



The Effect of Work Quality, Work Environment on Employee Performance Moderated Work Relationship Strategy

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ABSTRACT

This study was conducted to observe the effect of work quality and work environment on employee performance moderated by work relationship strategies. The research method uses a quantitative approach using Smart-PLS 3 as a data processor and the object under study is company employees with as many as 150 samples. Existing data is evaluated using relevant statistical analysis. The results of the study state if work quality, and work environment have an impact on employee performance moderated by the employment relationship strategy. The study results show that Work Quality has a significant effect on Employee Performance, Work Environment has no significant effect on Employee Performance, Work Relationship Strategy moderates the effect of Work Quality on Employee Performance, Work Relationship Strategy does not moderate the effect of Work Environment on Employee Performance, and Work Relationship Strategy has a significant effect on Employee Performance. Thus, it can be concluded that employee performance is not significantly influenced by the work environment and that the Work Relationship Strategy does not reduce how the workplace affects workers' performance. So companies can consider their work environment by providing a comfortable work environment.

Keywords: Work Quality, Work Environment, Work Relationship Strategy, Employee Performance

INTRODUCTION

Human resources are essential in the realisation of the company's vision, mission and targets that have been set, to become a real determinant of success with existing resources (Putri and Rahyuda, 2019). The success and continuity of a company is not far from the role of the work of human resources using the quality of work provided (Suryani et al., 2020: 1). In addition, the working environment and the strategies implemented in the working relationship are able to support the performance and achievement of organisational goals. According to Kuruppu et al. (2021), the success of an organisation is determined by its HR standards. Meanwhile, according to Ansah & Rita (2019), employees are the key to an organisation because employees play an important role in the success of the company, the point is that human resource management focuses on the role of humans to achieve optimal goals.

Employees who work in the company have a role to create, produce, and ensure the quality of the products produced remains stable. Qualified human resources not only complete all the qualitative requirements required by the job, so that the job can be completed as planned. In order to produce good human resources, additionally companies must consider the atmosphere in which employees work.

In general, the environment cannot be controlled by the company, therefore the company needs to make adjustments to its environment. A healthy work environment can help employee performance at work, but an uncomfortable work environment can interfere with employee focus. There are factors that affect the Work Environment, namely the brightness where employees work, the air temperature where employees work, humidity, and air circulation. The work environment has an important meaning for employees in carrying out their duties. The problem that is often encountered by companies is the decline in employee productivity due to an uncomfortable work environment.

In general, any business that wants to succeed must take into account the variables that affect worker performance, factors that can be considered in improving employee performance, namely work relationship strategies. The Employment Relationship Strategy is a bond between an employer and a worker based on a work agreement. To create a comfortable working environment, employers and employees need to have a good relationship that can be implemented through labour relations strategies. Companies that want to implement a flexible labour relations strategy need to have a high-quality and trustworthy workforce as well as a healthy and comfortable work environment that can foster employee retention and reduce turnover.

This study aims to analyse as well as explain Work Quality and Work Environment on Employee Performance moderated by Work Relationship Strategy.

THEORETICAL OVERVIEW

Quality of Work

Meanwhile, based on (Madanat & Khasawneh, 2017) work quality is a management practice related to the performance of human resources in the company consisting of vision, mission, company goals as a benchmark for a company. In addition, for (Ardianto, 2020) Quality of Work Life is a philosophy used by management to manage companies in general and human resources in particular. Work quality is also the result of various functions or indicators of a job or profession within a certain time.

Work Environment

The work environment encompasses all aspects surrounding employees that have an impact on their work, such as security, lighting configurations, noise levels, and regulations on workplace hygiene. An ideal work environment can gain a sense of security and enable employees to complete their responsibilities to the organisation. Every business constantly aims to establish a comfortable work environment because it can impact the development of the business's performance. When conducting its operations, every business must pay attention to both internal and external factors as well as the surrounding environment. A comfortable work environment can help employees to carry out activities more optimally, a comfortable work environment can produce work effectiveness, increase motivation, and provide employee job satisfaction (Indriana and Maryati, 2021).

