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THE INFLUENCE OF OCCUPATIONAL HEALTH AND SAFETY (OHS), COMPENSATION, AND THE WORK ENVIRONMENT ON EMPLOYEE PERFORMANCE AT CV. BALI TREASURES GIANYAR

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Abstract:

This study was conducted based on a research gap identified in previous studies and differing perspectives regarding the impact of occupational health and safety (OHS), compensation, and the work environment on employee performance. Additionally, a research problem was identified wherein revenue realization had failed to meet the targets established by the company. This study aims to examine and analyze the influence of occupational health and safety (OHS), compensation, and the work environment on employee performance. The study was conducted at CV. Bali Treasures with a sample of 70 respondents selected using a saturated sampling method. All data obtained from the distributed questionnaires were deemed valid and subsequently analyzed using multiple linear regression and hypothesis testing (t-test and F-test). The results indicate that (1) Occupational health and safety (OHS), compensation, and the work environment have a positive and significant effect on employee performance at CV. Bali Treasures; (2) Occupational health and safety (OHS) has a positive and significant effect on employee performance at CV. Bali Treasures, meaning that improvements in OHS lead to enhanced employee performance; (3) Compensation has a positive and significant effect on employee performance at CV. Bali Treasures, meaning that increased compensation leads to enhanced employee performance; and (4) The work environment has a positive and significant effect on employee performance at CV. Bali Treasures, meaning that a more conducive work environment leads to enhanced employee performance.

Keywords: Occupational Health and Safety (OHS), Compensation, Work Environment, Employee Performance

INTRODUCTION

Human resources represent one of the most valuable organizational assets because organizational success is highly dependent on employees' ability to achieve predetermined objectives. In today's highly competitive manufacturing industry, companies are expected not only to improve production capacity but also to maintain product quality, operational efficiency, and sustainable organizational performance. Consequently, improving employee performance has become a strategic priority for organizations seeking to maintain competitiveness in both domestic and international markets.

The manufacturing sector plays a significant role in Indonesia's economic development through employment creation, export growth, and industrial expansion. In Bali, manufacturing industries based on traditional handicrafts have experienced continuous development due to increasing international demand for handcrafted musical instruments and cultural products. This situation requires companies to ensure consistent production quality while maintaining employee productivity. Therefore, organizations need effective human resource management practices capable of supporting employees in achieving high performance levels.



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Employee performance reflects the extent to which employees successfully accomplish organizational goals through effective and efficient work behavior. According to Goal Setting Theory proposed by Locke (1968), employees are more likely to achieve superior performance when organizational goals are clearly defined and supported by appropriate working conditions. Employees who understand organizational objectives and receive adequate organizational support tend to demonstrate higher commitment, stronger motivation, and better work outcomes. Therefore, organizational policies that improve employees' working conditions are expected to contribute positively to performance improvement.

Several organizational factors have been identified as determinants of employee performance. Among these, Occupational Safety and Health (OSH), compensation, and work environment are considered particularly important because they directly influence employees' physical safety, psychological well-being, motivation, and job satisfaction. A safe workplace minimizes occupational accidents and health risks, enabling employees to perform their duties more effectively. Likewise, fair compensation serves as an important motivational instrument that encourages employees to increase their commitment and productivity. Meanwhile, a supportive work environment enhances employee comfort, concentration, and collaboration, ultimately improving overall organizational performance.

Despite the recognized importance of these variables, previous empirical studies have reported inconsistent findings. Several studies found that Occupational Safety and Health significantly improves employee performance, whereas others reported insignificant relationships depending on organizational context. Similar inconsistencies have also been identified regarding compensation and work environment. These contradictory findings indicate that the influence of human resource management practices may vary across industries and organizational settings, suggesting the need for further empirical investigation.

CV. Bali Treasures is a manufacturing company specializing in hand percussion instruments and other handcrafted musical products. The company depends heavily on manual production processes requiring precision, craftsmanship, and sustained physical effort from production employees. However, internal company records indicate that production targets and revenue realization were consistently below expected levels during 2024, suggesting that employee performance has not yet reached the desired standard. Observations also revealed several workplace issues, including inadequate implementation of Occupational Safety and Health procedures, employee dissatisfaction with compensation, and less conducive physical working conditions. These organizational challenges may reduce employee motivation, concentration, and productivity, ultimately affecting organizational performance.

Considering these circumstances and the inconsistent findings reported in previous studies, this research investigates the influence of Occupational Safety and Health, compensation, and work environment on employee performance at CV. Bali Treasures. The findings are expected to enrich the literature on human resource management, particularly within Indonesia's manufacturing sector, while providing practical recommendations for managers seeking to improve organizational performance through effective workplace safety, compensation systems, and work environment management.

