The Relationship of Work-Life Balance and Compensation on Employee Performance Mediated by Work Environment at Bank BT

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Abstract:- This study aims to examine how the influence of work-life balance and compensation through the work environment as an intervening variable on employee performance at BT Bank. The method used is quantitative descriptive research with a sample of 100 respondents. Data analysis using Structural Equation Model (SEM) with SmartPLS (Partial Least Square) 3.2.9. The results prove that (1) the work environment is positively and significantly influenced by work-life balance, (2) compensation affects the work environment positively and significantly, (3) work-life balance affects employee performance positively and significantly, (4) compensation affects employee performance positively but not significantly, (5) the work environment has a positive effect on employee performance, (6) employee performance is positively and significantly influenced by work-life balance through the work environment, (7) compensation affects employee performance through the work environment positively and significantly.

Keywords:- Work-Life Balance, Compensation, Work Environment, Employee Performance.

I. INTRODUCTION

Resources have a good opportunity to participate in company activities. To achieve the best results, the company must utilize the source potential to the maximum. A productive and qualified workforce is the dream of every company. In addition, a quality workforce is capital for an organization.

Employees play a role in achieving company goals. Companies are able to compete in the industry if they have potential employees. Planned and directed employee development will produce quality employees. Employee development must be carried out by every company so that the capacity of employee increases in line with work and organizational needs.

Bank BT is a private bank that focuses on the mass market segment from pensioners to corporate customers. Bank BT strives to wisely and continuously manage and develop its human resources to align with the Bank's strategy. In 2020 Bank BT experienced a decline in financial performance which was in line with the decline in Net Interest Income and Return on Assets. The decline occurred because in that year there was a COVID-19 pandemic that catapulted inflation.

The new work pattern formed in society and companies as a result of pandemic conditions since 2020 is the implementation of a work from home system. With this work pattern, it can affect the performance produced by employees. When working from home, some employees carry out dual roles as employees and take care of the household. There are also employees who have a home environment that is unconducive to being used as a workplace. However, they are required to be able to produce good performance even in various conditions that can interfere with their time and work conduciveness. Currently, companies are trying their best to maintain employee performance by implementing a hybrid working system. The hybrid working system means that employees can work both from the office and from home with scheduling that has been approved by the employee's supervisor. This work system can also affect the balance of work and life of employees which can later affect employee performance.

II. LITERATURE REVIEW

A. Employee Performance
According to Priansa (2017), performance is a manifestation of the work effort created by employees. These results are well documented so that the level of performance must be assessed properly and what has happened. Performance is everything that is done and how to do it (Wibowo, 2016). According to Edison (2016) performance is the result of a process related to conditions or consensus given and measured over a period of time. Performance is concluded as a person's overall achievement within a certain period of time when carrying out tasks based on several abilities, such as predetermined standards, goal setting that has been previously agreed upon and agreed upon by the parties. According to Mangkunegara (2017) the dimensions and indicators of performance include work quality, work quantity, cooperation, responsibility and initiative.

B. Work-life Balance

Work-life balance (WLB) is an activity carried out by individuals to obtain a balance of time, energy, and behavior. Pheng & Chua (2019) explain that work-life balance is a person's ability to harmonize work life with personal and family activities. Work-life balance called when there is an appropriate balance between work life and personal life about feeling comfortable between the two demands lived by individuals. When an employee manages to balance work and personal life and there is a psychological connection between both, then the employee can be said to have a work-life balance. The task of the company is to harmonize the personal and work lives of its employees without compromising the company's goals for growth and development.

C. Work Environment

Work environment is a community where people gather in a variety of diverse conditions and can affect employee performance. The work environment includes the workspace and infrastructure around employees that can affect their performance. This work environment includes the workplace, work facilities and equipment, cleanliness, lighting, and comfort, including working relationships among those in the facility (Sutrisno, 2010). According to Siagian (2014), there are 2 types of work environment, namely the physical work environment and the non-physical work environment.

