

The Effect of Financial Compensation, Work and Family Environment on Employee Performance at PT. Bank Sumut Coordinating Branch Medan

Jackson Aruntara Siagian^{1*}, Ritha F. Falimunthe², Elisabet Siahaan²

¹Postgraduate Student, Faculty of Economics and Business, Universitas Sumatera Utara, Medan, Indonesia

²Faculty of Economics and Business, Universitas Sumatera Utara, Medan, Indonesia

Abstract: Employee performance is essential for improving the company's progress. The company is currently required to be flexible and to innovate. In the competition among similar companies primarily in the field of banking, product innovation and market penetration are very important for business continuity. To achieve these objectives, required professional performance support employees to achieve company goals. This study aims to determine the effect of financial compensation, work environment and family environment on employee performance PT. Bank Sumut Coordinating Branch Medan. The population in the study amounted to 125 employees both employees and officials using the census method that is the entire population of 125 people as a whole will be observed using multiple linear regression data analysis techniques. The result of multiple regression analysis shows that the variation of employee performance variable PT. Bank Sumut Coordinating Branch Medan can be explained by variations of variables Financial compensation, work environment and family environment of 22.8 percent. F-test shows that the model used can predict employee performance and statistically significant. Hypothesis testing with statistical t-test shows that the variable of financial compensation, work environment, and family environment have a positive effect on employee performance and statistically significant. T-test results indicate that the work environment is dominant and significant to employee performance while financial compensation is more able to improve employee performance with the smallest standard error. The results showed that financial compensation, work environment, and family environment give a positive influence on the performance of employees of PT. Bank Sumut Coordinating Branch Medan. Hypothesis testing provides the synthesis that the better Compensation financial, work environment and environment of the family-owned employees, the performance of employees produced better the better.

Key Words: financial compensation, work environment, family environment, employee performance.

1. INTRODUCTION:

Employees are a supporting factor for the company. Both profit companies and non-profit companies need qualified employees so that the tasks given to each employee can be carried out correctly. The quality of these employees is closely related to the achievement of the company's strategic goals. Many companies today are experiencing problems in the field of employee performance, employee performance dramatically influences company performance, while employee performance is influenced by many factors such as financial compensation, work environment, and family environment. One of them is Bank Sumut Coordinating Branch Medan as seen in the following table.

Table 1. Employee performance assessment year 2017

Year	2014		2015		2016	
	Amout	%	Amout	%	Amout	%
Very good	0	0%	43	35%	39	31%
Good	121	98%	78	63%	72	58%
Enough	2	2%	2	2%	14	11%
Total	123	100%	123	100%	125	100%

Table 1 shows the change in the number of employees from year to year as in 2014 the number of employees was 123 people, in 2015 the number of employees was 123 people and 125 people in 2016. The employees referred to were permanent employees at Bank Sumut Coordinating Branch Medan. It also shows the fluctuations from 2014 to 2016. The decline in performance was very noticeable especially in 2015 to 2016, where the excellent and right qualifications obtained in 2015 were more significant than in 2016, in other words, employee performance has decreased in 2016. It shows the need for the company to find out the causes of employee performance deterioration. It is necessary to do an improvement system or a way that can improve the level of employee performance from year to year so that the company's objectives can be achieved.

Financial compensation is generated externally by someone or something else. Financial compensation does not follow the performance of activity naturally or inherently but is given to someone by an external or external party. Most financial compensation is controlled and distributed directly by the organization or company and is more tangible than non-financial compensation. Companies often apply financial compensation to influence the behavior and performance of their members. Money is the financial compensation that is most often used in organizations there is given in various forms and with various types. Salaries, bonuses, and profit sharing programs are indicative of where money is used as financial compensation within the organization.

The other factor that also influences the performance of employees is the family environment of the workforce itself. This family environment is related to the performance of the workforce itself in carrying out its duties. Areas of family and work are often summed up as the most critical areas for a person such as activities in the family and work areas generally require more time and energy than other areas [1]–[3]. It often happens for workers to spend more time to do work due to the work demands so that the time for the family decreases.

Based on the results of interviews with employees of PT. Bank Sumut Coordinating Branch Medan that the financial compensation given by the company at this time is a 12-month salary, Rp. 50,000 / day, welfare assistance 4 x gross salary a year, average production service six salaries x gross, THR 2 x gross salary a year, end of year assistance 2 x gross salary a year, overtime, health benefits, child education assistance to the high school. For the work environment, employees are given work desks, chairs, work equipment, air-conditioned work rooms, for the main branch building and the head office equipped with elevators. To change work equipment, such as work desks and chairs are carried out on average five years and above, while air conditioning can be done once a year. For the family environment, the company currently holds women's dharma for employee wives activities, conducts family gatherings during company birthday once a year, the company also provides 2-day leave for circumcision (Muslim) and baptist children (Christian), 2 days for family members died and provided medical benefits for employees and family members including medical treatment abroad. The company also provides MPP training out of town for retired employees and their wives.

