



The Mediation of Work Motivation on the Effects of Work Discipline and Compensation on Performance Batik MSMEs Employees in Yogyakarta City, Indonesia

Riyanto Efendi¹; Muhamad Nanang Rifa'i¹; Khairul Bahrun²; Hilyati Milla³; Suharmi³

¹ Graduate Economic Education, Yogyakarta State University, Indonesia

² Faculty of Economics and Business, Muhammadiyah University of Bengkulu, Indonesia

³ Economic Education, Muhammadiyah University of Bengkulu, Indonesia

<http://dx.doi.org/10.18415/ijmmu.v7i1.1375>

Abstract

Good employee performance in the era of the industrial revolution 4.0 as it is now is needed so that SMEs can still compete with competitors. MSMEs Batik is a characteristic of culture and culture found in Yogyakarta, Indonesia. So that in managing Batik culture requires good employee performance. The purpose of this study is to determine the mediation of work motivation on the effect of work discipline and compensation on employee performance. The research methodology is ex-post-facto research with a quantitative approach. The population in this study was 98 employees, the sampling technique using total sampling techniques. Data analysis techniques using descriptive analysis and path analysis. The results showed that: 1). Work discipline has a positive and significant effect on employee performance, 2). Compensation has a positive and significant effect on employee performance, 3). Work motivation has a positive and significant effect on employee performance, 4). Work motivation mediates the relationship of work discipline to employee performance, 5). Work motivation mediates the relationship of compensation to employee performance, 6). Work discipline and compensation have a positive and significant influence on employee performance, 7). Work motivation mediates the relationship of work discipline and compensation for employee performance.

Keywords: *Work Motivation; Work Discipline; Compensation; Performance; MSMEs.*

JEL Classification: *J33, J88, O3, O4, M12, M52*

1. Introduction

In the era of industrial revolution 4.0 currently has a very big effect on technological development in a country. The development of advanced technology requires that Micro, Small and Medium Enterprises (MSMEs) must have good employee performance in order to compete with competitors. However, some studies show that MSMEs in Indonesia are still said to be not good compared to Large Enterprises (UB) and also compared to SMEs in developed countries (Tambunan, 2012). According to

Egbu et al. (2001) that MSMEs have weaknesses including inability in finance, employee training, and education, marketing, technology. According to Yusuf and Efendi, (2019) that someone starting MSME interests is influenced by entrepreneurship education, income expectations, and self-efficacy. Meanwhile, according to Efendi, Indartono, and Sukidjo (2019) economic literacy and peers mediate self-control over one's impulsive purchases, so that it will have the effect of increasing the performance of MSMEs.

In improving UMKM performance, it must first improve employee performance. According to Kazan & Gumus (2013), the factors that influence employee performance are as follows: commitment, institutions, work discipline, work motivation, work environment, job satisfaction, compensation, and job promotion. Research conducted by Riyanda (2017) and Rahmayani (2018) shows that work discipline has a positive influence on employee performance. Research Rifa'I, Sukidjo and Efendi (2019), Mardiyanti et al. (2018) and Fitriani, (2018) show that compensation has a positive and significant effect on employee performance. Shahzadi et al. (2014) found that work motivation has a positive and significant effect on employee performance.

Compensation also shows a positive and significant effect on employee performance mediated by work motivation (Safitri, 2018). Research conducted by Sholihin (2019) shows that work discipline and compensation have a positive and significant effect on employee performance mediated by work motivation. By increasing employee performance at an MSME, it will improve the economy of a country so that it can reduce the problem of poverty (Efendi et al, 2019).

Based on the phenomena and findings previously stated that work motivation, work discipline, compensation has a relationship with performance. With the stated basis, this study aims to determine the effect of the variables contained in this study. so the results of this study are able to explain phenomena, theories and empirical findings of mediating work motivation on the influence of work discipline and compensation on performance.

Performance

Performance is the quantity and quality of work completed by individuals, groups or organizations (Stoner, 1986). According to Gibson and Donnelly (1994) performance is the desired result of behavior that does a job. Performance according to Robbins (1997) is a measurement of one's results at work. Performance according to Byars and Leslie (2000) is the level of fulfillment of tasks that shape the attitudes of employees.

Performance according to Mathis and Jackson (2006) is what employees do or don't do on a job. Yuliana et al (2017) mention performance is the result of work done by someone in an organization to achieve the goals set by the organization and to minimize losses. Whereas according to Mardiyanti et al (2018) performance is as a result of work both quality and quantity achieved by employees in carrying out the work tasks that have been given to them. Based on the opinion about the performance that has been mentioned, it can be concluded that performance is a result of the implementation of the duties and responsibilities of the work that has been given by the organization.

Performance is influenced by several factors, according to Prawirosentono (1999) performance is influenced by 1). Effectiveness and efficiency, 2). Authority, 3). Discipline, 4). Initiative. Factors that affect performance according to Griffin (2000) are three things: 1). Ability, 2). Motivation, 3). Environment. Wirawan (2009) mentions factors that influence performance, namely 1). Internal employee factors, 2). Organizational internal factors, 3). External factors of the organization. Whereas according to Kotur and Anbazhagan (2014) performance is influenced by educational factors, with employee education will be able to do work tasks easily, effectively and efficiently.

Performance has several indicators, Mitchell and Larson (1987) mention that there are five performance indicators, namely: 1). Quality of Work, 2). Communication, 3). Timeliness, 4). Ability, 5). Initiative. Performance indicators according to Rivai and Basri (2005) there are five indicators, namely: 1). Work Quantity, 2). Quality of Work, 3). Timeliness, 4). Effectiveness, 5). Reliability. Performance indicators according to Mathis and Jackson (2006) performance are measured by quantity, quality, timeliness, attendance, and cooperation. According to Bangun (2012) employee performance assessment uses the following five indicators: 1). Quality, 2). Quantity, 3). Timeliness, 4). Attendance, 5). Cooperation. While Mardiyanti et al (2018) performance are measured by three indicators, namely: 1). Quality of work, 2). Work quantity, 3). Punctuality. Based on the indicators already mentioned, the research uses indicators from Mathis and Jackson (2006) and Bangun (2012), namely quality, quantity, timeliness, attendance, and cooperation.

