying out their work (Prasetyo&Triastity, 2017). Thus it can be seen that the work environment is a place where employees complete and carry out their activities every day, which can give the impression of being pleasant, comfortable, conducive, reassuring and giving the impression of being at home to work. Pradistya, (2017) the work environment is everything that is around employees at work, both physical and non-physical, directly or indirectly which can affect themselves and their work while working. Sedarmayanti, (2018) factors that affect the work environment include the physical work environment around the workplace which can affect employees either directly or indirectly. Environment related to employees such as desks, chairs, etc. The general environment relates to the human condition such as: air temperature, humidity, air circulation, lighting, noise, unpleasant odors, colors etc. Meanwhile, the non-physical environment is an environment related to work relationships, both relationships with superiors and relationships between coworkers, or relationships with subordinates.

### Incentive (I)

Providing incentives is a motivation that encourages employees to achieve organizational goals. Incentives link compensation and performance. Incentives are defined as a form of payment that is linked to performance and gain sharing, as a share of benefits for employees due to increased performance or cost savings (Rivai, 2006). Mangkunegara, (2011) incentives are a form of motivation expressed in the form of money on the basis of high performance and also a sense of recognition from the organization for employee performance and contribution to the organization. The types of incentives include:

1. Piece work (wage per output) is a technique used to encourage employee performance as a result of the work of an employee, which is stated by the number of production units.
2. Production bonuss (production bonus) is an incentive given to employees who are able to work in such a way that the standard production level is exceeded.
3. Commissions (commissions) are bonuses received for successfully carrying out tasks and are often applied by salespeople.
4. Executive incentives (executive incentives) are incentives given to employees, especially managers or employees who have high positions in an organization.
5. Maturity curve (maturity curve) is given to workers who, due to years of service and class of salary rank cannot achieve higher rank and income.
6. Group incentive plans are the fact that many organizations perform not because of individual success but the success of working groups capable of working as a team. (Rizali et al., 2017; Silfiati, 2018)

### Job Satisaction (JS)

Job satisfaction is something that is individual. Each individual has a different level of job satisfaction. The higher the achievement of individual employee expectations for a job, the higher the job satisfaction obtained from the job. Job satisfaction is a feeling that affects employees who are related to work and their condition (Mangkunegara, 2012). Meanwhile, Robbins & Judge, (2008) evaluates the general attitude of individuals to the duties and responsibilities given by the organization in relation to their work, and becomes the basis for differences in the provision of remuneration that should be received by individual organizations.

Rivai, (2006) job satisfaction is how people feel their work by paying attention to the factors that can create job satisfaction which include:

1. To expand the reflection of good treatment, every individual has the right to be treated fairly and with respect.
2. Benefit perspective, job satisfaction can create behavior that affects company functions.

### Performance (K)

Performance is basically the result of an activity either carried out or not by an individual in an organization (Mathis & Jackson, 2012). Mangkunegara, (2011) that performance is defined as the quality and quantity of work achieved by an individual in his organization in carrying out his duties according to his responsibilities. Performance is a comparison of real work results with established work standards (Dessler, 2017)

## CONCEPTUAL FREAMEWORK HYPOTHESES DEVELOPMENT

A conducive work environment and proper incentives can improve employee performance. The work environment and the provision of appropriate incentives will create job satisfaction. The work environment and incentives have a direct effect on performance or through established job satisfaction. This is in line with research conducted by (Bahari et al., 2019; Putri &Widjana, n.d. ; Ermawaty, 2015; Rizali et al., 2017). There have been many empirical studies that prove that the work environment affects employee job satisfaction (Dhermawan et al., 2012; Riansari, Sudiro, &Rofiaty, 2012; Sitinjak, 2018; Astuti&Zulkarnain, 2019; Aoliso& Lao, 2018; Rizali et al. ., 2017).

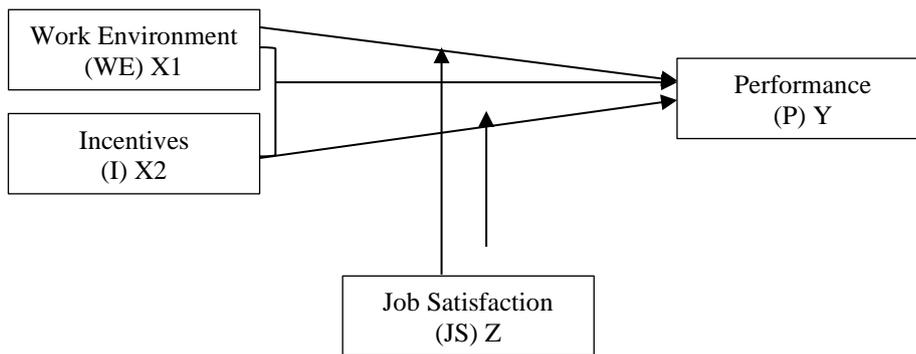


Figure 1. Research Framework

- H1. Work environment and significant performance incentives.
- H2 The work environment is significant for performance
- H.3 Significant incentives for performance.
- H4 Job satisfaction moderates the work environment with performance.
- H5 Job satisfaction moderates incentives with performance