Labour Relations Strategy

Relationship strategies in the world of work between employees and leaders are very important in realising the success of a company. The labour relations strategy is based on mutual interest between the company and employees and between employees. In addition, the need for a well-established work relationship strategy between employees also needs to be maintained, because the work relationship strategy is also an influential part of performance (Pratana and Abadi,

2018). The conduciveness of the work environment is released from the strategy of good relationships between employees so that it can support their work processes.

Employee Performance

Performance is the achievement of the success or failure of predetermined organisational targets. Information on organisational performance is an important thing that is used to evaluate the performance processes used by the company in accordance with the targets to be achieved or not. Regarding Ratnasari (2017) Work in the form of quantity and quality completed within a specific time frame results in employee performance. Factors that are internal and external to employee performance. Internal factors are knowledge, skills, competencies and behaviours that affect performance. While external factors are relationships between employees, the work environment where employees work (Lyta and Harmon, 2017).

Based on the theoretical review described above in this discussion which is the basis for formulating the hypothesis, The study framework shown in the figure below is as follows:

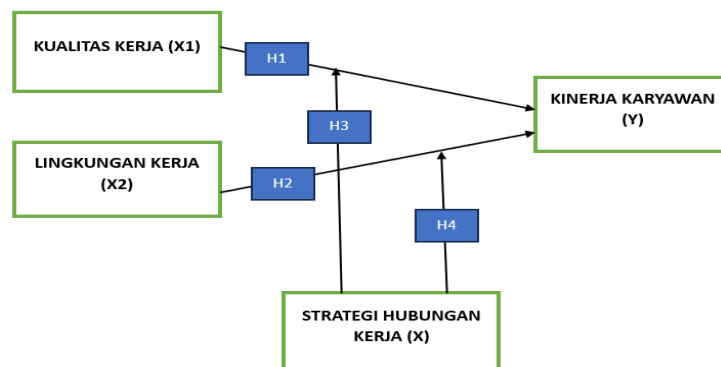


Figure 1. Framework

H1: The Impact of Work Quality on Employee Performance

H2: The Impact of Work Environment on Employee Performance

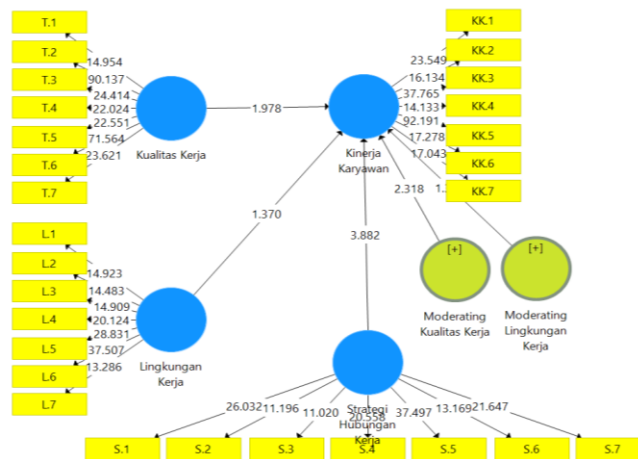
H3: The Impact of Work Quality on Employee Performance moderated by Work Relationship Strategy

H4: The Impact of Work Environment on Employee Performance moderated by Work Relationship Strategy

H5: The Impact of Labour Relations Strategy on Employee Performance

RESEARCH METHODS

Preparation of the article uses a quantitative approach as well as an analysis method using a tool called Smart-PLS 3 as a research method. Data was collected using a questionnaire submitted to employees. The questionnaire is a method that aims to collect data by presenting written questions or answers (Sugiyono, 2021: 199).



Gambar 2. Model Struktural Variabel Konstruk

The structural model in Figure 2 displays two independent construct variables, namely Work Quality or *Kualitas Kerja* (T), and Work Environment or *Lingkungan Kerja* (L). The moderating construct variable, namely the Work Relationship Strategy or *Strategi Hubungan Kerja* (S) then the dependent construct variable, namely Employee Performance or *Kinerja Karyawan* (KK). Using the Partial Least Square (PLS) processing tool and the Structural Equation Models (SEM) approach, the Smart-PLS 3 processing tool, hypothesis testing was done.