Work Discipline

Work discipline is an attitude, behavior, and actions that are in accordance with organizational regulations (Nitisemito, 1996). According to Sutrisno et al, (2016) work discipline is an aspect of the work system that must be considered by an organization or company to improve the performance or productivity of an organization. According to Yuliana et al, (2017) is a management action to encourage members of an organization or company to meet various prescribed office regulations. Whereas according to Widodo et al. (2018) work discipline is rules and regulations that regulate and limit every activity and behavior of employees in an organization. Based on the opinions of several that have been explained, it can be concluded that work discipline is individual behavior that complies with the rules and policies set by the organization.

Work discipline is influenced by several factors, according to Helmi (2006), the factors that influence work discipline are as follows: 1). Personality factors, 2). Environmental factor. Whereas according to Hasibuan (2014), the factors that affect work discipline are as follows: 1). Objectives and abilities, 2). Exemplary leadership, 3). Justice, 4). Supervision, 5). Penalty sanctions, 6). Firmness, 7). Reward, 8). Human relations.

Work discipline has several indicators, according to Sinungan (2005), indicators of work discipline are as follows: 1). Attendance, 2). Attitudes and Behavior, 3). Responsible. According to Hasibuan (2014) indicators of work discipline include; 1). Attitude, 2). Norma, 3). Responsibility. While according to Sudarmanto (2009) indicators of work discipline are as follows: 1). Timeliness, 2). How to use work equipment 3). Responsibility 4). Compliance with work rules. Based on the notion of work discipline which is individual behavior that adheres to the rules and policies that have been set by the organization. So that in this research using the indicator Sudarmanto (2009) which includes timeliness, how to use work equipment, responsibility, and adherence to work rules.

Compensation

Compensation is something that is received by employees both in the form of money, various types of services and various other benefits provided by the organization (Burack and Smith, 1982). According to Robbins (1997) compensation is divided into two types, namely: intrinsic reward and extrinsic reward. According to Byars and Leslie (2000) compensation is all extrinsic rewards that employees receive for their work, consisting of basic salary wages, incentives or bonuses, and other additional benefits. According to Sartono et al. (2018) compensation is income received by employees from organizations in the form of money and goods. While Mardiyanti et al (2018) compensation is everything that is received by employees in the form of financial and non-financial compensation. Based on several explanations about compensation, it can be concluded that compensation is anything that is

received by employees of the organization in the form of direct financial compensation, indirect financial, and non-financial compensation.

Compensation is influenced by several factors, according to Notoatmodjo (2009) and Manik (2016) the factors that influence compensation are as follows: 1). Productivity, 2). Ability to pay, 3). Willingness to pay, 4). Supply and demand for labor, 4). Organization, 6). Government regulations. Compensation in the world of work has goals and benefits. According to Hasibuan (2014) the purpose and benefits of compensation are as follows: 1). Cooperation bond, 2). Job satisfaction, 3). Effective procurement, 4). Motivation, 5). Stability, 6). Discipline. Whereas according to Adeoye (2019), the purpose and benefits of compensation are as follows: 1). Draw, 2). Justifiable, 3). Impartial, 4). Protection, 5). reduced expense, 6). inducement offering, 7). Holding, 8). competitive position.

Compensation has several indicators, according to Mondy et al (1993) compensation indicators are as follows: 1). Financial compensation, 2). Non-financial compensation. While according to Dessler (2000) compensation indicators consist of three, namely: 1). Direct financial compensation, 2). Indirect financial compensation, 3). Non-financial compensation. Based on the understanding of compensation, all types of things received by employees of the organization in the form of direct financial compensation, indirect financial, and non-financial So that the indicators in this research use from Dessler (2000) which includes direct financial compensation, indirect financial compensation, non-financial compensation.

Work Motivation

Motivation is a force that encourages, raises and leads an individual (Gibson and Donnelly, 1994). According to Luthans (1995), motivation is a reaction that arises from within a person because of external stimuli that influence. Motivation according to Kreitner et al. (2001) is a psychological process that arouses and directs behavior towards achieving goals. Motivation is also interpreted as the desire in a person that causes must act and achieve certain goals (Mathis and Jackson, 2006). According to Safitri (2018), motivation is someone's special readiness to carry out or continue a series of activities aimed at achieving several goals. According to Sholihin (2019), motivation is a gift of driving force that creates work morale, works together, works effectively and is integrated to achieve goals. Motivation is the willingness of someone to work due to the impulse from within a person as a result of the integration of personal needs, the influence of the physical environment and social environment (Mulyadi and Syafitri, 2019).

Motivation is divided into two types, namely: 1). The motivation that comes from within, 2). Motivations that come from outside ourselves (Adeoye and Elegunde, 2014). According to Pradita, (2017) motivation is an important factor to improve employee performance in an organization. According to Primandaru et al, (2018) motivation is something that raises enthusiasm or encouragement to work, so that the strong or weak work motivation of employees determines performance. Based on several explanations about work motivation, it can be concluded that work motivation is an encouragement from the company to improve performance and meet the needs of an employee.

Work motivation is influenced by several factors, factors that influence work motivation are behavior that comes from internal and external factors. Internal factors, namely those that can affect from within employees such as individual characteristics, while external factors that can influence from outside the employee such as the social environment and organizational environment (Steers et al, 1996). According to Gibson and Donnelly, (1994) motivation is influenced by new knowledge and learning opportunities. Whereas according to Murgianto and Suhermin (2016) work motivation is influenced by several factors, namely as follows: 1). Organizational commitment, 2). Competence, 3). Job satisfaction.

