

# Integrating The Working Environment and Social Rewards to Measure Employee Performance

*by Dwi Wahyu Artiningsih*

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## Integrating The Working Environment and Social Rewards to Measure Employee Performance

Dwi Wahyu Artiningsih<sup>1</sup> Defin Shahrial Putra<sup>2</sup> Ervica Zamilah<sup>3</sup>

Universitas Islam Kalimantan, [dwiwahyu1905@gmail.com](mailto:dwiwahyu1905@gmail.com), Indonesia<sup>1</sup>

Universitas Islam Kalimantan, [definshahrial@gmail.com](mailto:definshahrial@gmail.com), Indonesia<sup>2</sup>

Universitas Islam Kalimantan, [zamilahervica@gmail.com](mailto:zamilahervica@gmail.com), Indonesia<sup>3</sup>

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### ABSTRACT

*The importance of working environment, either physical or non-physical is remain important in today's research avenue. This research integrates the working environment either the physical and non-physical environment with social rewards to compare its effect on employee performance. The study employed quantitative approach involving 252 employee of three universities. The data analyzed using multi linear regression to test the hypotheses. The results of this study indicates that physical environment doesn't support the hypotheses. However the results also indicates that social rewards is the most considerable variable comparing to non-physical work environment. This research contribute to the current literature by integrating the work environment and social rewards. Further discussion is organized by introduction section, literature review, methodology, results and discussion and conclusion.*

**Keywords:** Social Rewards; Physical Environment; Non-Physical Environment; Higher Education Employee; HEP

### INTRODUCTION

Today, more and more organizations are developing compensation systems that support the needs and characteristics of businesses sensitive to social pressures, including making important decisions regarding the distribution of compensation, especially non-monetary compensation. Non-monetary compensation (Schuler & Jackson, 2011) includes career and social rewards often highly valued by employees. A sense of job security becomes essential in exchange for the absence of an increase in monetary compensation.

<sup>1</sup>[dwiwahyu1905@gmail.com](mailto:dwiwahyu1905@gmail.com)

<sup>2</sup>[definshahrial@gmail.com](mailto:definshahrial@gmail.com)

<sup>3</sup>[zamilahervica@gmail.com](mailto:zamilahervica@gmail.com)

These dynamic conditions impact several corporate sectors, including educational organizations. The change is marked by the shift of all educational activities previously carried out online. Now face-to-face or offline learning will be carried out, and this change at least provides knowledge and experience that the environment is constantly changing (Khuzaini & Zamrudi, 2021). Readiness to restart learning requires an atmosphere of togetherness and cohesiveness built based on the same interests to make the world of education the only way to make oneself, family, and society better. Education creates a bridge to advance the nation and determines the value or quality of human resources. By looking at the situation as it is now, human resources cannot be silent, as social beings must adapt to the changes and developments of the times to ensure the management quality (Lamsah & Zamrudi, 2019).

From the perspective of human resources, the achievement of employee performance is highly dependent on the successful management of human resources in an organization. Specifically, employees as individuals and groups in organizations have unique differences from a person, so the success of human resource management must be supported by mastery of skills and knowledge possessed by employees, which competing organizations cannot imitate. To sustain this success, the organization needs to carry out the right strategy by paying attention internally to how to manage existing human resources, one of which is by looking back at the strategy for implementing total compensation (Kadiyono et al., 2020). Compensation is the right strategy to motivate and retain the best employees and enhance the competitiveness of survival and profitability of the organization so that it impacts organizational performance.

Talking about performance, one of them is compensation. Historically the practice of compensation has always been interpreted as compensation in the form of money, whether total pay or total compensation, but Schuler & Jackson (2011) suggests that total compensation includes monetary and non-monetary compensation paid by organizations to employees as an effort to improve organizational performance. Furthermore, (Sunarto, 2004) suggests that compensation or rewards are a medium to convey to employees the values and contributions expected from employees to hold the organization's values. Based on this finding, this research aimed to investigate the role of working environment and social rewards on employee performance of university employee in Banjarmasin.