Goal-Setting Theory. This study is grounded in Goal-Setting Theory, originally proposed by Locke (1968), which explains that clearly defined goals motivate employees to exert greater effort and improve job performance. The theory argues that individuals who understand organizational objectives and are committed to achieving them tend to demonstrate higher levels of motivation,



persistence, and productivity. Goal commitment, feedback, and task complexity are essential components influencing employees' behavioral outcomes.

Within organizational settings, employee performance is not determined solely by individual capability but also by organizational support that facilitates goal achievement. Occupational safety and health programs, fair compensation systems, and supportive work environments represent organizational mechanisms that enable employees to perform their tasks effectively while maintaining high levels of motivation and commitment. Consequently, Goal-Setting Theory provides an appropriate theoretical foundation for explaining the relationships among Occupational Safety and Health (OSH), compensation, work environment, and employee performance.

Employee Performance. Employee performance refers to employees' ability to accomplish assigned tasks efficiently and effectively while contributing to organizational objectives. Performance encompasses both the quality and quantity of work completed within a specified period according to predetermined standards.

According to Mangkunegara (2020), employee performance can be evaluated through four principal indicators: (1) Quality of work, (2) Quantity of work, (3) Task implementation, (4) Responsibility. Organizations with high-performing employees generally experience greater operational efficiency, improved service quality, and stronger competitive advantages.

Occupational Safety and Health (OSH). Occupational Safety and Health (OSH) refers to organizational efforts aimed at protecting employees from occupational accidents, injuries, and work-related illnesses while promoting physical and psychological well-being in the workplace.

According to Sedarmayanti (2018), OSH consists of three major dimensions: Occupational safety, Occupational health, Workplace security. An effective OSH program minimizes workplace hazards, reduces accident rates, and increases employees' confidence in performing their responsibilities. Employees who perceive their workplace as safe are more likely to remain focused, motivated, and productive. Previous empirical studies have consistently demonstrated that effective OSH implementation positively influences employee performance by reducing work interruptions and enhancing employee well-being.

Compensation. Compensation represents all financial and non-financial rewards provided by organizations in exchange for employees' contributions. It functions not only as remuneration but also as an important motivational instrument encouraging employees to improve their performance.

According to Kumala (2021), compensation consists of four dimensions: Salary and wages, Incentives, Employee benefits, Work facilities. Equitable compensation systems increase job satisfaction, organizational commitment, and employee motivation. Employees who perceive compensation as fair are more willing to devote greater effort toward achieving organizational goals.

Work Environment. The work environment encompasses all physical and non-physical conditions surrounding employees during work activities that influence comfort, concentration, safety, and productivity.

Sedarmayanti (2019) identifies several important dimensions of the work environment, including: (a) Lighting, (b) Temperature, (c) Noise, (d) Workspace arrangement, (e) Safety, (f) Interpersonal relationships, (g) Workplace facilities. A supportive work environment creates psychological comfort and minimizes work stress, enabling employees to complete tasks more efficiently and effectively.

Occupational Safety and Health and Employee Performance. Occupational Safety and Health contributes to employee performance by creating a safe and healthy workplace where employees can perform their duties without unnecessary physical or psychological risks. According

to Goal-Setting Theory, employees who perceive adequate organizational support are more committed to organizational objectives.

Previous studies have reported a positive relationship between Occupational Safety and Health and employee performance. Hasanah et al. (2025), Asmia et al. (2025), and Ritonga et al. (2025) concluded that effective implementation of Occupational Safety and Health significantly improves employee productivity and overall performance. Therefore, the following hypothesis is proposed:

H1: Occupational Safety and Health has a positive and significant effect on employee performance.

Compensation and Employee Performance. Compensation is considered one of the strongest motivational factors influencing employee attitudes and behaviors. Fair compensation enhances employees' perceived organizational support, encourage higher commitment, and increases willingness to achieve organizational goals.

Previous studies conducted by Armantari et al. (2020), Jovianto and Nawawi (2025), and Hasanah et al. (2025) demonstrated that compensation positively influences employee performance. Therefore, the following hypothesis is proposed:

H2: Compensation has a positive and significant effect on employee performance.

Work Environment and Employee Performance. A favorable work environment enables employees to work comfortably, minimizes stress, and improves concentration during task completion. Employees working in supportive environments tend to demonstrate better performance than those working under unfavorable conditions.