Work motivation has several indicators, according to Hasibuan (1996) indicators of work motivation are as follows: 1). Need for achievement, 2). Need for affiliation, 3). Need for power. According to George et al (2005), work motivation indicators include; 1). Direction of behavior, 2). Level of effort, 3). Level of persistence. Whereas according to Ivancevich et al. (2014) motivation indicators are as follows: 1). Psychological need, 2). Safety need, 3). Social need, 4). Esteem need, 5). Need for self actualization. Based on the understanding of work motivation, which is an encouragement from the company to improve performance and meet the needs of an employee, then in this research using indicators from Ivancevich et al. (2014) which includes: Psychological need, Safety need, Social need, Esteem need, and Need for self actualization.

Research Framework and Hypothesis

This research framework is influenced by work discipline and compensation for employee performance mediated by work motivation (Figure 1). In this research model, we will explain the theoretical background of the relationship between variables contained in this research.

Relationship of Work Discipline on Employee Performance

Work discipline is one of the important factors that influence employee performance, where the better the work discipline, the better the performance of employees. Work discipline has a positive and significant influence on employee performance (Kahsifa and Nugraheni, 2016). Research conducted by Putri (2017) and Riyanda (2017) shows that work discipline has a positive and significant influence on employee performance. While research conducted by Rahmayani (2018) shows that work discipline has a positive influence on employee performance.

H1: Work discipline had a positive and significant influence on employee performance.

Relationship of Compensation on Employee Performance

Compensation is one of the reasons employees serve and improve performance in the organization. Previous research shows that compensation has a positive and significant influence on employee performance (Aisha et al. 2013; Sopiah, 2013; Sulistiantio, 2018; Idris et al, 2017; Mardiyanti et al. 2018; Fitriani, 2018). Research conducted by House (1971), Podsakoff et al. (1982), and Feldman & Arnold (1988) found that compensation has a significant effect on employee performance. While research conducted by Aktar et al (2012) and Gohari et al (2013) found that compensation has a positive influence on employee performance.

H2: compensation had a positive and significant influence on employee performance

Relationship of Work Motivation on Employee Performance

Motivation is an organization's strategy to improve employee performance. Research conducted by Putri (2017) found that work motivation has a positive and significant influence on employee performance. The results of the research were carried out by Brownell and McInnes, (1986), Aisha et al (2013), Azhar and Akbar, (2013), Shahzadi et al (2014), Zameer et al (2014), Antaka, (2018) , Sulistiantio, (2018), Fauzi (2018) and Fitriani (2018) show that work motivation has a positive and significant influence on employee performance.

H3: work motivation had a positive and significant influence on employee performance.

The Mediation of Work Motivation on the Relationship of Work Discipline on Employee Performance

One organization's success is influenced by employee work discipline, employee work discipline must require motivation. Research conducted by Rahmayani (2018), Pradipto and Rahardja (2015), and Sholihin (2019) found that work discipline has a positive and significant influence on employee performance mediated by work motivation.

H4: work motivation mediate the effect of work discipline on employee performance

The Mediation of Work Motivation on the Relationship of Compensation on Employee Performance

Compensation is one of the factors that influence the work motivation of an employee in the organization. Research conducted by Hardiyana et al. (2013), Moempuny (2005), Dito and Lataruva (2010), Safitri (2018), and Sholihin (2019) found that compensation has a positive and significant influence on employee performance mediated by work motivation.

H5: work motivation mediate the effect of compensation on employee performance.

Relationship of Work Discipline and Compensation on Employee Performance

Work discipline and compensation are important variables in an organization. Research conducted by Kazan and Gumus (2013) shows that one of the factors that influence employee performance is work discipline and compensation. Research conducted by Rahmayani (2018) shows that work discipline has a positive and significant influence on employee performance, while research conducted by Fitriani (2018) shows that compensation has a positive and significant influence on employee performance.

H6: work discipline and compensation had a positive and significant influence on employee performance.

The Mediation of Work Motivation on the Relationship of Work Discipline and Compensation on Employee Performance.

Work discipline and compensation in influencing employee performance must require a stimulus in the form of motivation. Research conducted by Pradipto and Rahardja (2015), Rahmayani (2018), and Sholihin (2019) show that work discipline has a positive and significant influence on performance mediated work motivation. While the research conducted by Moempuny (2005), Dito and Lataruva (2010), Hardiyana et al (2013), Safitri (2018), and Sholihin (2019) shows that compensation has a positive and significant effect on employee performance mediated by work motivation.

H7: work motivation mediates the effect of work discipline and compensation on employee performance.

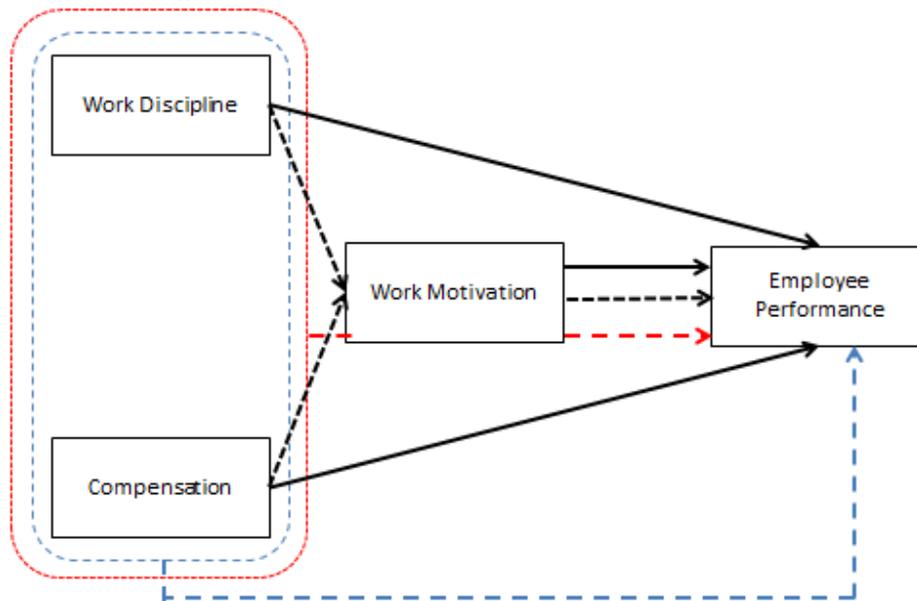


Figure 1. Research Framework: A Mediation

2. Methodology

Research Design, Population, Sample, And Procedure

In this research using the type of ex-post facto research with a quantitative approach, According to Sugiyono (2015), ex-post facto is a research conducted to examine events that have occurred and then trace back to find out the factors that can cause the occurrence that is. The population in this research amounted to 98 respondents, sampling in this research using total sampling techniques or all populations used as research samples. The data analysis technique in this research used descriptive analysis and path analysis to test the hypothesis.