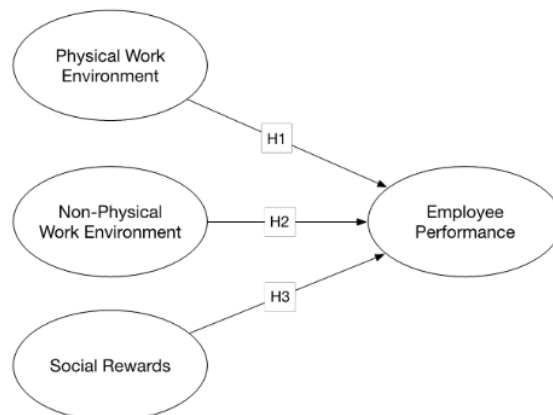
## LITERATURE REVIEW

A work environment is a place where people work or a place to do a job. The work environment requires more attention because that place can determine the production results. A safe and comfortable environment can make work feel easier to do and exactly will get good results following what is expected by the company. Schultz & Schultz (2020) say that the work environment is a condition that relates to the characteristics of the place where work is carried out on the behaviour and attitudes given by workers where it is related to the process of various psychological changes caused by things experienced in their work or other conditions. Certain things need more attention by organizations that can cause boredom at work, work that is always monotonous, and work fatigue.

According to Lewa & Subowo (2005), the work environment must have a design in such a way that workers can create working relationships that bind workers to their environment. The new work environment is considered a comfortable environment if the workers can carry out work activities safely, healthily, and comfortably because a lousy work environment can also harm the company. After all, it makes the workers unable to work optimally. Sedarmayati (2018), the work environment is a tool and also the materials

encountered, the surrounding environment where the worker works, the work method, and the work rules whether he does it individually or in groups. Furthermore, Sarwono (2005) & Husaini et al. (2016) said that an increase in temperature could increase work performance and decrease work performance. Increasing temperature to a specific limit gives birth to a spirit that stimulates work performance. However, after passing a certain threshold, this temperature increase is considered to be disturbing body temperature which impacts work performance. Kusuma (2017) states that the influence of the physical environment shows a more substantial influence when compared to the non-physical work environment. Based on the theoretical framework, the work environment positively and significantly affects employee performance.

Furthermore, Schuler suggested that total compensation includes monetary and non-monetary compensation, namely, one of the social rewards provided by the organization to employees as an effort to improve organizational performance. Newman & Sheikh (2012) state that social rewards in respect for integrity will create a close relationship with individual commitments in the future. Furthermore, Salah (2016) states that moral support from the leadership, social status, and supportive environment of colleagues will significantly affect the formation of individuals in an organization. Salah (2016) also mentions that a supportive social environment for individual development is a critical phase in an early career. Therefore, social rewards are an essential factor in developing and increasing employee loyalty, which can have implications for an individual's good or bad performance in the company. Regarding the conceptual framework of this research, it can be seen in the following figure:



**Figure 1.** Conceptual the Working Environment and Social Rewards to Measure Employee Performance

Hypotheses:

H1: There is a partial significant effect of the Physical Environment on the performance.

H2: There is a partially significant non-physical environment on the performance.

H3: There is a partial significant effect of Social Rewards on the performance.

H4: There is a simultaneous significant effect of the Physical Environment, Non-Physical Environment and Social Rewards on the performance.

## RESEARCH METHOD

### Research type

Based on the research objectives, this research design belongs to the explanatory research type. Explanatory research is conducted to find an explanation for an event or symptom occurring (Prasetyo & Jannah, 2005). The approach used in this study is quantitative (positivism) because the data obtained from the survey results are in the form of numbers, which are then analyzed using statistics to answer questions. The results of statistical tests are used to explain the position of the variables studied and predict the relationship between one variable and another (Creswell, 2009).

### Research sites and Unit of analysis

This research will be conducted in a three largest private university in Banjarmasin, with the research duration starting from January 2022 to June 2022. Based on the Slovin formula with an error rate of 10% from total population of 2520 people, the sample in this study was 252 education staff. At the same time, the sampling technique used purposive sampling technique.

### Instrument development and Measurement

This study uses a questionnaire instrument with a survey approach. The instrument was developed based on the constituent theories discussed in the previous sub-topic. Details of the variable items that make up the instrument in this study can be seen carefully in Table 2. To measure the phenomena, the study uses a Likert scale with five ranges: strongly disagree with a value of 1 and strongly agree with a value of 5.