Previous empirical evidence from Sihaloho and Siregar (2020), Megaster and Arumingtyas (2020), and Pane and Kasmir (2023) indicates that work environment significantly improves employee performance. Therefore, the following hypothesis is proposed:

H3: Work environment has a positive and significant effect on employee performance.

Simultaneous Effects of Occupational Safety and Health, Compensation, and Work Environment. Employee performance is multidimensional and influenced by various organizational factors simultaneously. Occupational Safety and Health ensures workplace safety, compensation motivates employees to perform better, and a supportive work environment enhances comfort and efficiency. Together, these variables create organizational conditions conducive to achieving higher employee performance.

Previous studies consistently reported that these three variables jointly explain a substantial proportion of employee performance. Therefore, the following hypothesis is proposed:

H4: Occupational Safety and Health, compensation, and work environment simultaneously have a positive and significant effect on employee performance.

METHODS

This study employed a quantitative research approach with an explanatory research design to examine the influence of Occupational Safety and Health (OSH), compensation, and work environment on employee performance. Quantitative methods were selected because they enable statistical testing of causal relationships among variables and provide objective empirical evidence.

The research was conducted at CV. Bali Treasures, a manufacturing company located in Gianyar, Bali, Indonesia, specializing in handcrafted percussion instruments and other musical products. Production employees were selected as research participants because they are directly involved in the manufacturing process and are exposed to occupational safety risks, compensation policies, and workplace environmental conditions.



The study population consisted of all production employees working at the company. A saturated sampling (census) technique was employed, whereby every member of the accessible population was included in the study, resulting in a total sample of 70 respondents. This sampling technique was considered appropriate because the number of employees was manageable and allowed the researcher to obtain comprehensive information from all production workers.

Primary data were collected using structured questionnaires measured on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The questionnaire consisted of four constructs.

- Occupational Safety and Health (OSH)
- Compensation
- Work Environment
- Employee Performance

Before hypothesis testing, the research instrument was evaluated through validity and reliability tests to ensure that all measurement items were appropriate for empirical analysis. Furthermore, classical assumption tests consisting of normality, multicollinearity, and heteroscedasticity tests were conducted before performing multiple linear regression analysis. The regression model satisfied all classical assumptions. The normality test indicated a significance value of 0.059 (>0.05), suggesting normally distributed residuals, while the multicollinearity and heteroscedasticity tests confirmed that no statistical violations were detected.

Multiple linear regression analysis was subsequently employed to examine the effects of Occupational Safety and Health, compensation, and work environment on employee performance. Statistical analyses were performed using IBM SPSS Statistics version 26, with hypothesis testing conducted at a 5% significance level ($\alpha = 0.05$) through both t-tests and F-tests.

The regression model can be expressed as follows:

$$EP = \beta_0 + \beta_1(OSH) + \beta_2(COMP) + \beta_3(WENV) + \varepsilon$$

Where:

EP = Employee Performance

OSH = Occupational Safety and Health

COMP = Compensation

WENV = Work Environment

β_0 = Constant

β_1 - β_3 = Regression coefficients

ε = Error term

RESULTS AND DISCUSSION

Multiple Linear Regression Analysis. The regression analysis indicates that Occupational Safety and Health, compensation, and work environment positively influence employee performance. The estimated regression equation is presented below:

$$\begin{aligned} & \text{Employee Performance} \\ & = 1.166 + 0.356(OSH) + 0.322(Compensation) + 0.206(Work Environment) \end{aligned}$$

The positive regression coefficients indicate that improvements in Occupational Safety and Health implementation, compensation, and work environment are associated with higher employee performance levels.



Table 1. Multiple Linear Regression Results

Variable	β	t-value	p-value	Decision
Occupational Safety and Health	0.356	2.771	0.007	Supported
Compensation	0.322	2.580	0.012	Supported
Work Environment	0.206	3.456	0.001	Supported

Table 2. Model Statistics

Indicator	Value
F-statistic	71.188
Sig.	0.000
R	0.874
R ²	0.753

Source: Processed research data.

Coefficient of Determination. The coefficient of determination (R^2) is 0.753, indicating that 75.3% of the variation in employee performance can be explained jointly by Occupational Safety and Health, compensation, and work environment. The remaining 24.7% is attributable to other factors not included in the regression model, such as leadership style, employee motivation, organizational culture, or job satisfaction.

The present study investigated the effects of Occupational Safety and Health (OSH), compensation, and work environment on employee performance at CV. Bali Treasures. The findings indicate that all proposed hypotheses were supported, suggesting that these human resource management practices play an essential role in improving employee performance within the manufacturing sector. The regression model also demonstrates substantial explanatory power, indicating that the selected variables collectively explain a large proportion of employee performance variation.