D. Compensation

According to Rivai and Sagala (2014), compensation is the income provided by the company for employees in exchange for service compensation. Meanwhile, according to Kadarisman (2012), compensation is understood as all the rewards that employees receive for their work in the organization. Compensation is the wages given by the company as a reward which includes financial and non-financial rewards and benefits offered to employees. Compensation benefits are considered a major source in the success of the organization. It will influence employees' work, procedures and in formulating strategies.

E. Framework

The research framework is organized according to the following figure (Figure 1)
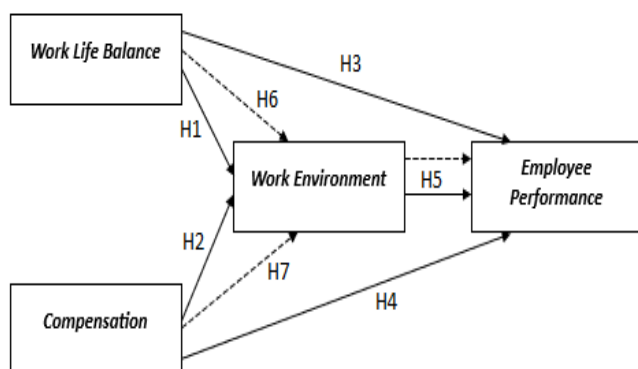

Fig 1. Research Framework.

III. RESEARCH METHODS

The research design used is descriptive quantitative research with the Structural Equation Model (SEM). Descriptive quantitative research aims to measure the influence between two or more variables (Creswell, 2014). Data collection methods using questionnaires and other sources such as books, documents, previous research. The samples in this study were 100 employees of the Operations Division of BT Bank Headquarters.

IV. RESULTS

A. Respondent Overview

The following is an overview of respondents in this study can be seen in Table 1.

Table 1. General Description of Respondents

Respondent Profile		Total	Percentage
Gender			
-	Male	45	45%
-	Female	55	55%
Age			
-	20 - 30 years	31	31%
-	31 - 40 years	49	49%
-	41 - 50 years	15	15%
-	>50 years	5	5%
Length of Service			
-	<1 year	1	1%
-	1 - 3 years	8	8%
-	3 - 5 years	13	13%
-	5 - 10 years	49	49%
-	>10 years	29	29%
Education			
-	HIGH SCHOOL	7	7%
-	Diploma (D1/D2/D3/D4)	8	8%
-	S1	79	79%
-	S2	6	6%

Source: Authors calculation form questionnaire

B. Data Analysis Results

➤ Evaluation of the Measurement Model (Outer Model)

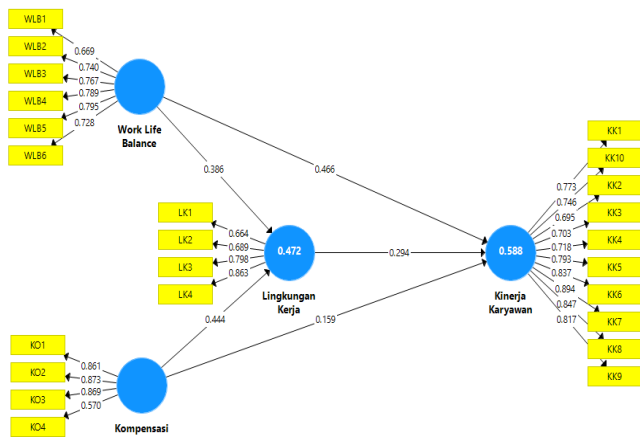In Figure 2, the results of convergent validity testing can be seen as follows.

Fig 2. Outer Model Results
Source: Data Processing using SmartPLS 3.2.9 (2023)

The loading factor value of all indicators has ≥ 0.50. This shows that the indicators on the variables and dimensions used to measure each variable are valid or have met convergent validity and can be used in the model.

