

The Influence of Working Environment Conditions, Compensation and Career Development on Employees' Working Motivation at an Indonesian Bank

SUPRANOWO*

Academy of Economics STIEKN Jaya Negara Indonesia

This research aims to understand and analyse the influence of working environment conditions and career development towards the improvement of employees' working motivation. This research is conducted at the Bank Rakyat Indonesia (Persero) Ltd. Tulungagung Jawa Timur Office Branch. The sample amount counted by census technique and acquired 91 responses. The sampling method used was census technique. The data collection instrument is a questionnaire which is analysed by path analysis. Findings in this research show significant direct influence of working environment, compensation, and career development towards employees' working motivation. This means that employee motivation will rise with the presence of delightful working environment, compensation, and career development. This research is contributing as a consideration and advice for BRI Tulungagung Office Branch management since working environment condition, compensation, and career development can positively influence the motivation of employees.

Keywords: working environment, employee motivation, employee compensation, career development

JEL Classification: M10, M12

1. Introduction

Prolonged monetary crisis caused an Indonesian economic downturn and multi-dimensional crises. This will affect and influence various aspects of life and national integrity, even the collapse of various businesses including banking where Indonesian People Bank (BRI) is included as Recap participant bank as much as 29.1 Trillion rupiahs, therefore BRI has to fix its performance.

BRI serves the needs of all layers of society, both villagers and urban citizens, since business network and regions reached have grown, surely it requires professional human resource management to improve its service quality (Terazi and Senel, 2011).

* Corresponding Author:

Supranowo, Academy of Economics (STIEKN), Jaya Negara Malang Jl Tumenggung Suryo No. 17 Malang, Jawa Timur, Indonesia

Article History:

Received 11 October 2017 | Accepted 22 November 2017 | Available Online 1 December 2017

Cite Reference:

Supranowo, 2017. The Influence of Working Environment Conditions, Compensation and Career Development on Employees' Working Motivation at an Indonesian Bank. *Expert Journal of Business and Management*, 5(2), pp.142-148.

Human resource management is very important in any organization, whether it is social, political, government, business/company organization professionally. An organization is often facing complicated human resource problems, therefore human resource engagement is very important as the main driver and determinant on organizational success. Two important factors that have to be available to each employee are: motivation and ability. These two factors are inseparable and inter-related in unity (Jain, Ruchi, Kaur, 2014).

Qualified and professional human resource empowerment needed to create independent and competitive banking in facing global market (Manzoor, 2011), especially for BRI Tulungagung Office Branch and its ranks and files that are ready to face risk and challenge. Therefore, it required employee's working motivation growth and improvement to higher levels in order to achieve optimum working goal achievement and working results. Working motivation deals with how to encourage employees' working enthusiasm and fighting spirit to devote their ability and skill in accomplishing company's goals (Widiya Avianti, 2014).

This research is based on (Eka and Jayani, 2012; Musriha, 2011; Negash, Zewude, and Megersa, 2014) the results that show that working environment positively and significantly influences motivation, whereas stress has a negative and significant influence towards motivation, conflicts between employees has a negative, but insignificant impact on working performance, and nonetheless, motivation positively impacts working performance (Jayaweera, 2015; Setiadi, Setiadi, and Indroyono, 2016). Next, research shows the simultaneous effect of motivation, organization commitment, and satisfaction having a significant influence on employees' working performance. Adeoye and Elegunde (2014) and Agung Widhi Kurniawan (2012) argued that their analysis results show that leadership and human resource development significantly impacts work satisfaction, satisfaction at work has a significant effect on motivation, and motivation insignificantly influences working performance (Zafar and Ishaq, 2014). Research conducted by Riansari and Sudiro (2012) shows that there is significant direct influence between compensation and working satisfaction. Financial compensation has a direct and dominant influence towards performance (Mukzam, 2014). Next, Ida Ayu Putu Seprty Diantari (2017) analysed and showed that leadership style positively influences discipline, and also motivation positively influences discipline.

Paying attention to the above explanation, the researcher is interested to conduct a research on the influence of working environment conditions, compensation, and career development towards the motivation at work for employees of BRI Ltd. Tulungagung Office Branch.

