

Factors That Affect Employee Performance

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ABSTRACT

This study aims to examine and analyze the influence of the work environment and human relations on employee performance. The research adopts a quantitative approach, utilizing a sample population of 44 respondents. To collect data, the researchers distributed questionnaires among the participants. The data analysis technique employed in this study is Partial Least Square (PLS) using the SmartPLS software. The analysis conducted by the researchers revealed several significant findings. The results indicate that human relations (X1) have a positive and significant effect on employee performance (Y). This suggests that the quality of interpersonal relationships among employees significantly enhances their performance. Conversely, the work environment (X2) was found to have a negative and insignificant effect on employee performance (Y). This implies that the physical and organizational aspects of the work environment do not play a substantial role in influencing employee performance. These findings underscore the importance of fostering strong human relations within the workplace to boost employee performance, while improvements in the work environment alone may not yield significant performance gains. The insights from this study could inform organizational strategies aimed at enhancing employee performance through better human relations practices.

Keywords: Human Relationship, Work Environment, Employee, Performance, Management

INTRODUCTION

Human resources are an important factor in an organization, as human resources are a collection of a group of people who work together to achieve a specific goal. The role of human resources will be able to bring success in an organization, so quality human resources must be owned in every line of the organization. Companies must be able to find and maintain human resources who are able to implement and achieve the success of an organization so as to achieve the goals that have been set. Therefore, human resource management is important to be done properly.

When discussing human resources, it will be inseparable from the discussion of employee performance. Good performance can improve a company's productivity, innovation, and competitiveness, while poor performance can have a negative impact on a company's goals. Therefore, a deep understanding of employee performance issues and the factors that affect performance is essential. According to (Wanda Febrianti & Alfi Amalia, 2024) Employee performance is a tangible manifestation of the achievements they have achieved in carrying out the tasks that have been given to them, in accordance with the role they have in an organization. Meanwhile, according to (Situmorang, Sabrina, & Pasaribu, 2023) Employee Performance is the result of a person's work in completing the tasks assigned to him reflecting performance, which is based on expertise, experience, perseverance, and time invested.

In the increasingly competitive business world, employee performance is one of the determining factors for the success and progress of a company. Improving employee performance can make a significant contribution to a company's productivity, innovation, and competitiveness. However, employee performance does not stand alone; It is influenced by various supporting factors that play an important role in creating a conducive work environment. One of the main factors that affect employee performance is the work environment. A comfortable, safe, and supportive work environment can increase employee motivation and efficiency. This includes aspects such as physical facilities, technology used, and a harmonious working atmosphere. When employees feel their work environment is supportive, they tend to be more motivated and focused in carrying out their tasks.

In addition to the work environment, human relationships also play a crucial role in determining employee performance. Good relationships between employees and colleagues, superiors, and subordinates can create a positive work atmosphere. Effective communication, mutual understanding, and solid teamwork are important elements in building healthy relationships in the workplace. Employees who feel valued and supported by their colleagues usually show higher levels of performance. Therefore, this study aims to examine how the work environment and human relationships can affect employee performance. By understanding these supporting factors, companies can design the right strategies to improve employee performance, which will ultimately drive the company's overall progress and success.

LITERATURE REVIEW

Human Relations

Human Relations, or better known as "human relationships," refers to interactions and relationships between individuals or humans in various contexts, such as personal relationships, professional relationships, or social relationships. Human relationships are fundamental in human life and play a key role in shaping a person's behavior, well-being, and development. According to (Zahra & Fransiska, 2023) Human Relations is the interaction that occurs between individuals in daily life, which is influenced by culture and communication. Culture encompasses ideas, values, norms, and activities that direct

patterns of human behavior. Meanwhile, according to (Nasution & Amanda, 2023) Human Relations is an interaction that occurs between individuals in social life.

These relationships are based on mutual interests and involve effective communication to address differences and problems that may arise. Human relationships are essential for the smooth and successful running of various activities, both individually and in groups. In organizations, human relationships include relationships between superiors and subordinates, as well as relationships between coworkers, all of which affect the dynamics and performance of the group. These relationships are dynamic and include various aspects such as timing, way of speaking, attitudes, behaviors, and other psychological aspects. Thus, it can be concluded that Human Relations is a dynamic interaction between individuals in various life contexts that are influenced by culture and communication, and plays an important role in the smooth and successful activities of individuals and groups both in the context of the environment, society, as well as organizations and companies.

H1 : Human Relations has a positive and significant effect on Employee Performance

Work Environment

Basically, an organization or company, whether large, medium, or small-scale, needs to create a conducive work environment and be able to adjust to changes in the work environment that occur well so that employees can survive in the work they do. According to (Hasibuan & Hanum, 2022) The work environment encompasses everything that is around employees while they are working, whether it affects them directly or indirectly. This includes both physical and non-physical components. An inappropriate work environment can negatively impact employee performance and motivation, while an adequate work environment can improve their performance. Meanwhile, when referring to research conducted by (Hikmah Perkasa, ., Imelda Novita Susiang, Dhyan Parashakti, & Nina Rostina, 2023) it is stated that Work Environment is a physical work environment that refers to the physical condition of the place where employees do their work. These include cleanliness, workspace area, office equipment fittings, adequate lighting, and comfortable air temperature. A good working environment is very important because it can contribute positively to employee performance. Thus it can be interpreted that the work environment is all the physical and non-physical factors around employees that affect them while working. A conducive and appropriate work environment can improve employee performance and motivation, while an inappropriate work environment can have a significant negative impact. Therefore, it is important for organizations to create and maintain a supportive work environment so that employees can survive and perform optimally in their jobs.