At the next stage, namely discriminant validity testing. The test results show that the correlation of the construct with the indicator is higher than the correlation value with other constructs (Table 2).

Table 2. Discriminant Validity Test Results (Cross Loading)

	Work-life Balance	Compensation	Employee Performance	Work Environment
WLB1	0.669	0.295	0.434	0.444
WLB2	0.740	0.200	0.426	0.337
WLB3	0.767	0.271	0.494	0.351
WLB4	0.789	0.285	0.584	0.458
WLB5	0.795	0.243	0.564	0.428
WLB6	0.728	0.335	0.548	0.428
KO1	0.343	0.861	0.400	0.600
KO2	0.260	0.873	0.346	0.501
KO3	0.248	0.869	0.349	0.428
KO4	0.304	0.570	0.511	0.302
KK1	0.448	0.249	0.773	0.475
KK2	0.501	0.238	0.695	0.391
KK3	0.476	0.330	0.703	0.325
KK4	0.471	0.408	0.718	0.397
KK5	0.480	0.525	0.793	0.594
KK6	0.564	0.525	0.837	0.661
KK7	0.654	0.452	0.894	0.553
KK8	0.570	0.472	0.847	0.558
KK9	0.625	0.359	0.817	0.562
KK10	0.555	0.299	0.746	0.436
LK1	0.368	0.416	0.391	0.664
LK2	0.314	0.368	0.372	0.689
LK3	0.446	0.500	0.414	0.798
LK4	0.504	0.483	0.698	0.863

Source: Data Processing using SmartPLS 3.2.9 (2023)

Furthermore, testing the discriminant validity with the Fornell-Larcker Criterion method (Table 3) and looking at the Average Varience Extracted (AVE) value (Table 4). Based on AVE testing, it can be said that the Discriminant Validity value is good (> 0.5).

Table 3. Discriminant Validity Results Fornell-Larcker Criterion

	Work-life Balance	Work Environment	Compensation	Employee Performance
Work-life Balance	0.749	0.549	0.365	0.685
Work Environment		0.758	0.586	0.643
Compensation			0.803	0.502
Employee Performance				0.785

Source: Data Processing using SmartPLS 3.2.9 (2023)

Table 4. AVE Results

Variables	AVE Value
Work-life Balance	0.561
Work Environment	0.574
Compensation	0.646
Employee Performance	0.616

Source: Data Processing using SmartPLS 3.2.9 (2023)

Testing composite reliability and Cronbach's alpha aims to test the reliability of instruments in a research model.

Table 5. Composite Reliability and Cronbach's Alpha Test Results

Variables	Composite Reliability	Cronbach's Alpha	Description
Work-life Balance	0.884	0.844	Reliable
Work Environment	0.842	0.751	Reliable
Compensation	0.877	0.805	Reliable
Employee Performance	0.941	0.930	Reliable

Source: Data Processing using SmartPLS 3.2.9 (2023)

Based on Table 5, the results of the composite reliability and Cronbach's alpha tests show a satisfactory value, because all latent variables have a composite reliable value and Cronbach's alpha> 0.70. This means that all latent variables are considered reliable.

➤ *Structural Model Evaluation (Inner Model)*
In Table 6, the results of the R-square value test show that the work environment variable model and employee performance are in the medium category with a value below 0.60.

Table 6. R-square Test Results

Variables	R Square Value
Work Environment	0.472
Employee Performance	0.588

Source: Data Processing using SmartPLS 3.2.9 (2023)

Furthermore, the Q-square test results show that the model has moderate *predictive relevance* and indicates that the structural model prepared to explain the work environment and employee performance is proven to be good or relevant (Table 7).