The two models that make up Smart-PLS 3 are the measurement model (outer model) and the structural model (inner model). Throughout the step of measuring model evaluation, which includes discriminant and convergent validity. Structural analysis seeks for evidence to support theoretical models by analysing the relationship between the dependent and independent variables and assessing the strength of the moderating variable in that relationship.

Measurement of the significance of this path coefficient is tested through the bootstrap method. Through the bootstrap method, the t and p (probability) values of all path coefficients of the model under study are obtained (Santosa, 2018).

RESULTS AND DISCUSSION

Variable Measurement

The preparation of the social attitude instrument in this study uses a Likert scale consisting of 5 answer options (Kuntoro & Wardani, 2020). The five categories include:

1. Strongly disagree scoring 1
2. Disagree scoring 2
3. Neutral scoring 3
4. Agree scoring 4
5. Strongly Agree scoring 5

Based on the description of the explanation of the retrieval method and questionnaire. The questionnaire data studied contains 4 variables, namely work quality, work environment, work relationship strategy and employee performance.

Table 1. Respondent Profile

No	Data	Total	Persentase
Respondent Gender			
1	Male	85	56.7%
2	Female	65	43.3%
Respondent's Age			
1	<25	57	38%
2	26-40	69	46%
3	>40	24	16%
Respondents' Length of Service			
1	<1 Year	25	16.7%
2	1-2 Year	40	26.7%
3	3-4 Year	53	35.3%
4	>4 Year	32	21.3%
	Total	150	100%

Based on table 1, the number of male respondents is 85 people if it is presented to 56.7%. Meanwhile, the number of female respondents was 65 people with a percentage of 43.3%. Thus, it can be inferred from the table that there are more male employees than female. Furthermore, for the age of respondents aged <25 years, there were 57 people, which if precented would be 38%. Employees aged 26-40 years were 69 people with a percentage of 46%, employees aged >40 years were 24 people with a percentage of 16%. For the length of work of respondents or employees who work <1 year, there are 25 people with a percentage of 16.7%. Employees who work for 1-2 years are 40 people, a percentage of 26.7%. Then employees worked for 3-4 years 53 people with a percentage of 35.3%. And employees working for > 4 years totalled 32 people, a percentage of 21.3%.

Convergent Validity Test

Convergent validity is tested until the outer loading criteria are met if it eliminates the construct variable indicators that do not meet the convergent validity requirements.

Table 2. Outer Loadings

Indicator	Work Quality	Work Environment	Labour Relations Strategy	Employee Performance
T.1	0.760			
T.2	0.929			
T.3	0.833			
T.4	0.807			
T.5	0.857			
T.6	0.916			
T.7	0.811			
L.1		0.744		
L.2		0.742		
L.3		0.771		
L.4		0.810		
L.5		0.846		
L.6		0.836		
L.7		0.825		
S.1			0.818	
S.2			0.701	
S.3			0.722	
S.4			0.832	
S.5			0.879	
S.6			0.716	
S.7			0.815	
KK.1				0.878
KK.2				0.780
KK.3				0.879
KK.4				0.702
KK.5				0.933
KK.6				0.823
KK.7				0.801

(Source: Smart-PLS 3 Output, 2024)

Table 2 shows the outer loading that can meet the requirements of convergent validity, namely the work quality variable (T) 7 indicators; work environment variable (L) 7 indicators; work relationship strategy variable (S) 7 indicators; and employee performance variable (KK) 7 indicators. This demonstrates that every indicator satisfies the convergent validity criterion.

Test of Discriminant Validity

The results of the AVE measurement-based discriminant validity test.

Table 3. Validity Test

Research Variables	Average Variance Extracted
Work Quality	0.717
Work Environment	0.636
Labour Relations Strategy	0.618
Employee Performance	0.690

(Source: Smart-PLS 3 Output, 2024)

The labour quality variable is worth 0.717, the work environment variable is worth 0.636, the work relationship strategy variable is worth 0.618, and the employee performance variable is worth 0.690, according to the AVE assessment. These variables' results can be deemed legitimate since they satisfy the $AVE > 0.5$ condition.

