

# The Interplay of Work Environment, Discipline, and Compensation in Driving Employee Performance at Eterno Coffee Jember

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**Abstract:** This study aims to analyze the influence of the work environment, work discipline, and compensation on employee performance at Eterno Coffee, Jember. The method used is explanatory research with a quantitative approach, where data were collected through questionnaires distributed to 24 employees. The results indicate that a comfortable work environment, high work discipline, and fair compensation positively contribute to improving employee performance. The study also identifies limitations, such as its focus on a single organization and the use of subjective data from questionnaires. Therefore, future research is recommended to expand the scope of variables and objects of study to obtain more comprehensive results. These findings are expected to serve as a reference for Eterno Coffee's management in enhancing employee performance and achieving organizational goals.

**Keywords:** Work Environment, Work Discipline, Compensation, Employee Performance

## INTRODUCTION

Competition in the café industry has become increasingly intense, driven by the growing interest of Indonesians in visiting cafés, which reached 83.91% in 2023 (GoodStats Indonesia). The rising number of cafés, including those in Jember, presents both opportunities and challenges for café managers to maintain their competitive edge. One of the key factors for a café's success is the quality of employee performance, which significantly impacts service quality and customer satisfaction.

Employee performance, as described by Hasibuan (2017), is a critical factor in achieving organizational goals. This performance is influenced by various aspects, including the work environment, discipline, and compensation. A conducive work environment can boost productivity, while a poor one can diminish employee morale (Sedarmayanti, 2017). Similarly, work discipline reflects employees' responsibility in fulfilling their duties, contributing to operational efficiency (Agustini, 2019). Furthermore, fair and competitive compensation motivates employees to enhance their performance (Efendi et al., 2020).

At Eterno Coffee in Jember, the primary challenges include low employee discipline, such as tardiness in adhering to scheduled shifts. Another issue is the limited and cramped kitchen space, which affects work effectiveness and employee morale. These conditions pose a potential risk to productivity and the quality of customer service. Several studies have highlighted the importance of the work environment, discipline, and compensation in improving employee performance, as evidenced by the findings of Kardika and Mujiati (2022) and Nurpribadi et al. (2024). Based on this background, this study aims to evaluate the influence of the work environment, work discipline, and

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compensation on employee performance at Eterno Coffee, providing recommendations for sustainable performance improvement strategies.

## LITERATURE RIVIEW

### 2.1 Human resource management (HRM)

Human Resource Management (HRM) is a strategic approach to managing an organization's most valuable asset—its employees. HRM focuses on ensuring that employees are effectively recruited, trained, and developed to meet both their personal goals and the overall objectives of the organization. It involves key functions such as recruitment, where organizations identify and hire the best talent; training, which helps employees acquire the skills and knowledge needed for their roles; and competency development, which ensures that employees continuously grow and adapt to new challenges.

Additionally, creating a supportive work environment is crucial in HRM. This involves fostering a workplace that promotes employee well-being, satisfaction, and collaboration. When HRM practices are effectively implemented, they can lead to enhanced employee productivity, job satisfaction, and organizational adaptability. As a result, employees can respond more effectively to changes and challenges, helping the organization stay competitive and successful in a dynamic business environment (Hasibuan, 2017; Shah et al., 2023).

### 2.2 Work Environment

The work environment is essential to fostering employee productivity, as it affects both their physical comfort and emotional well-being. Physically, a well-designed workplace with adequate facilities, proper lighting, comfortable temperature, and safety measures can help employees perform their tasks more efficiently. For example, a well-lit and safe workspace reduces distractions and minimizes the risk of accidents, allowing employees to focus on their work.

Non-physical elements, such as strong interpersonal relationships, effective communication, and a positive workplace culture, are equally important. When employees have good relationships with their colleagues and feel part of a supportive, collaborative culture, they tend to be more motivated and engaged. Clear communication also helps reduce misunderstandings and enhances teamwork.

Together, these factors create an environment where employees can thrive, leading to higher motivation and better performance. A supportive and comfortable environment boosts not only employee morale but also their productivity, which ultimately contributes to achieving the organization's goals (Sedarmayanti, 2017; Afandi, 2018).

### 2.3 Work Discipline

Work discipline is a key factor in determining how well employees follow organizational rules and procedures. It reflects the extent to which employees adhere to expected standards, such as punctuality, task completion, and compliance with company policies. High discipline in employees often results in greater responsibility, with individuals taking ownership of their work and being more reliable in meeting deadlines and fulfilling their duties.

Employees with strong work discipline are also more committed to their roles and the organization's goals. This commitment enhances their overall performance, as disciplined employees tend to be more focused, productive, and consistent in their work. In the long run, strong work discipline

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fosters a positive work culture, improves operational efficiency, and helps the organization achieve its objectives (Simamora, 2021; Efendi et al., 2020).

## 2.4 Compensation

Compensation refers to the rewards employees receive in return for their contributions to the organization. These rewards can be both financial and non-financial. Financial compensation typically includes salaries, wages, bonuses, and other monetary incentives, while non-financial compensation may involve recognition, awards, career development opportunities, or other forms of acknowledgment. (Widyabakti. et all, 2022).

A fair and competitive compensation system is crucial in motivating employees and ensuring job satisfaction. When employees feel they are compensated fairly for their efforts, it increases their sense of value and encourages them to remain committed to the organization. Competitive compensation packages also help attract and retain top talent, fostering loyalty and reducing turnover. Ultimately, a well-structured compensation system not only enhances employee motivation but also strengthens the overall relationship between the employee and the organization (Wahyuddin, 2021; Hasibuan, 2017).