2. Literature Review

Previous researches that are relevant with this research are Putri (2012) who shows that a conducive environment, low stress level, and controllable conflict situations will increase working motivation and will achieve working performance as expected. Simultaneously, the motivation variable, organization commitment, and satisfaction significantly affect employees' working performance (Haryanto, 2012). Research conducted by Mukzam (2014) also shows results that highlight a good financial compensation directly or indirectly strongly influencing working performance.

2.1. Working Performance

Good working environment will positively impact employees and will increase their achievements. This will enable employees to work free from obstacles and interference. The fewer obstacles and interference faced by employees, the better progress they will make (Chandra, Priyono, and Suhermin, 2016).

According to Sedarmayanti (2011) working environment is the totality of instruments and materials, working surroundings, working method, work settings, both as individuals and as a group. In other words, the working environment is everything around the employees that can influence them in achieving their task (Nitisemito, 2000). It can be concluded that the working environment is vital in employee's task assignment accomplishment and achievement making (Markey, Ravenswood, and Webber, 2012)

Sedarmayanti (2011) argued that in general, there are two categories of working environments:

a. Physical Working Environment

This physical working environment is based on all the physical conditions around the working place that can directly or indirectly influence employee. Physical working environment can be divided in two categories, i.e., environment that directly related to employee (e.g.: working center, desk, and chair) and intermediary environment or general environment (e.g., house, office, factory, school, city, highway system, temperature, humidity, air circulation, and lighting) In order to minimize physical environment influences towards the employee, the first step is to learn human traits and behavior, and further use them as foundation to think about the appropriate and suitable physical environment (Khan and Mufti, 2012).

b. Non-Physical Working Environment

Non-physical working environment represents all the conditions related to working relationships, both relationships with superiors and subordinates, or among fellow employees (Sedarmayanti, 2011). Wyon Woo Lee who formulated the 'W theory' in Human Resource Management states that a company's management must build a working climate and situations that can stimulate a sense of family to achieve a common goal. Company's management also should encourage initiative and creativity. Sarwoto (2001) argued that a good working situation is mainly formed in well-composed organization, whereas badly composed organization will cause bad working situations as well. Therefore, a working relationship between subordinates and superiors are reflected in the physical and non-physical working environment provided to each employee in a good and correct way (Omotayo, Esther, and Ibiyinka, 2014).

2.2. Compensation

Compensation is important for each employee, because as individuals they perceive it as the sum of compensation reflects the measure of their work among the employees, family, and society themselves (Muhammad Ramzan, Hafiz M. Kashif Zubair, Ghazanfar Ali, 2014). A manager perceives compensation as the biggest labor cost and compensation is seen as instrument to influence the employees for working achievement improvement, meanwhile for the employee, compensation is the retribution of membership in the company and reward for well accomplishments of each assignment (Milkovich, 2008).

Compensation represents all the incomes in the form of money, direct or indirect goods received by the employee as reward given by the company (Hasibuan, 2009). According to Willliam B. Werther and Keith Davis, compensation is what the employee accepts as reward for their job. According to Andrew F. Sikula compensation is everthing constituted or perceived as equivalent reward. Therefore, from the explanation above it can be concluded that compensation is the retribution given by the company based on the employee contribution or performance towards organization.

The purpose of delivering the compensation are cooperation bond, working satisfaction, effective procurement, motivation, employee's stability and discipline. Compensation as a payment system is generally applied as a: time system, output system, and wholesale system (Hasibuan, 2009). According to Milkovich and Newman (2008) in effective compensation system, wage policy is set to help in achieving the purpose of the wage system. There are four basics of wage policy that need to be considered in determining the salary: Internal Alignments, External Competitiveness, Employee Contributions, and Management (Yamoah, 2013).

2.3. Career Development

Mondy (2008) stated that development is a formal approach used by the company to make sure that the person with the right qualification and experience is available when needed. Career development according to Andrew J. Dubrin is personal repairmen by someone to achieve personal career plan. Therefore, it can be concluded that career development is the activity of career planning in order to improve the personnal in the future for better life (Ajala et al., 2014).