Reliability Test Composite Reliability and Cronbach Alpha

Reliability can be known through the composite reliability value where it must be >0.6 . The results of the composite reliability reliability test are as follows:

Table 4. Test of Reliability

Research Variables	Composite Reliability	Cronbach's Alpha
Work Quality	0.946	0.933
Work Environment	0.924	0.905
Labour Relations Strategy	0.918	0.896
Employee Performance	0.939	0.924

(Source: Smart-PLS 3 Output, 2024)

Table 4 shows the reliability test with composite reliability for the labour quality variable 0.946, work environment 0.924, labour relations strategy 0.918, and employee performance 0.939. Every variable has composite reliability values more than >0.6 , indicating that every independent latent variable is appropriate and defensible for examination in order to ascertain its impact on the dependent latent variable. Based on Cronbach alpha, the labour quality variable shows a result of 0.933, work environment 0.905, labour relations strategy 0.896, and employee performance 0.924. Since all variables show a value > 0.7 , it can be interpreted that all variables are reliable and can be tested.

Creating the Fit of the Inner Model

The dependent latent variable's R-square is used for measurement. Cohen (in Santosa, 2018) states that if the value of $R^2 \geq 0.25$ indicates a high influence.

Table 5. R-Square Test

Research Variables	R Square	Adjusted R Square
Employee Performance	0.881	0.877

(Source: Smart-PLS 3 Output, 2024)

The results are shown in Table 5, where they show that 88.1% of the variance in the dependent latent variable is explained by the independent latent variable. with the remaining 38.4% being explained by factors not included in the research.

Testing of Hypotheses

Testing of hypotheses is carried out by comparing the t-table value with the t-statistic. The hypothesis test criteria at a significant level of 5% are as follows.

1. Rejected if the t-statistic value \leq t-table, which is less than or equal to 1.96 (p-value $>$ 0.05)
2. Accepted if t-statistic $>$ t-table 1.96, or at p-value \leq 0.05)

The bootstrapping exercise to conduct hypothesis testing is shown in Figure 3 below..

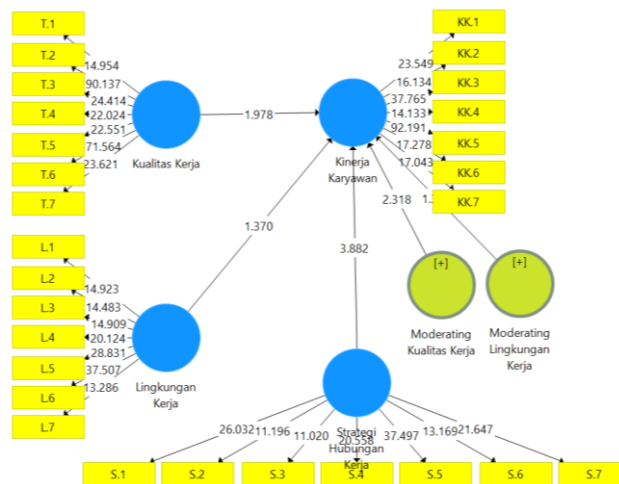


Figure 3. Bootstrapping Output of Hypothesis Test

From bootstrapping, the following hypothesis test results are obtained.

Table 6. Bootstrapping Hypothesis Test

Interaction of Variables	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistic	P Value
$T \rightarrow KK$	0.170	0.186	0.086	1.978	0.050
$L \rightarrow KK$	0.198	0.210	0.145	1.370	0.173
Moderating $T \rightarrow KK$	0.196	0.196	0.084	2.318	0.022
Moderating $L \rightarrow KK$	-0.103	-0.109	0.078	1.329	0.186
$S \rightarrow KK$	0.529	0.508	0.136	3.882	0.000

(Source: SPLS 3 Output, 2024)

From the above bootstrapping test results using the Smart-PLS 3 programme, statistical tests of each linkage hypothesis were carried out using simulation. The bootstrapping method was applied to the sample. This test is also run in an effort to lessen the issue of erroneous research data. The test findings using bootstrapping from the Smart-PLS 3 study are as follows:

1. Hypothesis Testing 1 (The Impact of Work Quality on Employee Performance)

According to the hypothesis results, there is a 0.170 coefficient value with a 1.978 t value in the relation between the labour quality variable (T) and employee performance (KK). This number exceeds the 1.960 t table. According to this finding, there is a substantial and positive correlation between labour quality (T) and employee performance (KK).