Item And Construct Validation

Validation of items (Table 1) and constructs are reliable (Table 2), showing some items removed from loading <0.40 based on the theory from Sharma, (1996). While reliable between variables shows a value of 0.86 which indicates that the Cronbach alpha value is reliable.

Table 1. Loading factors of construct

Item	Performance	Item	Work Discipline	Item	Compensation	Item	Work Motivation
P1	0.874	WD1	0.834	C1	0.814	WM1	0.956
P2	0.529	WD2	0.852	C2	0.593	WM2	0.865
P3	0.643	WD3	0.698	C3	0.805	WM3	0.664
P4	0.575	WD4	0.501	C4	0.711	WM4	0.577
P5	0.613	WD5	0.652	C5	0.753	WM5	0.524
P6	0.822	WD6	0.764	C6	0.865	WM6	0.951
P7	0.600	WD7	0.798	C7	0.578	WM7	0.899
P8	0.644	WD8	0.726	C9	0.861	WM8	0.845
P9	0.746	WD9	0.755	C10	0.848	WM9	0.675
P10	0.493	WD10	0.768	C11	0.849	WM10	0.793
P11	0.783	WD11	0.584			WM11	0.873

P12	0.848	WD12	0.445	WM12	0.569
P13	0.793	WD13	0.769	WM13	0.779
P14	0.872			WM14	0.589
P15	0.835			WM15	0.621
P16	0.710				

Source: Primary Data Processed 2019

Table 2. Mean, standard deviation, reliable (Cronbach's alpha)

Variable	Mean±SD	Reliability (Cronbach's Alpha)
Performance	40.00±8.00	0,809
Work Discipline	34.50±7.10	0,748
Compensation	25.00±5.00	0,799
Work Motivation	37.50±7.50	0,854

Source: Primary Data Processed 2019

3. Results and Discussion

Results

The research data analysis was carried out using descriptive statistics (Table 3) and path analysis (Table 4) with the help of SPSS version 22 for windows. The results of data analysis in this research are as follows:

Table 3. Characteristics of Respondents

Variable	Characteristics	Frequency	Percentage (%)
Gender	Male	28	28,6
	Female	70	71,4
Age	21-30 years	48	49,0
	31-40 years	15	15,3
	41-50 years	12	12,2
	51-60 years	20	20,4
	61-70 years	2	2,0
	71-80 years	1	1,0
Personal Status	Single	35	36
	Married	63	64
Education	Elementary School	10	10,2
	Junior High School	6	6,1
	Senior High School	68	69,4
	Diploma	5	5,1
	Undergraduate	8	8,2
	Postgraduate	1	1,0
Work experience	1-9 years	69	70,4
	10-19 years	17	17,3
	20-29 years	6	6,1
	30-39 years	5	5,1
	40-49 years	1	1,0

Source: Primary Data Processed 2019.

Based on the results of table 3, it is clear that there are more women than men who took part in this research, 70 (71.4%) women and 28 (28.6%) men. The age of respondents was dominated by 21-30 years as many as 48 (49%) respondents and 51-60 years as many as 20 (20.4%). 63 (64%) of respondents were married and 35 single (36%). Respondent's education was dominated by senior secondary schools with 65 (69.4%) and 10 elementary schools (10.2%). In terms of work experience dominated by 1-9 years as many as 69 (70.4) and 10-19 years as many as 17 (17.3%).

Table 4. Data Regression Analysis

Variable	Kinerja Karyawan							
	Model 1 (β)	Model 2 (β)	Model 3 (β)	Model 4 (β)	Model 5 (β)	Model 6 (β)	Model 7 (β)	Model 8 (β)
Gender	-0,135	-0,090	-0,053	-0,042	-0,033	-0,014	-0,035	-0,008
Age	-0,037	-0,025	-0,063	-0,084	0,071	-0,087	-0,053	-0,078
Education	0,095	0,058	0,042	0,072	0,057	0,042	0,026	0,033
Work experience	0,175	0,164	0,252	0,189	0,182	0,239	0,236	0,232
Work Discipline		0,312*			0,156		0,192*	0,112
Compensation			0,477**			0,340**	0,421**	0,324**
Work motivation				0,459**	0,397**	0,311*		0,273
Work Discipline + Compensation							0,613*	0,436
R ²	0,061	0,155	0,274	0,261	0,280	0,348	0,307	0,358
Δ R ²	0,021	0,109	0,235	0,221	0,233	0,305	0,261	0,308

***p < 0,001; **p < 0,01; *p < 0,05

Source: Primary Data Processed 2019

Discussion

Relationship of Work Discipline on Employee Performance

Based on the results of data analysis it can be seen that the coefficient of beta (β) is 0.312 and p = 0.002. This shows that the first hypothesis (H1) is accepted, where work discipline has a positive and significant effect on employee performance. The contribution of the influence of work discipline on employee performance can be seen from the adjusted r square value of 0.109 or 10.9%, while the remaining 89.1% is influenced by other variables.

The coefficient value of beta (β) of 0.312 means that if the work discipline increases by one level, then employee performance will increase by one level of 0.312. Based on the results of this study support the findings of Ivo (2009), Tolo et al (2016), and Khasifah & Nugraheni, (2016) which show that work discipline has a positive influence on employee performance. While research conducted by Putri (2017), Riyanda (2017), Vellayati (2018) and Rahmayani (2018) found that work discipline had a positive and significant effect on employee performance.