According to Rivai (2006) career development indicators are (1) career planning; (2) individual career development; (3) career development supported by human resource department; and (4) feedback role towards performance. Career development is a series of phases that can be relatively predicted, from exploration and early investigation towards career opportunity and ended with retirement (Handoko, 2002). Career program, in order to be effective, needs adjustment to fulfill individual needs in various stages of their life and career. Meanwhile for Tohardi factors influencing employee are (1) the behavior of superiors, fellow employees, and subordinates; (2) experience; (3) education; (4) achievement; and (5) fate.

2.4. Working Motivation

Sardiman (2007) defines motivation as a series of effort to provide a particular condition in order to make someone willing to do something, and if he or she does not like it he or she will try to eliminate or to minimize that feeling. So, motivation can be stimulated by external factor but motivation itself is developed as an internal emotion of each person. According to Hasibuan (2009) the motive is defined as all the driving factors in human's self to do something.

Based on the discussion on various definition of motivation, it can be concluded that working motivation includes several components, i.e., needs, encouragement, and the existence of purpose.

Motivation types can be categorized in two, according to Hasibuan (2009), i.e.:

a. Positive Motivation (positive incentives), manager motivates subordinates by giving presents to the ones with working achievements.

b. *Negative Motivation (negative incentive)*, manager motivates the subordinates by punishing those who underachieve or underperform.

The use of those two motivations have be applied to the correct person at the correct time to effectively motivate subordinate's working passion (Ajala et al., 2014). Based on the above explanation, there is interaction between working environment, compensation, and career development towards employee's working motivation. That relation can be described in the following figure.

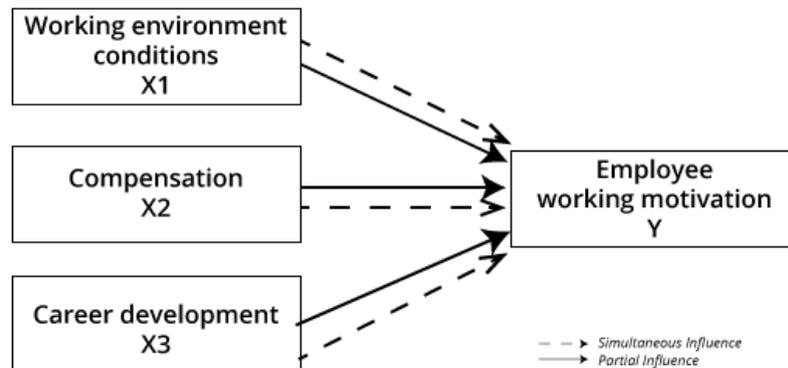


Figure 1. Research framework

From the above variable relationships, the formulated hypotheses are follows:

1. Working environment, compensation, and career development, simultaneously and significantly influence employee's working motivation.
2. Working environment, compensation, and career development partially and significantly influence employee's working motivation.
3. Compensation dominantly influences employee's working motivation.

4. Methodology

This research is conducted by distributing questionnaires to BRI Ltd. Tulungagung Office Branch's employees. This research uses subject data and documentary data. Primary data is data gathered through questionnaires from respondents submitted by researcher, which consisted of data on working environment condition, compensation, career development, and employee's working motivation. Meanwhile, secondary data is data acquired from BRI Ltd. archives.

The sampling method used is census technique. Samples in this research are from 91 respondents. The instrument used is the questionnaire that reveals information on this study's main variables, namely the working environment condition, compensation, career development, and dependent variable which is related to working motivation. Every instrument item has fulfilled the validity and reliability principle.

4.1. Multiple Linear Regression

To test the hypotheses, the following multiple linear regression is used (Sugiyono, 2008):

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where:

- Y = Working motivation
- X₁ = Working environment condition
- X₂ = Compensation
- X₃ = Career development
- α = Constant
- e = Interference factor
- β₁ - β₃ = Regression coefficient for each dependent variable

5. Results

Instrument validity test results show that Sig. (2-tiled) values for items X1.1 to X1.10 is below 0.05. This means that all items in X1 variable are valid. Sig. (2-tiled) values for items X2.1 to X2.10 are below 0.05. It means that all items in X2 variable are reliable. Next Sig. (2-tiled) values for items X3.1 to X3.15 are below

0.05. This means that all items in X2 variable is valid. Sig. (2-tiled) values for Y1.1 item to Y1.10 are below 0.05. It means all items in Y variables are valid.