This is in accordance with the theory expressed by Siagian (2012) which says that work quality is a systematic effort in every organisational activity that provides opportunities for employees to participate in deciding how they should work and contribute to the company to achieve company goals.

2. Hypothesis 2 (The Impact of Work Environment on Employee Performance)

According to the findings of the second hypothesis, there is a 0.198 coefficient with a 1.370 t value in the association between the Work Environment variable (L) and Employee Performance (KK). Compared to the t table, this value is lower (1.960). These findings suggest that there is no meaningful correlation between Work Environment (L) and Employee Performance (KK).

The results of this second hypothesis are not in accordance with the tests conducted by Priyono, et al. (2018) which show that work environment factors have a positive effect on employee performance.

3. Hypothesis 3 (The Impact of Work Quality on Employee Performance moderated by Work Relationship Strategy)

The third hypothesis's results indicate that the Work Quality variable (T) and Employee Performance (KK) have a relationship that yields a coefficient value of 0.196 with a t value of 2.318. This association is tempered by the Work Relationship Strategy variable. This number exceeds the 1.960 t table. These findings suggest that Employee Performance (KK) is positively and significantly impacted by Work Quality (T), which is modifiable.

Comparable studies have previously been carried out by Soegiri (2022) and Rahim (2022), who found evidence to support the claim that work quality significantly affects employee performance.

4. Hypothesis 4 (The Impact of Work Environment on Employee Performance moderated by Work Relationship Strategy)

According to the findings of the fourth hypothesis, there is a -0.103 coefficient value with a t value of 1.329 in the association between the Work Environment variable (L) and Employee Performance (KK), which is moderated by the Work association Strategy variable. This value is less than the 1.960 value in the t table. The findings demonstrate that there is no way to modify the work environment (L) and that it has no discernible impact on employee performance (KK).

These results are in line with the test conducted (Dwiarti & Wibowo, 2018) which shows that the overall work environment has no effect on the performance of

employees of PT Taman Wisata Candi Prambanan. According to Suparman (2020), there is no discernible impact of the workplace on employee performance at CV. PERDANA MULIA.

5. Hypothesis 5 (The Impact of Labour Relations Strategy on Employee Performance)

The fifth hypothesis's results demonstrate that there is a 0.529 coefficient value with a 3.882 t value in the relationship between the Work Relationship Strategy variable (S) and Employee Performance (KK). This number exceeds the 1.960 value in the t table. The findings indicate that there is a substantial and positive correlation between employee performance (KK) and the work relationship strategy.

This supports the test conducted by Bai, et. al. (2017) where cross-functional integration has a mediating effect on team performance. This test is also supported by the research of Pratana, Oktaviannur and Dunan (2021) which resulted in: successful essay interpretation. There is a positive and significant increase in support for the work of employees of Bank Rakyat Indonesia Pringsewu Alaka Branch.

CONCLUSIONS AND SUGGESTIONS

The findings and analysis of how work environment and labour quality affect employee performance, as mediated by work relationship methods, lead to the following conclusions. 1) Work Quality has a significant effect on employee performance; 2) Work Environment has no significant effect on Employee Performance; 3) Work Relationship Strategy moderates the effect of Work Quality on Employee Performance; 4) Work Relationship Strategy does not moderate the effect of Work Environment on Employee Performance; 5) Work Relationship Strategy has a positive effect on Employee Performance.

Since employees are essential to an organisation and have a significant impact on its success, the calibre of a company's human resources determines how successful it will be. The business must take into account elements that affect employee performance in order to meet its objectives.

Suggestion

From the conclusion based on the results of data analysis, the suggestion that can be conveyed is that the organisation has an ability to focus more on the workplace owned by the company by providing a work environment that is comfortable and safe and the facilities provided to employees need to be equipped to carry out work to completion, if this can be improved, implemented or implemented by the company in order to get an increase in employee performance.

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