Table 7. Q-Square Test Results

Variables	Q Square Value
Work Environment	0.244
Employee Performance	0.337

Source: Data Processing using SmartPLS 3.2.9 (2023)

The next test is hypothesis testing by comparing the t-statistic with the t-table and the P-value. The following are the results of the research model (Figure 3) and the results of hypothesis testing (Table 8).
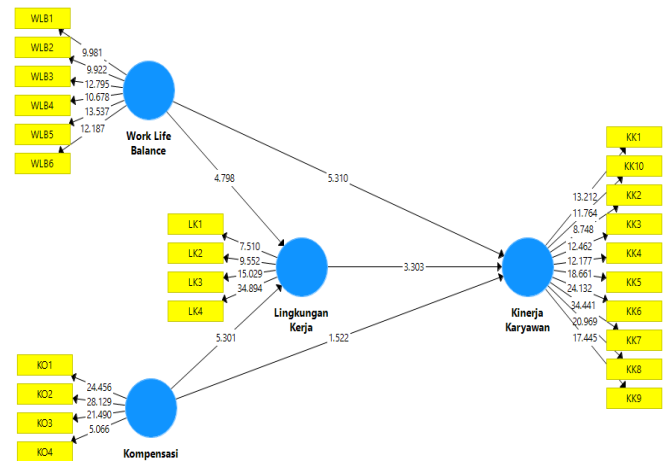

Fig 3. Research Path Diagram
Source: Data Processing using SmartPLS 3.2.9 (2023)

Table 7. Hypothesis Test Results

Path	Original Sample (O)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Direct Effect				
Work-life balance -> Work Environment	0.386	0.081	4.798	0.000
Compensation -> Work Environment	0.444	0.084	5.301	0.000
Work-life balance -> Employee Performance	0.466	0.088	5.310	0.000
Compensation -> Employee Performance	0.159	0.105	1.522	0.129
Work Environment -> Employee Performance	0.294	0.089	3.303	0.001

Indirect Effect				
Work-life balance -> Work Environment -> Employee Performance	0.113	0.040	2.803	0.005
Compensation -> Work Environment -> Employee Performance	0.130	0.052	2.516	0.012

Source: Data Processing using SmartPLS 3.2.9 (2023)

V. CONCLUSIONS AND SUGGESTIONS

A. Conclusions

- *Work* environment is positively and significantly influenced by *work-life balance* at BT Bank. This means that the more balanced the work life and personal life of employees, the more comfortable the work environment will be.
- Compensation positively and significantly affects the work environment at BT Bank. This means that providing appropriate compensation can affect the comfort of the work environment among coworkers and with superiors.
- *Work-life balance has a* positive and significant effect on the performance of BT Bank employees. This means that the more balanced the work life and personal life, the more employee performance increases. Conversely, the more unbalanced the work life and personal life of employees, the more employee performance decreases.
- Compensation has a positive but insignificant effect on employee performance. This means that the compensation received by BT Bank employees is high so that financial compensation and non-financial compensation are in accordance with the wishes of employees.
- The work environment has a positive and significant effect on the performance of BT Bank employees. This shows that a comfortable and conducive work environment can improve employee performance.
- Employee performance at BT Bank is positively and significantly influenced by work-life balance through the work environment. This means that the more balanced work life and personal life of employees supported by a conducive work environment can motivate employees to improve performance and achieve the desired goals.
- Compensation through the work environment has a positive and significant effect on the performance of BT Bank employees. This means that the amount of compensation received by employees with a comfortable working atmosphere can motivate employees to improve their performance.

B. Suggestions

- The long working hours felt by BT Bank employees need to get the attention of the leadership in order to create a balance of work life and employee life so that employee performance can increase. One way is to adjust the workload of each employee with the ability of the employee concerned.
- The existing work environment is good and needs to be improved by redesigning the workspace into a co-working space so as to increase the office atmosphere to be more comfortable and collaboration between coworkers in the same division and different divisions is increasingly established.

- Bank BT is expected to pay attention to compensation factors that can be improved in order to improve employee performance. Some ways that can be done by providing health benefits such as medical check-ups every year and promotions are not only given to competent employees but also to old employees.

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