## 2.5 Employee Performance

Employee performance refers to the results of an employee's work, which are typically measured using various indicators such as the quantity and quality of their output, reliability, attendance, and teamwork skills. These indicators help assess how well employees are fulfilling their roles and contributing to the organization's overall objectives. (Wijyantini, B., & Safitri, R. , 2022)

Optimal performance is when employees consistently produce high-quality work, meet or exceed expectations, and collaborate effectively with colleagues. It reflects their tangible contributions toward achieving the organization's goals. Evaluating performance effectively is crucial for organizations because it provides insights into strengths and areas for improvement, helping to enhance overall productivity. Regular performance evaluations also enable organizations to recognize and reward top performers, identify training needs, and implement strategies for continuous improvement, which ultimately increases work effectiveness and efficiency (Mangkunegara, 2017; Silaen, 2021).

# METHOD

## 3.1 Research Design

This study employs a quantitative approach with an explanatory research design aimed at explaining the relationships between the variables studied. Data collection was conducted through an online survey using a closed-ended questionnaire distributed to employees of Eterno Coffee in Jember. The questionnaire includes questions related to the variables of work environment, work discipline, compensation, and employee performance.

## 3.2 Sample and Data

The research sample consists of 24 employees selected using a non-probability sampling technique, specifically saturation sampling, where all members of the population are used as the sample. The data collected is primary data obtained directly from the respondents.

## 3.3 Variables

The variables used in this study are categorized into independent and dependent variables. The independent variables include the work environment, which refers to the physical and non-physical

conditions of the workplace, such as facilities, lighting, temperature, interpersonal relationships, and workplace culture, all of which influence employee productivity, comfort, and motivation. Work discipline is another independent variable, representing the level of employee compliance with organizational rules, procedures, and schedules, including their responsibility and punctuality. Compensation, the third independent variable, encompasses rewards given to employees for their contributions, whether in financial forms like salaries and bonuses or non-financial forms such as recognition and awards. The dependent variable in this study is employee performance, defined as the outcomes of employee work measured by indicators like quantity, quality, reliability, attendance, and teamwork abilities in achieving organizational goals. This study evaluates the influence of the work environment, work discipline, and compensation on employee performance.

### 3.4 Data Analysis

Data analysis was conducted using the Partial Least Squares (PLS) method with the SmartPLS 4.0 application. Validity and reliability tests were performed to ensure the accuracy and consistency of the research instruments. Validity was assessed through convergent and discriminant validity, while reliability was measured using Cronbach's Alpha and Composite Reliability.

## RESULTS AND DISCUSSION

### Results

#### 4.1 Findings

Based on the hypothesis test results presented in the table above, it can be concluded that the work environment, work discipline, and compensation significantly affect employee performance. The hypothesis test for the influence of the work environment on employee performance shows a P-value of 0.000, which is smaller than the alpha of 5% (0.05), with a T-statistic value of 4.968, which is greater than the t-value of 1.960, thus H1 is accepted. This concludes that a conducive work environment can improve employee performance. For the work discipline variable, the P-value of 0.002 is also smaller than the alpha of 5%, with a T-statistic value of 5.245, which is greater than the t-value of 1.960, so H2 is accepted, indicating that high work discipline contributes to improved employee performance. The compensation variable shows a P-value of 0.001, which is smaller than the alpha of 5%, with a T-statistic value of 3.894, which is greater than the t-value of 2.580, so H3 is accepted. This indicates that fair and adequate compensation can improve employee performance. Thus, all three variables are proven to significantly affect employee performance.

#### 4.2 Discussion

The results of the study indicate that the work environment, work discipline, and compensation have a significant impact on employee performance. A comfortable work environment, both physically and non-physically, enhances productivity by reducing stress and increasing job satisfaction, as supported by the theory of Robbins and Judge (2018) and the findings of Ghosh and Dutta (2022). It is recommended that Eterno Coffee provide supporting facilities, maintain harmonious working relationships, and foster a positive workplace culture. Work discipline, reflecting adherence to rules and responsibilities, has been proven to improve work effectiveness. Strategic actions such as rewarding employees, training on discipline, and implementing consistent rules can strengthen the work culture, in line with Robbins and Judge (2018) and Utomo and Santoso (2021). Furthermore, compensation, both financial (salaries and allowances) and non-financial (recognition), motivates employees to perform better. A fair and performance-based compensation system, as suggested by Hasibuan (2016)

and Setiawan and Widodo (2021), can increase employee loyalty and job satisfaction. Therefore, Eterno Coffee should integrate strategies to improve the work environment, discipline, and compensation policies to support employee performance and achieve organizational goals. However, this study has limitations due to its focus on Eterno Coffee and limited variables, so future research should expand the scope and consider additional factors such as organizational culture and technology.

## CONCLUSION

This study reveals that the work environment, work discipline, and compensation have a significant impact on employee performance at Eterno Coffee, Jember. The analysis results show that:

1. **Work Environment:** A comfortable and supportive work environment positively contributes to employee productivity. The company needs to create a conducive work atmosphere to improve employee well-being and performance.
2. **Work Discipline:** Work discipline has a significant positive impact on employee performance. Employees who adhere to rules and work standards demonstrate higher productivity, making it essential for management to enforce discipline through consistent policies.
3. **Compensation:** Fair and competitive compensation also plays a role in improving employee performance. This study recommends evaluating the compensation system to ensure that employees feel valued and motivated to perform better.

Overall, this study emphasizes the importance of integrating these three factors into human resource management strategies to achieve optimal employee performance and organizational success. It is hoped that these findings can serve as a reference for Eterno Coffee and other companies in improving employee performance through better management of the work environment, discipline, and compensation.

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