### Data Analysis

In analyzing the data and information obtained from this study, quantitative methods are used, namely, the multiple linear regression method, which is used to prove the hypothesis that tests the effect of the dependent variable (Dependent Variable) with two or more independent variables (Independent Variables). Proof of the proposed hypothesis is divided into two proofs. The first proof is to prove the total hypothesis by looking at the effect of the independent variables on the dependent variable. This decision is made by referring to the F-test by comparing the F-count with the F-table with a significant level of 5%. If  $F\text{-count} > F\text{-table}$ , then the independent variables influence employee performance as the dependent variable.

The second verification is a partial test of the hypothesis. The decision is made to check the effect of each variable separately on the dependent variable. Furthermore, to be more convincing, a T-test was carried out. Hypothesis T-test was performed by comparing T observations with T-table at the confidence level ( $\alpha$ ) = 0.05. If  $T\text{ observation} > T\text{-table}$ , the independent variable can explain the dependent variable, meaning that there is an influence between the independent variable and the dependent variable by looking at the effect of the independent variables simultaneously on the dependent variable.



**Table 1.** Research instrument development

No.	Variable and Items	Validity	Cronbach Alpha
<b>Physical Work Environment (X1)</b>			
1.	The lighting fixtures in the work room are good	0.786	0.809
2.	Lighting at work helps me in getting my work done	0.833	
3.	The temperature at work doesn't affect my body temperature	0.781	
4.	Air ventilation at work is good enough	0.792	
5.	My workplace is far from noise	0.793	
6.	My workplace doesn't have bad odors	0.838	
7.	The color of the wall paint used at work does not interfere with my comfort at work	0.795	
8.	The layout of work equipment such as tables, chairs and others is neatly arranged in the workspace	0.780	
9.	The security unit at my workplace has worked well so I feel safe	0.819	
10.	Safety at work has been able to make me work comfortably	0.795	
<b>Non-Physical Work Environment (X2)</b>			
1.	Relations with superiors are going well	0.714	0.843
2.	In completing work, get directions from superiors	0.751	
3.	Relations with co-workers are going smoothly	0.754	
4.	Able to work together to complete work with co-workers	0.814	
5.	Create a family atmosphere at work	0.712	
6.	Family relationships as support for completing work	0.754	
7.	Communication relations with superiors have been going well	0.735	
8.	Communication relations with co-workers have been going well	0.835	
9.	Every job has a job description that mentions the responsibilities of the job	0.811	
10.	I have knowledge or skills that are suitable for the job	0.712	
<b>Social Rewards (X3)</b>			
1.	Feel proud to work in this workplace	0.745	0.877
2.	The location of my place of work is strategic	0.803	
3.	There is praise for the success of the work done	0.819	
4.	There is recognition for work performance	0.712	
5.	Have a comfortable workspace	0.833	
6.	There is a balance between work and personal life	0.781	
7.	There is a good friendship between co-workers	0.792	
8.	There is emotional security support	0.781	
<b>Performance (Y)</b>			
1.	I am skilled in carrying out work according to the task	0.795	0.817
2.	I finish work with precision	0.780	
3.	So far I have worked according to my talents and interests	0.819	
4.	In completing work, prioritizing quality	0.795	
5.	I am responsible for all the tasks that I do	0.886	
6.	I can help solve problems at work	0.793	
7.	I always follow procedures in carrying out work	0.838	
8.	I can complete my duties and obligations on time	0.714	
9.	I collaborate with co-workers so that the results that are done are good and maximum	0.751	
10.	I am able to work under pressure	0.754	

## RESULT AND DISCUSSION

From the results of the data analysis that has been carried out, testing the reliability and validity of the instrument shown in Table 1, it can be concluded that all the instruments that have been compiled have met the assumptions of validity and reliability.

Therefore, the data can be further analyzed to prove the hypothesis that was put forward in the previous stage. The results of testing the hypothesis are then presented in Table 2.