**RESEARCH METHOD**

Research The research method used is a quantitative approach which aims to determine the effect of work environment and incentives on employee performance and the effect of work environment and incentives on employee performance with the moderating variable job satisfaction. Quantitative research methods can be defined as a research method used to examine a specific population or sample, data collection techniques using research instruments, quantitative / statistical data analysis with the aim of testing predetermined hypotheses. Primary data were collected by distributing research questionnaires to 97 employees and who are Civil Servants (PNS) in the Langsa City Regional Financial Management Agency. The work environment is measured by 8 indicators, namely room lighting, room temperature, sound, use of color, security, cleanliness, relationships between employees and relationships with superiors. Incentives are measured by 8 indicators, namely: the amount of incentives, increased incentives, accuracy and smoothness, fairness and feasibility, performance, length of work, seniority and needs. Job satisfaction is measured by 8 indicators, namely: satisfaction with the incentives given, satisfaction with colleagues, satisfaction with workplace facilities, satisfaction with the work done, satisfaction with the fairness of incentives, satisfaction with workplace conditions, loyalty and ability. Meanwhile, performance is measured by 9 indicators, namely: work quantity, work quality, efficiency in carrying out tasks, work discipline, initiative, thoroughness, leadership, honesty and creativity.

**RESULTS AND DISCUSSION**

Hasil Uji AsumsiKlasik

Based on the normal P-P Plot of Regression Standardized Residual graph, it is known that the plotting points of the data distribution are still on the diagonal line, so that the assumption of normality in this study can be fulfilled. This is supported by the Kolmogorov-Smirnov test table as follows

Table 1. Normalitas Test  
**One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		97
Normal Parameters <sup>a,b</sup>	Mean	0E-7
	Std. Deviation	1,46861853
	Absolute	,063
Most Extreme Differences	Positive	,051
	Negative	-,063
Kolmogorov-Smirnov Z		,622
Asymp. Sig. (2-tailed)		,834

a. Test distribution is Normal.

b. Calculated from data.

Source: primary data processed, 2021

The table shows that the Asym.Sig. (2-tiled) of 0.834 and the value is greater than 0.05, so it can be concluded that the data has met the requirements for a normally distributed residual data.

The multicollinearity test results can be seen using table 2 as follows:

**Table 2 Multikolinearitas Test**

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
1 Lingkungankerja	0,438	2,284
Insentif	0,422	2,369
Kepuasankerja	0,574	1,744

Source: primary data processed, 2021

Based on the results of the calculations in table 4.2, it is known that the value of tolerance > 0.1, namely for the work environment is 0.438 > 0.1, incentives are 0.422 > 0.1, job satisfaction is 0.574 > 0.1 and the value of Variance Inflation Factor (VIF) < 10, work environment 2.284 < 10, and incentives 2.369 < 10, and job satisfaction 1.744 < 10 it can be stated that the variables of the work environment, incentives and job satisfaction do not occur multicollinearity.

The results of the Glejser test in this study are as follows:

**Table 2 Heteroskedastisitas Test Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-,221	1,090		-,203	,840
1 LingkunganKerja	,058	,038	,234	1,524	,131
Insentif	-,012	,044	-,043	-,277	,782
KepuasanKerja	,000	,043	,001	,006	,995

a. Dependent Variable: Abs\_Res

Source: primary data processed, 2021

Table 2 shows that the results of the heteroscedasticity test using the Glejser test for the independent variable parameters of the work environment, incentives and job satisfaction are not significant or sig > 0.05 and it can be stated that heteroscedasticity does not occur.