Table 1. Reliability of the variables' items

Variable	No. of items	Reliability	Threshold
Working environment (X1)	10	0.948	>0.6
Compensation (X2)	10	0.934	>0.6
Career development (X3)	15	0.921	>0.6
Working motivation (Y)	10	0.936	>0.6

The research instrument is reliable if the reliability value is higher than 0.6. The reliability test in X₁ variable shows that a reliability coefficient value of 0.948 which is higher than 0.6, therefore the instrument used is reliable. Meanwhile, the reliability test result in X₂ variables shows that the reliability coefficient value (0.934) is higher than 0.6, therefore the items are reliable. The reliability test result in X₃ variable shows a coefficient value of 0.921 which is higher than 0.6, therefore the instrument used is reliable. Also, reliability test result in Y variable shows a coefficient value of 0.936, which is also higher than 0.6, and therefore this variable with its associated items are eligible for the study.

6. Discussion

Analysis results show that the value of F_{count} is 24.119, meanwhile the confidence level 95% ($\alpha = 5\%$) acquired the value of $F_{table} = 2.7094$, therefore $F_{count} > F_{table}$ with probability rate $0.000 < 0.05$, leading to the conclusion that H₀ is rejected and H_a is accepted. This implies that the working environment variable (X₁), compensation (X₂), and career development (X₃) are proven as simultaneous and significant influences of working motivation, within a error rate 5% ($\alpha = 5\%$). This means that the variables of working environment (X₁), compensation (X₂), and career development (X₃) can simultaneously explain working motivation. Therefore, the hypothesis that state that working environment (X₁), compensation (X₂), and career development (X₃) simultaneously influence employee's working motivation in this research is proven and can be accepted.

Table 2. F test results

F count	Confidence level	F table	Result
24.119	95%	2.7094	H _a is accepted, H ₀ is rejected

The value of the t-test showed a t_{count} for the working environment variable of 2.472, meanwhile the value of t_{table} is 1.9876, therefore $t_{count} > t_{table}$ with significancy values (probability) at $0.001 < \alpha = 5\%$ (0.05). This implies that the working environment has a partial significant influence on working motivation. The t_{count} value for the compensation variable is 2.382, meanwhile the value of t_{table} is 1.9876, $t_{count} > t_{table}$ with significancy value (probability) of $0.007 < \alpha = 5\%$ (0.05). This means that the compensation variable partially and significantly influences the working motivation. The value of t_{count} for career development variable is 4.451, whereas the value of t_{table} is 1.9876, therefore $t_{count} > t_{table}$ with significancy value (probability) of $0.000 < \alpha = 5\%$ (0.05). This result shows that career development partially significantly influences working motivation.

Table 3. t test results

Variable	t_{count}	t_{table}	sig. level
working environment variable (X1)	2.472	1.9876	$0.001 < 0.05$
compensation (X2)	2.382	1.9876	$0.007 < 0.05$
career development (X3)	4.451	1.9876	$0.000 < 0.05$

The standardized Beta coefficient of the working environment variable is 0.336, meanwhile the standardized beta coefficient value of compensation variable is 0.259. Next, the standardized beta coefficient value of career development variable is higher than the standardized beta coefficient value of other variable. That result means that career development is the most dominant and influential variable affecting working motivation.

Based on the research results of this analysis, it is proven that working environment (X1), compensation (X2), and career development (X3) simultaneously or partially influence employees' working motivation.

7. Conclusion

From the above discussion it can be concluded that the variables included in this study, working environment, compensation, and career development will impact motivation in a simultaneous and significant manner. Also, this study also examined the partial influence of each of this variable on employee motivation, and the results exhibited partial and significant effects on the dependent variable. Third, career development is the dominant and the most influential variable towards working motivation.

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