From Table 2, it is known that the regression equation obtained is  $Y = 45,843 + 0.172 - 0.672 - 0.755$ . This equation indicates that without the independent variables consisting of Physical Work Environment, Non-Physical Work Environment, and Social Reward, employee performance is worth 45,843. Then from the test results, it is also known that the Physical Work Environment has a non-significant positive effect on employee performance. The influence of the Non-Physical Work Environment on performance has a significant positive effect on employee performance, and the influence of Social Rewards has a positive and significant effect on employee performance. Furthermore, from the results of simultaneous testing, the entire model consisting of the Physical Work Environment, Non-Physical Work Environment, and Social Rewards variables can measure employee performance. The results of the analysis can explain several rationalizations of research findings in the next paragraph.

**Table 2.** Hypotheses Testing Results

	Beta	Std. Error	Sig	Results
<b>(Constant)</b>	45,843	11,918		
<b>Physical Work Environment</b>	0,171	0,151	1.134	Not-Supported
<b>Non Physical Work Environment</b>	-0,672	0,147	4,571	Supported
<b>Social Rewards</b>	-0,755	0,154	4.902	Supported
<b>R</b>	0,725			
<b>R<sup>2</sup></b>	0,526			
<b>F-Annova</b>	17,768			

Note: Dependent variable is Employee Performance (Y)

From the findings above, it was found that the two variables indicated that only the physical work environment variable showed a non-significant effect. This finding shows that the physical environment in the current work environment is generally not something that employees consider. However, even though the work environment is acknowledged in companies as a catalyst for change and an enabler of innovation, its importance for business strategy is still not fully appreciated (Levin, 2005). For instance, in line with current trends, some major technology businesses use remote work models and offer non-dedicated or communal workspaces in a shared office setting, treating office space as a commodity to be sold off. This strategy promotes working outside the office in the name of work-life balance. On the other hand, some businesses promote the workplace as a home away from home by offering all the comforts required to keep employees there for as long as possible to foster creativity and productivity through face-to-face interaction. In a previous qualitative study on this subject, we discovered that the voice of the individual worker is underrepresented in the debate on workplace tactics. Previous studies that examined the connections between work environment and employee performance tended to pinpoint particular features and aspects of the work environment that can be linked to outcome variables. Since each employee's perspective of their workspace is causing these outcomes, it is not the precise type or quality of workspace that is important in this investigation.

This study shows that employee performance, is influenced by non-physical work environment and social rewards. Two more inferences that can be drawn from the findings are that job performance are significantly increased, with an impact of social rewards is much greater than that of non-physical work environment. Social incentives positively influence employee performance. This condition means that the members of the employee can fulfil their needs for personal and social growth. Social rewards and recognition are interpreted as managerial acknowledgment, which encourages relatedness. This is because social rewards are symbolic and intangible and lack many competence-enhancing cues or feedback. Team members' needs for feedback and expectations for rewards grow as the cognitively complex tasks they must complete. In these situations, a reward that is missing the informational component has less utility for the team members, reducing its impact on performance.

### CONCLUSION

The importance of creating good work environment is remain challenging in today's issues to retain the employee performance. This study proposes to integrate model between the work environment, either physical and non-physical with the social rewards to comprehend its effect on employee performance. The two variables suggested that only the physical work environment variable showed a non-significant influence, according to the findings above. This result demonstrates that employees typically do not take the physical surroundings of the workplace into account. Nevertheless, despite the fact that the workplace is recognized in organizations as a catalyst for change and an enabler of innovation, its significance for business strategy is still underappreciated. This study demonstrates how non-physical work environment and social rewards affect employee performance.

The results also suggest that job performance has greatly improved and that the impact of social rewards is much bigger than that of non-physical work environments. Social rewards have a positive impact on employee performance. The employees can meet their demands for social and personal development in this condition. Social affirmation and rewards are seen as management acknowledgment that promotes relatedness. This is true because social rewards lack numerous competence-enhancing signs or feedback and are symbolic and intangible. In these cases, a reward that lacks the informational component is less valuable to the team members, which lessens the impact of the incentive on performance.

However, this research is concluded without no limitation. First, the population proposed in this study area is only measure the service industry, especially in higher education context. Further study may examine the study in knowledge intensive firm to compare the results in similar sector with higher education context. Additionally, the future studies may also another sector such as manufacturing and sales to compare each of population. Second the study suggest that the future study may include the motivational theory as the boundary to measure the employee performance along with social rewards variable.

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