Relationship of Compensation on Employee Performance

Based on the results of data analysis, it can be seen that the coefficient of beta (β) is 0.477 and p = 0.000. This shows that the second hypothesis (H2) is accepted, where compensation has a positive and significant effect on employee performance. The contribution of compensation to employee performance

is seen from the adjusted r square value of 0.235 or 23.5%, while the remaining 76.5% is influenced by other variables.

The coefficient value of beta (β) of 0.477 means that if compensation increases by one level, employee performance will increase by one level of 0.477. Based on the results of this study support the findings of Ali & Akram (2012), Aisha et al. (2013), Sopiah (2013), Sulistiantio, (2018), Idris et al (2017), Mardiyanti et al. (2018), Fitriani (2018), and Rifa'I et al (2019) show that compensation has a positive and significant effect. While the findings of Adeoye (2019) show that compensation has a weak and not significant effect on employee performance.

Relationship of Work Motivation on Employee Performance

Based on the results of data analysis, it can be seen that the coefficient of beta (β) is 0.459 and $p = 0.000$. This shows that the third hypothesis (H3) is accepted, where work motivation has a positive and significant effect on employee performance. The contribution of the influence of work motivation on performance can be seen from the adjusted r square value of 0.221 or 22.1%, while the remaining 77.9% is influenced by other variables.

The coefficient value of beta (β) of 0.459 means that if work motivation increases by one level, then employee performance will increase by one level of 0.459. Based on the results of this study support the findings of Putri (2017), Antaka (2018), Sulistiantio (2018), Fauzi, (2018) and Fitriani (2018) show that work motivation has a positive and significant effect on employee performance. While the findings of Adeoye (2019) show that work motivation has a weak and not significant effect on employee performance.

The Mediation of Work Motivation on the Relationship of Work Discipline on Employee Performance

Based on the results of data analysis it can be seen that the coefficient of beta (β) is 0.156 and $p = 0.119$. The contribution of mediating work motivation to the relationship of work discipline to employee performance can be seen from the adjusted r square value of 0.233 or 23.3%. This shows that the fourth hypothesis (H4) is accepted, where work motivation successfully mediates the relationship of work discipline to employee performance.

Based on the results of this study support the findings of Rahmayani (2018), Pradipto and Rahardja (2015), and Sholihin (2019) which show that work motivation mediates the relationship of work discipline to employee performance. The results of this study also support the opinions of Hasibuan (1996), Martoyo (2007) and Primandaru et al (2018) where work motivation as mediation can improve the relationship of work discipline on employee performance.

The Mediation of Work Motivation on the Relationship of Compensation on Employee Performance

Based on the results of data analysis it can be seen that the coefficient of beta (β) is 0.340 and $p = 0.000$. The contribution of mediating work motivation to the compensation related to employee performance can be seen from the adjusted r square value of 0.305 or 30.5%. This shows that the fifth hypothesis (H5) was accepted, where work motivation succeeded in mediating the compensation relationship on employee performance.

Based on the results of this study support the findings of Moempuny (2005), Hardiyana, et al (2013), Dito & Lataruva (2010), Safitri (2018), and Sholihin (2019) which show that work motivation

mediates the relationship of compensation to employee performance. This result also supports the opinion of Hasibuan (2014) that compensation can increase employee motivation to work. According to Primandaru et al (2018) where motivation is a factor that fosters enthusiasm at work.

Relationship of Work Discipline and Compensation on Employee Performance

Based on the results of data analysis, it can be seen that the beta coefficient (β) is 0.613 and $p = 0.042$. This shows that the sixth hypothesis (H6) is accepted, where work discipline and compensation have a positive and significant influence on employee performance. The contribution of the influence of work discipline and compensation on performance can be seen from the adjusted r square value of 0.261 or 26.1%.

Based on the results of this study support the findings of Khasifa & Nugraheni (2016), Putri (2017), Riyanda (2017), Rahmayani (2018) which shows that work discipline has a positive and significant effect on employee performance. While research conducted by Anis (2015), Sulistiantio (2018), Fitriani (2018) shows that compensation has a positive and significant effect on employee performance. The results of this study also support the findings of Kazan & Gumus (2013) showing employee performance is influenced by commitment, institutions, work discipline, work motivation, work environment, job satisfaction, compensation, and job promotion.

The Mediation of Work Motivation on the Relationship of Work Discipline and Compensation on Employee Performance.

Based on the results of data analysis it can be seen that the coefficient of beta (β) is 0.436 and $p = 0.242$. The contribution of mediating work motivation to the relationship of work discipline and compensation to employee performance can be seen from the adjusted r square value of 0.308 or 30.8%. This shows that the seventh hypothesis (H7) is accepted, where work motivation successfully mediates disciplinary relationships and compensation for employee performance.

Based on the results of this study support the findings of Pradipto & Rahardja (2015), Rahmayani (2018) and Sholihin (2019) which show that work discipline has a positive and significant effect on performance that is mediated by work motivation. While research conducted by Moempuny (2005), Dito and Lataruva (2010), Hardiyana et al (2013), Safitri (2018) and Sholihin (2019) showed that compensation had a positive and significant effect on employee performance mediated by work motivation. The results of this study also support the opinion of Hasibuan (1996) and Martoyo (2007) which states that work motivation as mediation can improve the relationship of work discipline to employee performance, whereas according to Primandaru et al (2018) where motivation is a factor that fosters one's morale at work.