2. LITERATURE REVIEW:

A review summary of previous researchers is presented in the following table:

Table 2. Previous Research Review

Author	Title	Method	Result
Alwi Suddin (2012)	Pengaruh kepemimpinan, kompensasi dan lingkungan kerja terhadap kinerja pegawai kecamatan Laweyan Kota Surakarta	Multiple Linear Regression Analysis	Leadership, Compensation and work environment have a significant and positive effect on employee performance [4]
Fajar Kurniadi (2012)	Pengaruh motivasi dan Kompensasi Terhadap Kinerja pegawai di Apotek Berkah	Analysis of Rank Spearman Correlation Statistics	Motivation and compensation have a positive influence on employee performance at the Blessing Pharmacy [5].
Fretilino Rufino DEA. P (2012)	Pengaruh kepemimpinan, Kompensasi dan Lingkungan Kerja terhadap Kinerja Karyawan di Grand Manhattan Club	Linear Regression Analysis	Leadership, Compensation and work environment have a significant and positive effect on employee performance [6]
Fullchis Nurjahjani (2012)	Pengaruh Imbalan Finansial terhadap Prestasi Kerja	Multiple Linear Regression Analysis	Financial Compensation has a significant effect on the work performance of employees of the marketing department of Jiwa Bumi Asih Jaya Branch of Malang [7]
Ni Putu Pebi Ardiyani (2016)	Pengaruh sikap, pendidikan dan lingkungan keluarga terhadap minat berwirausaha	Multiple Linear Regression Analysis	Attitudes, education and family environment have a significant and positive effect on entrepreneurial interest [8]
Selfidri (2015)	Pengaruh lingkungan keluarga terhadap kepribadian anak	Multiple Linear Regression Analysis	The family environment has a significant and positive effect on the child's personality [9]

Srimawarni Dachi (2012)	Pengaruh Kompetensi dan sistem imbalan terhadap kinerja petugas P2PM Puskesmas dalam penanggulangan malaria melalui kegiatan surveilans di Kabupaten Nias Selatan	Multiple Linear Regression Analysis	Competency and reward system are significant and positive for P2PM Puskesmas staff performance [10]
Siahaan Elisabet (2017)	<i>The Antecedent of Work Motivation and the Effect on the Performance of Civil Serants with Job Satisfaction as Moderating Variable (A Study of Civil Servants on West Coast, North Sumatera-Indonesia)</i>	Quantitative Method with Explanatory Approach	Work environment significant and positive on work compensation [11].
Yuli Suwati (2013)	Pengaruh kompensasi dan kompensasi kerja terhadap kinerja pegawai pada PT. Tunas Hijau Samarinda .	Multiple Linear Regression Analysis	Variable compensation partially has a positive and significant effect on employee performance, work compensation variables partially have no positive and significant effect on employee performance Variable compensation and work compensation together have a significant influence on employee performance [12].

3. METHODOLOGY:

3.1 Operational Definition Variable

The operational definition of variables in research is used to understand more deeply about the variables in this study, so it is easier to put into indicators so that the variables can be measured. Overall, the determination of attributes and indicators and operational definitions of the variables used in this study can be seen in the following table.

Table 3. Operational Definition Variable

Variable	Variable Concept	Dimension	Indicator	Scale
Financial Compensation (X1)	financial compensation is all income in the form of money, direct goods received by employees in return for services provided by the company. In this case the compensation in the form of money means that compensation is paid in the amount of currency to the employee concerned. Hasibuan (2012)	1. Salary 2. Help welfare 3. Production service 4. Overtime 5. Health benefits	Salary according to responsibility Salary according to the length of work Welfare assistance is provided according to the company's target Welfare assistance as expected Production services provided according to Performance Management assessment Tax calculation for production services provided in accordance with government regulations Overtime pay is in accordance with overtime hours that are applied to the overtime payment method	Likert

			Health benefits paid in accordance with company regulations. Health benefits are as expected.	
Work Environment (X2)	The work environment is everything that is around the employee and can influence the running of the task assigned to him. Broadly speaking, the work environment is divided into two factors: physical work environment factors and non-physical work environment factors.	Physical: 1. Work facilities (ATK, computer, chair, desk) 2. Work device (Lift, AC) Non physical: 1. Work colleagues 2. Regulations	1. Work equipment is available well 2. Convenience of work equipment 1. A sufficient work device is available 2. the working device is functioning properly 1. Working atmosphere of fellow colleagues 2. Partners as a team 1. Rules support employees in carrying out work 2. Communication with superiors	Likert
Family Environment (X3)	Factors from the family that affect the child are: Parent Factors, Home or family atmosphere, Family Economic Condition.	Family economy Family attention Relationship between parents and employees Relationship between employees and partners	1. Family economics affects employee performance 2. Sufficient family finances 1. Compensation from family 2. Definition of family 1. Harmonious relationships 2. Encouragement from parents 1. Harmonious relationship with a partner 2. Partners support employee careers	Likert
Employee performance (Y)	Employee performance is the work quality and quantity achieved by an employee in carrying out their duties in accordance with the responsibilities given to him.	Family economy Family attention Relationship between parents and employees Relationship between employees and partners Work quality Work Quantity Work attitude	1. Family economics affects employee performance 2. Sufficient family finances 1. Compensation from family 2. Definition of family 1. Harmonious relationships 2. Encouragement from parents 1. Harmonious relationship with a partner 2. Partners support employee careers 1. Research in work 2. Evaluating completed work 3. Effective and accurate 1. Complete the work on time	Likert