H2 : Work Environment has a positive and significant effect on Employee Performance

Employee Performance

Employee Performance refers to the extent to which an individual meets the duties, responsibilities, and expectations that have been set by the company or organization they work for. Employee performance reflects how well a person performs their job in achieving the goals and standards that have been set. According to (Artha, Suardhika, & Landra, 2023) Employee Performance is the ability and effectiveness by which individual employees contribute to the goals and objectives of an organization. It includes productivity, efficiency, and the quality of the work that employees provide in their roles. Factors that affect employee performance can include psychological aspects such as motivation, emotional well-being, and personality traits, as well as the physical work environment and facilities provided by the organization.

Optimizing employee performance often involves ensuring that these factors are adequately addressed to improve job satisfaction, engagement, and ultimately, the achievement of organizational goals. According to (Zuama, Sudiarditha, & Wolor, 2023) Employee performance is the ability and effectiveness shown by an employee or a group of people in achieving work results in accordance with their responsibilities and authority in the organization. Employee performance is likened to a building block that is an inseparable whole. If employee performance is not properly analyzed by the company, it can lead to irregularities and inability to control the situation.

In this context, performance is also closely related to work results that can be achieved optimally, and is influenced by various factors such as leadership, training, motivation, resilience/reliability, work discipline, and supervision. Meanwhile, according to (Umasangadji, 2022) Employee Performance is the achievement of work results based on employees' actions, behaviors, and measurable results in fulfilling their responsibilities and contributing to organizational goals.

RESEARCH METHOD

The research was carried out at PT. Lotte Mart Wholesale In Medan City. This research was planned for 1 months, from October 2023 to November 2023. About 44 respondents contributed as the sample of this research. To collect data, the researchers distributed questionnaires among the participants. This study uses Measurement Model Analysis (Outer Model) which consists of Validity Test, Discriminant Validity, and Construct Reliability and Validity. In the Reliability test, The assessment of reliability examined the consistency of the measurement tools through the Cronbach Alpha technique, with a threshold of over 0.7 considered accepted (Fadkhurosi, 2023). In quantitative descriptive research, using questionnaires to gather data is considered highly effective (Ardiansyah, Risnita, & Jailani, 2023). So this study uses the questionnaire distribution method as a step to collect data. The items in the questionnaire consist of a Likert scale of 5, which ranges from strongly agreeing to strongly disagreeing.

RESULTS.

In this study, the respondent criteria were the head of the division, senior staff, and contract staff who have worked for more than 1 year, with A total of 44 employees explained the identity of each respondent with the following criteria:

a) gender, b) age, c) education, d) length of employment

Table 1. Characteristics of Respondents

No.	Respondent Characteristics	Description	Frequency	Percentage
1.	Gender	Male	31	70%
		Female	13	29%
		Total	44	100%
2.	Age	21-30 y.o	12	27%
		31-40 y.o	15	34%
		>40 y.o	17	38%
		Total	44	100%
3.	Education	High School	28	63%
		Associate's degree	5	11%
		Bachelor's degree	11	25%
		Total	44	100%

4.	Length of employment	1-5 years	9	20%
		6-15 years	10	22%
		16-25 years	25	56%
		Total	44	100%

Source : Processed Data

Based on the results of the above data processing, it can be understood that the respondents were dominated by male respondents as many as 31 respondents (70%), aged >40 years as many as 17 respondents (38%), with the most high school education of 28 respondents (63%), and Length of Employment is dominated by employees who have worked for 16-25 years as many as 25 respondents (56%).

The researcher then formed a model design that can be seen as follows:

Figure 1. Model Structural Factor Loading

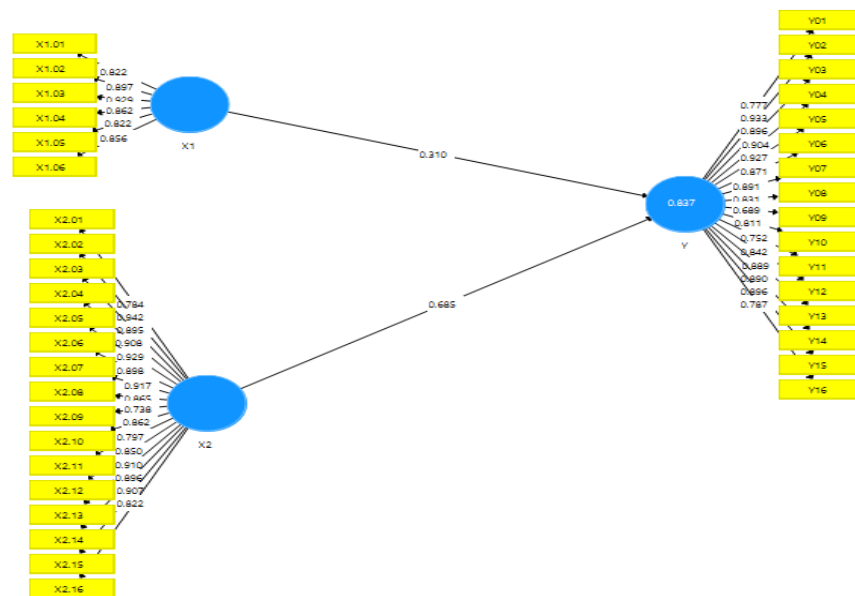


Table 2. Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Employee Performance	0,974	0,977	0,977	0,725
Human Relations	0,933	0,944	0,947	0,749
Work Environment	0,979	0,980	0,981	0,760

Based on table 2, it can be understood that the value of the Average Variance Extracted (AVE) is already above 0.5 so that the convergent validity condition has been met and declared valid. In the Composite Reliability section, it has also been above 0.7 so that the model can be used.

Table 3. R-Square Test

Variable	R-Square	R-Adjusted
Employee Performance	0,800	0,790

Based on table 3, the conclusion that the conclusion of the R-Square value test above is as follows: R-Square model path I = 0.800 means that the ability of the variables X (Human Relationship) and (Work Environment) in explaining Y (Employee Performance) is 80.0% thus the model is classified as substantial (strong).

Table 4. F-Square Test

Variable	Human Relations	Employee Performance	Work Environment
Human Relations		0,456	
Employee Performance			
Work Environment		0,003	

Based on table 4 above, it can be understood that the human relationship variable on Employee Performance (endogenous) has a value = 0.456, so the effect of the exogenous variable (human relationship) on endogenous (employee performance) is large. While the work environment variable on employee performance (endogenous) has a value = 0.003, the effect of the exogenous variable (work environment) on endogenous (employee performance) is small.

Table 5. Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Human Relations -> Employee Performance	0.449	0.456	0.109	4.134	0.000
Work Environment -> Employee Performance	-0.030	-0.035	0.059	0.514	0.607

Based on table 5, it can be understood that the original sample value of Human Relations on Employee Performance is positive, which is 0.449, which means that it has a positive impact with P-Values of $0.000 < 0.05$, so it means that it has a significant effect. Meanwhile, in the Work Environment for Employee Performance, it was stated that the original sample had a value of -0.030 which means it was negative with a P-value of $0.607 > 0.05$ so it meant that it had no significant effect.

DISCUSSION

Human relationship is a good relationship between fellow employees and between employees and leaders will create a close family atmosphere, so that harmonious mutual communication can occur. The results of hypothesis testing showed that the human relationship variable had a positive and significant effect on the employee performance variable with a path coefficient value of 0.449 (positive); and P-Values = $0.000 < 0.05$ (significant). This means that human relationships have a positive and significant effect on employee performance in Lotte Mart Wholesale Medan employees. The results of this study are in line with research conducted by (Irwan Abidin, Maryadi, & Sjarlis, 2023) and

(Oktavia, Agussalim, & Yanti, 2022) where it was found that the human relationship variable has a positive and significant effect on employee performance variables.

The work environment is everything around employees that can affect employee performance, a conducive work environment will make employees feel safe and comfortable so that they can improve employee performance in a company. The results of the path analysis test showed that the work environment variable had a negative and insignificant effect on the employee performance variable with a path coefficient value of -0.030 (negative); and P-Values = 0.607 > 0.05 (insignificant). This means that the work environment has a negative and insignificant effect on employee performance in Lotte Mart Wholesale Medan employees. The results of this study are in line with research conducted by (Pramestya, Herawati, & Septyarini, 2023) and (Marlius, Susanti, Fernos, & Harmen, 2023) where it was found that the work environment has a negative and insignificant effect on employee performance variables.

CONCLUSION

Based on the results of the research that has been carried out, it can be concluded that variable X1 (human relationships) has a positive and significant influence on variable Y (employee performance). This means that the better the relationship between people in the work environment, the better the performance of employees. This shows that harmonious interaction, effective communication, and good cooperation between fellow employees and between employees and superiors play an important role in encouraging better performance. In contrast, variable X2 (work environment) showed a negative and insignificant influence on variable Y (employee performance).

In other words, while the conditions of the work environment may fluctuate or change, its impact on employee performance is not strong enough to be considered significant. This indicates that other factors, such as the previously mentioned human relationships, may have a more dominant role in influencing employee performance compared to work environment conditions. Therefore, companies should focus on improving human relationships in the work environment to achieve optimal employee performance improvement.

LIMITATION (OPTIONAL)

The limitations in this study include the generalization of results where this study only focuses on PT. Lotte Mart Wholesale in the city of Medan, so in other words, the results of the research cannot be directly applied to other organizations whose characteristics may be different.

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DECLARATION OF CONFLICTING INTERESTS

The authors declared no potential conflicts of interest.

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