Conclusion

Based on the findings found in the study, it can be concluded that: 1). Work discipline has a positive and significant effect on employee performance, 2). Compensation has a positive and significant effect on employee performance, 3). Work motivation has a positive and significant effect on employee performance, 4). Work motivation mediates the relationship of work discipline to employee performance, 5). Work motivation mediates the relationship of compensation to employee performance, 6). Work discipline and compensation have a positive and significant influence on employee performance, 7). Work motivation mediates the relationship between work discipline and compensation for employee performance. With the limitations of this research can provide suggestions for further research, so that it can contribute more broadly to MSMEs and the economy of a country

References

- Adeoye, A. O. (2019). Compensation Management And Employees' motivation In The Insurance Sector: Evidence From Nigeria. *Facta Universitatis, Series: Economics and Organization*, 16(1), 31-47.
- Adeoye, A.O. & Elegunde, A.F. (2014). Compensation Management and Motivation: Cooking Utensils for Organisational Performance. *Mediterranean Journal of Social Sciences*, 5 (27), 88-97.
- Aisha, A., Hardjomidjojo, P., & Yassierli, A. (2013). Effects of working ability, working condition, motivation and incentive on employees multi-dimensional productivity. *International Journal of Innovation, Management and Technology*, 4(6), 1-5.
- Aktar, S., Sachu, M. K., & Ali, M. E. (2012). The impact of rewards on employee performance in commercial banks of Bangladesh: an empirical study. *IOSR Journal of Business and Management*, 6(2), 9-15.
- Ali, A., & Akram, M. N. (2012). Impact of Financial Rewards on Employee's Motivation and Satisfaction in Pharmaceutical Industry, Pakistan. *Global Journal of Management and Business Research*, 12(17), 44-49.
- Anis, B, F., (2015). Pengaruh Kompensasi Finansial Dan Non Finansial Terhadap Kinerja Karyawan Pada Pt. Bank Mandiri (Persero) Tbk. Jakarta Pusat. Tesis. Universitas Gadjah Mada.
- Antaka, P, F., (2018). *Pengaruh Motivasi Kerja Dan Beban Kerja Terhadap Kinerja Karyawan Dipo Lokomotif Dan Kereta Pt. Kereta Api Indonesia (Persero) Daerah Operasi 6 Yogyakarta*. Tesis. Universitas Negeri Yogyakarta.
- Azhar, M., & Akbar, S. (2013). The effect of work motivation on employees' job performance (Case study: employees of Isfahan Islamic Revolution Housing Foundation). *International journal of academic research in business and social sciences*, 3(9), 432-445.
- Bangun, W. (2012). *Human Resource Management. Bandung: Erlangga*
- Brownell, P., & McInnes, M. (1986). Budgetary participation, motivation, and managerial performance. *Accounting review*, 61(4), 587-600.
- Burack, E. H., & Smith, R. D. (1982). *Personnel management: A human resource system approach*. John Wiley & Sons.
- Byars, L. L., & Leslie, W. (2000). *Human Resources Management, 6th Edition, Irwin Mc Graw-Hill, Boston*.
- Dessler, G. (2000). *Human Resource Management*. 8th Edition. Prentice-Hall. Inc:Upper Saddle River, New Jersey.
- Dito, A. H., & LATARUVA, E. (2010). *Pengaruh kompensasi Terhadap kinerja karyawan PT. Slamet langgeng purbalingga Dengan motivasi kerja Sebagai variabel intervening* (Doctoral dissertation, Universitas Diponegoro).
- Efendi, R., Indartono, S., & Sukidjo, S. (2019). The Mediation of Economic Literacy on the Effect of Self Control on Impulsive Buying Behaviour Moderated by Peers. *International Journal of Economics and Financial Issues*, 9(3), 98.
- Efendi, R., Indartono, S., & Sukidjo, S. (2019). The Relationship of Indonesia's Poverty Rate Based on Economic Growth, Health, and Education. *International Journal of Multicultural and Multireligious Understanding*, 6(2), 323-330.
- Egbu, C., Botterill, K., & Bates, M. (2001, September). The influence of knowledge management and intellectual capital on organizational innovations. In Proceedings of the 17th Annual Conference of the Association of Researchers in Construction Management (ARCOM) (pp. 186-196).
- Fauzi, L, I., (2018). *Pengaruh Motivasi Kerja Dan Pengalaman Kerja Terhadap Kinerja Karyawan (Studi Kasus Karyawan Pt Adi Satria Abadi)*. Tesis, Universitas Negeri Yogyakarta.
- Feldman, D. C., & Arnold, H. J. (1983). *Managing individual and group behavior in organizations*. New York: McGraw-Hill College.
- Fitriani, R. (2018). *Pengaruh Disiplin Kerja Dan Motivasi Kerja Terhadap Kinerja Karyawan di FAVE Hotel Malioboro Yogyakarta*. Tesis. Universitas Negeri Yogyakarta.