			2. Able to work independently 3. Job deadline 1. Professional 2. Discipline 3. Honest 4. Commitment	
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3.2 Descriptive Analysis

Descriptive analysis discusses about the form of the distribution of respondents' answers to the overall concept being measured. From the distribution of respondents' answers, then a tendency will be obtained from all available answers. To get the tendency of respondents' answers to each variable will be based on the average score (index) which is categorized into a range of scores based on the calculation of the three box method.

4. RESULT AND DISCUSSION:

4.1 Effect of financial compensation on employee performance

Financial compensation has a positive influence on employee performance. This influence proved to be significant in predicting employee performance. The first hypothesis states that financial compensation has a positive and significant effect on the performance of employees. The results of testing the hypothesis prove that financial compensation has a positive and significant effect on the performance of employees. It means that the high and low performance of employees is also determined by the financial compensation provided by the company to employees. Financial compensation is compensation that comes from outside the self which helps determine one's behavior in one's life. Financial compensation is an external factor in which these factors can support a person's work. Financial compensation is considered necessary for employees because financial compensation is an incentive for employees to work. The higher the financial compensation provided, the employee's performance will also increase.

Financial Compensation dramatically affects employee performance, the better financial compensation, the more employee performance will increase. In carrying out its work, employees will aim at how to increase their income and facilities. Financial compensation consists of many things such as salary, overtime, welfare assistance, production services, health facilities. It will increase as the position of employees increases. To get an increase in the position of employees must show performance and achievement of targets well, this is measured by employee performance management. With excellent performance achievement, it can certainly improve the career of employees who also contribute to increasing the factor of financial compensation for the employee.

4.2 Effect of Work Environment on Employee Performance

The work environment has a positive influence on employee performance. This influence proved to be significant in predicting employee performance. Work environment is defined as a condition relating to the characteristics of the workplace towards the behavior and attitudes of employees where it relates to the occurrence of psychological changes because of the things experienced in work or in certain circumstances that must continue to be considered by the organization which includes boredom work, monotonous work, and fatigue. A good work environment should be created by the company to support the performance of its employees. With a supportive work environment, of course, employees can work comfortably so that all work can be done well.

The work environment can improve employee performance, this is because employees need a comfortable atmosphere at work, in this case, the condition of the room, air conditioning, the device works like a computer, ATK, printer, desk, chairs are adequate according to employees, all equipment and work equipment are assessed Employees also greatly assist employees in working. In the case of the provision of equipment, it is also considered that the employees are very concerned by the employees. All the need for the equipment has been provided by the company in excellent condition and can function correctly. If there is equipment that is not functioning correctly, the company provides a special section that maintains the equipment, or if treatment cannot be carried out on its own, the treatment is delivered and carried out to a third party.

4.3 Effect of Family Environment on Employee Performance

The family environment has a positive influence on employee performance. This influence proved to be significant in predicting employee performance. The second hypothesis states that the family environment has a positive and significant effect on the performance of employees. The family environment is a factor that comes from outside the employee or external factors. Surrounding environment is good social friends, neighbors, discussion friends and most importantly family especially parents. The family environment is a social activity of everyone in interacting with others, where the fundamental nature of humans is to need each other. This social interaction is essential in human life

everywhere; no human can live alone. From the results of this study, it turns out that the family environment has a significant effect on employee performance. Where is the family environment which also influences employee performance improvement? The statement of the motivation of large families influences the career of the employee who gets the highest score against the improvement of employee performance. It is according to the employee because the family indeed provides excellent advice and support for employees. Of course, this support is their prayer for employees, so according to employees every support from the family is also a prayer for them. According to other employees, each family is a solution for employees to complain. When employees get many challenges and obstacles, employees will discuss with family. It makes things feel lighter if it has been discussed with the family.

4.4 Effect of Financial Compensation, Work Environment and Family Environment on Employee Performance

Financial compensation, work environment, and family environment can improve employee performance. It is because if each variable together is something that can improve employee performance. It can be concluded that it has a positive and significant effect on employee performance.

5. CONCLUSION:

Research conducted answers all hypotheses proposed in the study. Financial Compensation has a positive and significant effect on employee performance. If financial compensation increases, it will improve employee performance. The work environment has a positive and significant effect on employee performance. If the work environment gets better, it will improve employee performance. The family environment has a positive and significant effect on improving employee performance. The better the family environment, the more it will improve employee performance. Together, financial compensation, work environment, and family environment have a positive and significant effect on employee performance. If together increase the performance of employees will increase.

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