The Effect of Occupational Safety and Health on Employee Performance. The empirical findings reveal that Occupational Safety and Health (OSH) has a positive and statistically significant effect on employee performance. This finding indicates that employees who perceive their workplace as safe and healthy are more capable of performing their duties efficiently and effectively. The positive regression coefficient demonstrates that improvements in occupational safety practices contribute directly to enhanced employee productivity.

These findings are consistent with Goal-Setting Theory, which emphasizes that employees perform more effectively when organizational conditions support the achievement of work objectives. A safe working environment reduces employees' concerns regarding occupational accidents and health risks, enabling them to devote greater attention and effort to task completion. When organizations provide adequate personal protective equipment, implement safety procedures, and maintain healthy working conditions, employees experience higher levels of confidence and organizational support, which ultimately enhance work performance.

The manufacturing industry is characterized by relatively high occupational risks because production activities involve machinery, sharp tools, repetitive movements, and physically demanding tasks. Consequently, effective implementation of Occupational Safety and Health programs becomes particularly important. At CV. Bali Treasures, employees engaged in the



production process require appropriate safety protection to minimize workplace accidents while maintaining production quality and operational continuity.

The results also support previous empirical studies demonstrating that Occupational Safety and Health significantly improves employee performance. Earlier research concluded that organizations implementing comprehensive safety management systems experience lower accident rates, reduced absenteeism, improved employee well-being, and higher productivity. Therefore, the present study reinforces the argument that investment in workplace safety should be viewed not merely as regulatory compliance but also as a strategic human resource management practice capable of improving organizational performance.

From a managerial perspective, organizations should continuously evaluate workplace hazards, provide regular safety training, improve health protection programs, and strengthen employee awareness regarding occupational safety procedures. These initiatives are expected to create safer working environments that enable employees to perform at their highest potential.

The Effect of Compensation on Employee Performance. The findings further indicate that compensation positively and significantly influences employee performance. Employees receiving fair and appropriate compensation demonstrate higher motivation, stronger organizational commitment, and greater willingness to achieve organizational objectives. The positive regression coefficient suggests that improvements in compensation systems contribute to better employee performance.

This finding supports Goal-Setting Theory, which argues that employees remain committed to organizational goals when they perceive meaningful rewards for their efforts. Compensation serves as both an economic necessity and a motivational instrument that encourages employees to increase productivity and maintain high performance levels. Fair compensation strengthens employees' perceptions of organizational justice and appreciation, thereby increasing their willingness to contribute beyond minimum performance expectations.

In manufacturing organizations, compensation is particularly important because production employees often perform physically demanding work under strict production targets. Employees who perceive salary, incentives, and benefits as equitable are more likely to maintain work discipline, reduce absenteeism, and demonstrate stronger organizational commitment. Conversely, dissatisfaction with compensation may reduce motivation, increase turnover intention, and negatively affect organizational productivity.

The present findings are consistent with previous studies reporting that compensation significantly improves employee performance across various organizational settings. Fair compensation systems not only satisfy employees' financial needs but also strengthen psychological attachment to the organization. Consequently, compensation should be considered an investment in organizational sustainability rather than merely an operational expense.

Managers should therefore develop transparent compensation policies based on employee competencies, workload, and performance achievements. Performance-based incentives, bonuses, and employee welfare programs may further strengthen motivation while encouraging continuous productivity improvement.

The Effect of Work Environment on Employee Performance. The results also demonstrate that the work environment significantly influences employee performance. Employees working in comfortable, supportive, and well-organized environments tend to perform more effectively than those working under unfavorable physical or social conditions.

This finding is consistent with organizational behavior theories suggesting that workplace conditions influence employees' psychological well-being, concentration, and work motivation.



Comfortable lighting, adequate ventilation, proper workspace arrangement, reduced noise levels, and positive interpersonal relationships enable employees to perform their responsibilities with fewer distractions and lower stress levels.

Within the manufacturing context, the physical work environment directly affects production efficiency because employees spend extended periods operating equipment and performing repetitive manual activities. Inadequate workplace conditions may increase fatigue, reduce concentration, and eventually decrease productivity. Conversely, well-designed working environments improve comfort, reduce physical strain, and enhance operational efficiency.

The findings corroborate previous empirical research indicating that favorable work environments significantly improve employee performance. Previous studies have consistently demonstrated that organizations providing supportive physical and psychological workplace conditions experience higher employee satisfaction, stronger organizational commitment, and superior performance outcomes.