- George, J. M., Jones, G. R., & Sharbrough, W. C. (2005). *Understanding and managing organizational behavior*. Upper Saddle River, NJ: Pearson Prentice Hall.
- Gibson, J. L. J. M., & Donnelly Jr, J. H. (1994). *Organizations: behavior, structure, processes*/James L. Gibson, John M. Ivancevich, James H. Donnelly, Jr (No. 658.4 G5 1994.).
- Gohari, P., Ahmadloo, A., Boroujeni, M. B., & Hosseinipour, S. J. (2013). The Relationship Between Rewards and Employee Performance. *Interdisciplinary Journal of Contemporary Research in Business*, Vol. 5(3), 543-570.
- Griffin, R. W., (2000), *Fundamentals of Management*, 2nd Edition: Core Concepts and Applications, Houghton Mifflin, Boston. P.389-390.
- Hasibuan, M. S. (1996), *Organisasi dan Motivasi & Dasar-dasar Peningkatan Produktivitas*, Jakarta: Bumi Aksara
- Hardiyana, A., Iskandar, S., & Nurlaila, L. (2013). Pengaruh Budaya Organisasi Dan Kompensasi Terhadap Motivasi Kerja Serta Implikasinya Terhadap Kinerja Guru. *Jurnal Ekonomi, Bisnis & Entrepreneurship*, 7(2), 64-73.
- Hasibuan, M. S. (2014). *Manajemen Sumber Daya Manusia (Revisi)*. Jakarta: Bumi Aksara.
- Helmi, F. (2006). *Manajemen Kinerja SDM*. Jakarta: Alfabeta.
- House, R.J.. (1971). A Path Goal Theory of Leadership Effectiveness. *Administrative Science Quarterly*, 16(3), 321-328.
- Idris, M. H., Hamzah, D., Sudirman, I., & Hamid, N. (2017). The relevance of financial and non-financial compensation on professionalism and lecturers performance: Evidence from Makassar Private Universities (Indonesia). *Journal of Asian Development*, 3(2), 162-180.
- Ivancevich, Konopaske, & Matteson. (2014). *Organizational Behavior & Management*. New York: McGraw-Hill.
- Ivo, J., (2009). *Pengaruh Pemberian Kompensasi Kerja, Penerapan Disiplin Kerja Guru Terhadap Kinerja Guru SMA BOKPKRI di Yogyakarta*. Tesis. Universitas Gadjah Mada.
- Kazan, H., & Gumus, S. (2013). Measurement of employees' performance: A state bank application. *International Review of Management and Business Research*, 2(2), 429-441.
- Khasifah, F., & Nugraheni, R. (2016). Pengaruh Disiplin Kerja, Beban Kerja dan Lingkungan Kerja terhadap Kinerja Pegawai (Studi pada Balai Besar Wilayah Sungai Pemali Juana). *Diponegoro Journal of Management*, 5(1), 334-340.
- Kotur, B. R., & Anbazhagan, S. (2014). Education and work-experience-influence on the performance. *Journal of Business and Management*, 16(5), 104-110.
- Kreitner, R., Kinicki, A., & Fagan, P. D. (2001). *Videos to Accompany Organizational Behavior*, 5/e. Irwin/McGraw-Hill.
- Luthans, F. (1995). *Organizational Behaviour*. International Edition. Seventh Edition. New York: McGraw-Hill, Inc.
- Manik, S. (2016). Faktor-Faktor yang Mempengaruhi Pemberian Kompensasi pada Karyawan Bank. *Al-Masraf: Jurnal Lembaga Keuangan dan Perbankan*, 1(2), 229-224.
- Mathis, R. L., & Jackson, J. H. (2006). *Human resource management*. Mason, OH: Thomson/South-Western.
- Mardiyanti, O. A., Utami, H. N., & Prasetya, A. (2018). The Effect Of Financial Compensation And Non Financial Compensation On Employees'performance Through Job Satisfaction As An Intervening Variable (Study on Permanent Employees of PT Citra Perdana Kendedes in Malang, East Java). *Jurnal Administrasi Bisnis*, 62(1), 135-144.
- Martoyo, S. (2007). *Manajemen Sumber Daya Manusia*, edisi kelima. Yogyakarta: BPFE.
- Mitchell, T. R., & Larson, J.R. (1987). *People in Organization: An introduction to organizational behavior*. 3rd Edition. New York: McGraw- Hill.
- Moempuny, S. (2005). Pengaruh Kepuasan Kerja Dan Penghasilan Terhadap Kinerja Pegawai Tidak Tetap Kabupaten Bantul Dengan Motivasi Kerja Sebagai Variabel Intervening. Tesis, Universitas Gadjah Mada.

- Mondy, R. W., Robert M. N., dan Shane R. P. (1993). *Human Resource Management*. Fifth Edition. Massachusetts: Allyn and Bacon.
- Mulyadi, D., & Syafitri, A. (2019). Pengaruh Kepemimpinan Dan Motivasi Kerja Terhadap Kinerja Karyawan Di Bank Bjb Syariah Cabang Bogor. *Jurnal Ilmiah Binaniaga*, 11(2), 33-38.
- Murgianto, S. S. & Suhermin. (2016). The Effects Of Commitment, Competence, Work Satisfaction On Motivation, And Performance Of Employees At Integrated Service Office Of East Java. *International Journal of Advanced Research*, 3(1), 378-396.
- Nitisemito, A. S. (1996). Manajemen personalia. *Jakarta: Ghalia Indonesia*.
- Notoatmodjo, S. (2009). Pengembangan Sumber Daya Manusia Cetakan Keempat. *Jakarta: Penerbit Rineka Cipta*.
- Podsakoff, P. M., Todor, W. M., & Skov, R. (1982). Effects of leader contingent and noncontingent reward and punishment behaviors on subordinate performance and satisfaction. *Academy of management journal*, 25(4), 810-821.
- Pradita, M. Y. (2017). Pengaruh Kompensasi, Gaya Kepemimpinan dan Karakteristik Tenaga Pemasar terhadap Motivasi dan Kinerja Tenaga Pemasar pada PT. Bank Rakyat Indonesia (Persero) Tbk. Cabang Jombang. *Jurnal Bisnis dan Manajemen*, 4(2), 153-164.
- Pradipto, S., & Rahardja, E. (2015). *Analisis Pengaruh Gaya Kepemimpinan Dan Disiplin Kerja Terhadap Kinerja Pegawai, Dengan Motivasi Kerja Sebagai Variabel Intervening (Studi Pada Dinas Pendidikan Provinsi Jawa Tengah)* (Doctoral dissertation, Fakultas Ekonomika dan Bisnis).
- Prawirosentono, S. (1999). Employee Performance Policy. *Yogyakarta: BPFE*.
- Primandaru, D. L., Tobing, D. S., & Prihatini, D. (2018). Pengaruh Motivasi Kerja Dan Lingkungan Kerja Terhadap Kepuasan Kerja, Disiplin Kerja Dan Kinerja Karyawan Pt. Kereta Api Indonesia (Persero) Daop Ix Jember. *Jurnal Bisnis dan Manajemen*, 12(2), 204-211.
- Putri, F. (2017). *Pengaruh Gaya Kepemimpinan Dan Motivasi Kerja Terhadap Kinerja Karyawan di RSKB Dipenogoro Dua Satu Klaten*. Tesis, Universitas Negeri Yogyakarta.
- Rahmayani, N., (2018). *Pengaruh Gaya Kepemimpinan Dan Disiplin Kerja Terhadap Kinerja Pegawai Dengan Motivasi Kerja Sebagai Variabel Intervening (Studi Pada Badan Perencanaan Pembangunan Daerah Kabupaten Kulon Progo)*. Tesis, Universitas Gadjah Mada.
- Robbins, S, P. (1997). *Essentials of Organizational Behaviour*. Fifth Edition. New Jersey: Prentice Hall International, Inc.
- Rifa, M. N., Sukidjo, S., & Efendi, R. (2019). The Performance of Employees Influenced by Leadership Styles and Compensation. *International Journal of Multicultural and Multireligious Understanding*, 6(6), 581-587.
- Rivai, V, F., dan Basri, A.F.M. (2005). *Perfomance Appraisalm*. Jakarta : PT. Raja Grafindo Persada.
- Riyanda, M. (2017). *Pengaruh Gaya Kompetensi dan Disiplin Kerja Terhadap Kinerja Pegawai Pada Dinas Perizinan Kota Yogyakarta*. Tesis. Universitas Negeri Yogyakarta.
- Safitri, R. P. (2018). Pengaruh Budaya Perusahaan Terhadap Motivasi Kerja Dan Dampaknya Pada Kinerja Karyawan. *Journal of Management Review*, 2(2), 198-202.
- Sartono, M., Yulianeu, Y., & Hasiholan, L. B. (2018). Pengaruh Kompensasi, Motivasi Kerja Dan Komitmen Organisasi Terhadap Turnover Intention. *Journal of Management*, 4(4).
- Shahzadi, I., Javed, A., Pirzada, S. S., Nasreen, S., & Khanam, F. (2014). Impact of employee motivation on employee performance. *European Journal of Business and Management*, 6(23), 159-166.
- Sharma. (1996). Applied multivariate techniques. New York: John Willey & Sons.
- Sholihin, M. (2019). Analisis Pengaruh Kepemimpinan, Budaya Organisasi, Dan Kompensasi, Terhadap Kinerja Karyawan Ama Ypk Yogyakarta Dengan Motivasi Kerja Sebagai Variabel Intervening. *ALBAMA*, 9(2), 95-134
- Sinungan, M. (2005). *Produktivitas apa dan Bagaimana*. Jakarta: Bumi Aksara
- Sopiah. (2013). The Effect of Compensation toward Job Satisfaction and Job Performance of Outsourcing Employees of Syariah Banks in Malang Indonesia. *International Journal of Learning & Development* , 3(2), 77-91.