Data processing is done using multiple linear regression can be seen in the results in table 3

Table 3. Regression

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	8,745	1,834		4,769	,000
1 Lingkungankerja	,206	,064	,254	3,231	,002
Insentif	,430	,074	,466	5,823	,000

a. Dependent Variable: Kinerja pegawai

Source: primary data processed, 2021

1. The work environment is known to have a regression coefficient of 0.206 and a significant (sig) of 0.002. It can be concluded that the work environment has a significant effect on performance.
2. Incentives are known to have a coefficient of 0.430 and significant (sig) of 0.000, so it can be stated that sig = 0.000, it can be concluded that incentives have a significant effect on employee performance.

Simultaneous hypothesis testing is used to test the hypothesis simultaneously from the independent variable to the dependent variable. The test results can be seen in table 4

Table 4 Simultantest (Ftes)

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	616,284	3	205,428	92,268	,000 <sup>b</sup>
Residual	207,057	93	2,226		
Total	823,340	96			

a. Dependent Variable: Kinerja pegawai

b. Predictors: (Constant), Insentif, Lingkungankerja

Source: primary data processed, 2021

Table 4 can be seen that the significant value (sig) of 0,000, it can be stated that  $\text{sig} = 0,000 < \alpha 5\%$  ( $0,000 < 0.05$ ), it can be concluded that  $H_a$  is accepted, which states simultaneously the work environment and incentives have a significant effect on employee performance

The results of the coefficient of determination test can be seen in table 5

**Tabel 5 Uji Koefisien Determinasi ( $R^2$ )  
Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,865 <sup>a</sup>	,749	,740	1,49212

a. Predictors: (Constant), Insentif, Lingkungan kerja

b. Dependent Variable: Kinerja pegawai

Source: primary data processed, 2021

Based on table 5, it can be seen that the coefficient of determination ( $R^2$ ) in the R square column is 0.749. These results state that 74.9% of employee performance can be explained by the work environment and incentives while the rest ( $100 - 74.9\%$ ) = 25.1% can be explained by other variables not included in the estimation of this study

#### MRA Test Results I

1. Job satisfaction is not a moderating variable between the dependent variable of employee performance and the independent variable of the work environment, but job satisfaction can be an independent or intervening variable, the results of the moderation test value  $\text{sig} = 0.768 > \alpha 5\%$ .
2. Job satisfaction is not a moderating variable between the dependent variable employee performance and the independent variable incentives, but job satisfaction can be an independent or intervening variable with the moderation test results of  $\text{sig} = 0.659 > \alpha 5\%$

#### Effect of Work Environment and Incentives on Performance

The work environment and incentives have a significant effect on employee performance at the Langsa City Regional Financial Management Agency which is known from the research results where the coefficient value is positive and the significant value is below 5%. The findings of this study are due to the work environment consisting of room lighting, room temperature, noise, use of color, security and work relations as well as the incentive variable with indicators of the amount of incentives received by employees, an increase in the number of incentives, accuracy and fluency in providing incentives to employees and fairness and worthiness in providing incentives. The results of this study are supported by the opinion of Kasmir (2016) that the work environment has a relationship with performance, the work environment that makes the work atmosphere comfortable and provides calm, will make the work atmosphere conducive, so that it can improve one's work results for the better, because working without distraction (Kasmir, 2016). Then supported by the results of this study in accordance with research conducted by Ernawaty (2015) and Pradistya (2017), where the incentive variables and the environment of non-physical workers have an effect on performance.

#### Job Satisfaction Does Not Moderate the Work Environment and Incentives for Performance

The results showed that job satisfaction is significant on employee performance, thus a significant incentive for employee performance. Meanwhile, after moderation 1 (work environment x job satisfaction) and moderation 2 (incentive x job satisfaction), the results of moderation 1 are not significant to employee performance and thus moderation 2 is not significant to employee performance. The research findings show that job satisfaction can directly affect employee performance, where employee job satisfaction due to a comfortable work environment and the incentives provided in accordance with employee expectations can have an impact on employee performance. This is in accordance with previous research conducted by Prasetyo&Triastity (2017), where job satisfaction does not moderate employee compensation and performance

## CONCLUSION

Work environment and significant incentives for employee performance at the Langsa City Regional Financial Management Agency, where the work environment of employees provides support for a sense of comfort in employees. Then there is a significant incentive for the performance of the employees of the Langsa City Regional Financial Management Agency, where the incentives received by employees are according to employee expectations. Meanwhile, job satisfaction based on the results of the study did not moderate the work environment variables with employee performance, thus the incentive variable was not significant to employee performance.

The work environment at the Regional Financial Management Agency still needs to be kept clean both when starting tasks and when completing tasks by utilizing cleaning personnel in the work unit and the incentives given to employees whose time is not consistent, it is necessary to determine the time so that employees receive incentives according to the time specified.

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