From a practical perspective, management should continuously improve workplace facilities, maintain cleanliness, optimize workplace layout, enhance lighting and ventilation systems, and foster harmonious relationships among employees. Such improvements may contribute not only to higher productivity but also to improved employee well-being and long-term organizational sustainability.

Simultaneous Effects of Occupational Safety and Health, Compensation, and Work Environment on Employee Performance. The regression analysis indicates that Occupational Safety and Health, compensation, and work environment simultaneously exert a positive and significant influence on employee performance. The coefficient of determination shows that these three variables collectively explain a substantial proportion of employee performance, highlighting the importance of integrated human resource management practices.

Employee performance cannot be explained by a single organizational factor. Instead, performance emerges through interactions among various organizational practices that simultaneously influence employees' motivation, capability, and work conditions. Occupational Safety and Health provides physical protection, compensation strengthens motivation, while the work environment supports employee comfort and efficiency. Together, these practices create organizational conditions conducive to achieving high performance.

The findings suggest that organizations should avoid implementing isolated human resource policies. Instead, managers should integrate workplace safety programs, equitable compensation systems, and continuous improvements in working conditions within a comprehensive human resource management strategy. Such integration is likely to generate stronger organizational commitment, improved employee satisfaction, and sustainable performance enhancement.

Overall, the present study contributes to the human resource management literature by providing empirical evidence from Indonesia's manufacturing industry. The findings reinforce Goal-Setting Theory by demonstrating that employees achieve higher performance when organizational environments effectively support goal attainment through safe workplaces, fair rewards, and conducive working conditions. Furthermore, the study offers practical implications for manufacturing companies seeking to improve organizational competitiveness through comprehensive human resource management initiatives.

CONCLUSION

Based on the research findings and discussion, it can be concluded that Occupational Safety and Health (OSH), compensation, and the work environment simultaneously exert a positive and



significant influence on employee performance at CV. Bali Treasures. This is empirically substantiated by the F-statistic value of 71.188 with a significance level of 0.000, alongside a coefficient of determination (R^2) of 0.753, which indicates that these three variables collectively account for 75.3% of the variance in employee performance, while the remaining 24.7% is attributable to other factors not examined in this study.

Individually, each variable demonstrates a significant positive impact on employee performance. Firstly, Occupational Safety and Health positively affects employee performance, as evidenced by a regression coefficient of 0.356 and a significance level of 0.007, implying that robust safety protocols, the provision of adequate personal protective equipment, and healthy working conditions enable employees to perform their duties with greater security and focus, thereby reducing workplace accidents and enhancing overall productivity. Secondly, compensation significantly enhances performance, with a regression coefficient of 0.322 and a significance of 0.012, confirming that equitable financial and non-financial rewards—including fair wages, performance-based incentives, and comprehensive benefits—effectively boost employee motivation, strengthen organizational commitment, and encourage greater effort toward achieving company objectives. Thirdly, the work environment positively influences performance, reflected in a coefficient of 0.206 and a significance of 0.001, suggesting that comfortable physical conditions such as proper lighting, optimal temperature, ergonomic workspace arrangements, reduced noise levels, and harmonious interpersonal relationships substantially improve employee concentration, reduce work-related stress, and ultimately lead to higher efficiency and better work outcomes.

In a broader theoretical context, these findings provide strong empirical support for Locke's Goal-Setting Theory, reinforcing the premise that employees achieve superior performance when organizational goals are clearly defined and effectively supported by adequate systemic workplace conditions. Since OSH ensures physical and psychological protection, compensation fulfills economic and motivational needs, and the work environment provides comfort and operational support, these three factors function as interdependent pillars of organizational support that collectively facilitate goal attainment. Consequently, CV. Bali Treasures should view these elements not as isolated operational expenses but as strategic, integrated components of human resource management that jointly drive sustainable organizational performance and long-term competitiveness in the manufacturing industry.

Regarding practical recommendations, CV. Bali Treasures is strongly advised to continuously upgrade its safety equipment, conduct regular occupational safety training, and monitor employee health conditions more rigorously, while simultaneously evaluating its compensation structure to ensure it remains competitive, transparent, and performance-based, alongside making ongoing enhancements to physical workplace facilities such as lighting, ventilation, and spatial ergonomics to create an optimal working atmosphere. For future academic inquiries, researchers are encouraged to expand the scope of investigation by incorporating additional mediating or moderating variables—such as leadership style, organizational culture, work motivation, or job satisfaction—to capture a more holistic understanding of the determinants of employee performance, and to consider conducting similar studies across diverse industrial sectors or employing mixed-method qualitative approaches, alongside increasing sample sizes, to strengthen the generalizability and depth of subsequent findings.



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