- Steers, Richard M., Lyman W. Porter, Greogry A. Bigley, (1996), *Motivation and Leadership At Work, Sixth Edition.*, The Mc Graw-Hill Companies, Inc., Singapore.
- Stoner, James A.F. and Charles Wenkel. (1986). *Management*. Third Edition, Englewood Cliffs, New Jersey: Prentice Hall International, Inc.
- Sudarmanto,. (2009). *Kinerja dan Pengembangan Kompetensi SDM Teori, Dimensi dan Implementasi dalam Organisasi*. Yogyakarta; Pustaka Pelajar.
- Sugiyono. (2015). *Metode Penelitian Pendidikan (pendekatan kuantitatif, Kualitatif, dan R&D)*. Bandung: Alfabeta.
- Sulistianto, H., (2018). *Pengaruh Motivasi Kerja Dan Kompensasi Terhadap Disiplin Kerja Karyawan Pdam Intan Banjar, Banjarbaru, Kalimantan Selatan*. Tesis. Universitas Negeri Yogyakarta.
- Sutrisno, S., Fathoni, A., & Minarsih, M. M. (2016). Pengaruh Motivasi dan disiplin Kerja Terhadap Kinerja Pegawai di Kantor Satuan Polisi Pamong Praja Kota Semarang. *Journal of Management*, 2(2), 1-12
- Tambunan, T. (2012). *Usaha mikro kecil dan menengah di Indonesia: isu-isu penting*. Jakarta: LP3ES.
- Tolo, I., Sepang, J. L., & Dotulong, L. O. (2016). Effect Of Job Skills, Discipline Of Work And Work Environment On Employee Performance At The Department Of Youth And Sports (Dispora) Manado. *Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis dan Akuntansi*, 4(3), 256-267.
- Vellayati, W, A., (2018). *Pengaruh Kualitas Pelayanan Publik Dan Disiplin Kerja Pegawai Terhadap Kepuasan Masyarakat di Kantor Balai Desa Rowosari Kecamatan Ulujami Kabupaten Pemalang*. Tesis. Universitas Negeri Yogyakarta.
- Widodo, T. T., Alamsyah, N., & Utomo, C. B. (2018). Analisis Pengaruh Gaya Kepemimpinan, Disiplin Kerja Dan Pelatihan Kerja Terhadap Kinerja Karyawan Di PT Telkom Indonesia Cabang Batam. *Jurnal Industri Kreatif (Jik)*, 2(1), 97-104.
- Wirawan. (2009). *Evaluation of Human Resource Performance*. Jakarta: Salemba Empat.
- Yuliana, M., Hasiholan, L. B., & Gagah, E. (2017). Pengaruh Lingkungan Kerja, Disiplin Kerja, Dan Kepuasan Kerja Terhadap Kinerja Karyawan Bmt Taruna Sejahtera Ungaran. *Journal of Management*, 3(3), 1-11
- Yusuf, E., & Efendi, R. (2019). Student Entrepreneurial Interests that are influenced by Income Expectations, Entrepreneurship Education, and Self Efficacy. *International Journal of Multicultural and Multireligious Understanding*, 6(6), 272-580.
- Zameer, H., Ali, S., Nisar, W., & Amir, M. (2014). The impact of the motivation on the employee's performance in beverage industry of Pakistan. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 4(1), 293-298.

Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).