



## The Effect of Work Discipline and Compensation on Employee Performance

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### **Abstract**

Employee performance is something that is needed by a company, where employee performance is one indicator that makes the company remain productive in doing business. Employee performance is influenced by various factors such as work discipline and compensation. Therefore, the purpose of this research is to determine the effect of work discipline and compensation on employee performance. This research methodology is ex-post facto with a Quantitative Approach. Respondents in this research were 40 employees of PT Tirta Kencana Tata Warna Bengkulu taken with a total sampling technique. The data analysis method in research uses multiple regression. The results of the research are as follows: 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 discipline and Compensation together affect employee performance by 34.4% and by 65.6% influenced by variables outside this research.

**Keywords:** *Employee Performance; Work Discipline; Compensation*

### **1. Introduction**

Performance is something that must be owned by a company. Performance is important because it is a function of motivation and ability, and with the performance of company employees can achieve the targets set (Efendi, 2020). Employee performance is influenced by various factors, one of which is work discipline and compensation (Efendi, Rifa'i, Bahrin, Milla, and Suharmi, 2020). Where Efendi et al (2020) found work discipline and compensation had a positive and significant effect on employee performance.

Compensation also affects employee performance positively and significantly (Rifa, Sukidjo, and Efendi, 2019). Research conducted by Pangastuti, Sukirno, and Efendi (2020) also found compensation to have a positive and significant effect on employee performance. The same thing was also found by Aktar et al (2012) where compensation has a positive and significant effect on employee performance. while research conducted by Tanjung (2019) found that work discipline and compensation positively and significantly affected employee performance.

Based on the phenomena that occur and some research results it can be seen that work discipline and compensation have a relationship to employee performance. Then the purpose of this research is to

determine the effect of work discipline and compensation on employee performance. So that in the future it can contribute to decision making in a company for the achievement of common goals both corporate employees and the government.

## **Work Discipline**

One of the factors that influence employee performance is work discipline and compensation (Kazan and Gumus, 2013). Work discipline according to Efendi et al (2020) is individual behavior that complies with regulations and policies set by the organization. Work discipline is also the company's action to direct members of the company's organization to comply with various existing company regulations (Yuliana et al 2017). Meanwhile, according to Susanto (2019) work discipline is a positive behavior in running company regulations.

An employee's work discipline is influenced by various factors, namely: 1). Objectives and abilities, 2). Exemplary leadership, 3). Justice, 4). Supervision, 5). Penalty sanctions, 6). Assertiveness, 7). Reply services, 8). Human relations (Hasibuan, 2014). While indicators of work discipline according to Sinungan (2005) are Attendance, Attitude and Behavior, and Responsibility. Meanwhile According to Efendi et al (2020) indicators of work discipline are as follows: 1). Timeliness, 2). How to use work equipment, 3). Responsibility, 4). Compliance with work rules.

## **Compensation**

Compensation is all kinds of things received by employees from the organization in the form of direct financial compensation, indirect financial, and non-financial (Efendi et al, 2020). According to Robbins (1997) compensation comes from two kinds, namely internal and external. Compensation is also the income that employees receive from the organization in the form of money and goods (Sartono, et al 2018). Compensation is also influenced by various factors such as 1). Collaborative ties, 2). Job satisfaction, 3). Effective procurement, 4). Motivation, 5). Stability, 6). Discipline (Hasibuan, 2014). Meanwhile, 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.

The compensation indicators are as follows: 1). Financial compensation, 2). Non-financial compensation (Mondy et al, 1993). Other indicators of compensation are 1). Direct financial compensation, 2). Indirect financial compensation, 3). Non-financial compensation (Dessler, 2000). Whereas in the research of Efendi et al (2020) and Pangastuti et al (2020) compensation indicators are direct financial compensation, indirect financial compensation, and non-financial compensation.

## **Employee Performance**

Performance is important because it is a function of motivation and ability, and with the performance of company employees can achieve the targets set (Efendi, 2020). According to Kusjono and Fimansyah (2020) performance is the answer to the success or failure of the goals set by the organization. Meanwhile, according to Melati et al (2020) performance is an achievement of work that has been set by a company organization.

Performance is influenced by several factors, namely ability, motivation, and environment (Griffin, 2000). Meanwhile according to Kotur and Anbazhagan (2014) performance is influenced by educational factors. Employee performance is measured by five indicators, namely 1). Quality, 2). Quantity, 3). Timeliness, 4). Presence, 5). Cooperation (Build, 2012). While employee performance

according to Efendi et al (2020) and Pangastuti et al (2020) is measured through quality, quantity, timeliness, attendance, and cooperation.

## 2. Research Framework and Hypothesis

### The Effect of Work Discipline on Employee Performance

Research conducted by Susanto (2019) found that work discipline has a positive and significant effect on employee performance. Research conducted by Efendi et al (2020) found work discipline has a positive and significant effect on employee performance. The same thing was also found by Tanjung (2019) and Yuliana et al (2017) that work discipline had a positive and significant effect on employee performance. Research conducted by Rahmayani (2018) found work discipline had a positive effect on employee performance.

H<sub>1</sub>: Work discipline has a positive and significant effect on employee performance.

### The Effect of Compensation on Employee Performance

Research conducted by Efendi et al (2020) found Compensation to have a positive and significant effect on employee performance. Research conducted by Pangastuti (2020) and Rifa et al (2019) found that compensation had a positive and significant effect on employee performance. The same thing was also found by Aktar et al (2012), Tanjung (2019), and Fitriani (2018) where compensation had a positive and significant effect on employee performance.

H<sub>2</sub>: Compensation has a positive and significant effect on employee performance.

Based on various theoretical explanations, research findings, and the development of hypotheses regarding the effect of work discipline and compensation on employee performance. Then the research framework in (Figure 1) is as follows:

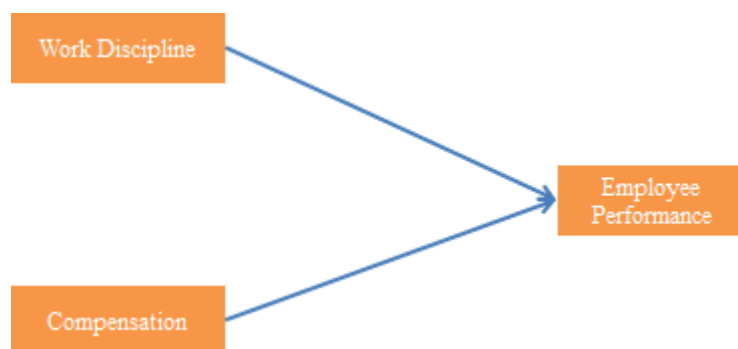


Figure 1. Research Framework

## 3. Methodology

This research uses ex-post facto research with a quantitative approach. Ex-post facto is a research conducted to examine an event that has occurred and then trace back to find out the factors that caused the

occurrence (Sugiyono, 2015), a quantitative approach is data in the form of numbers or qualitative data that is framed. In this research using the method of data analysis is multiple regression. The population in this research were 40 employees of PT Tirta Kencana Tatawarna Bengkulu. The sampling technique uses total sampling technique where the entire population under 100 respondents is used as the entire research sample.

#### 4. Findings

The analysis in this research is to use descriptive statistics and multiple regression. The results of data analysis in this research are as follows:

**Table 1. Characteristics of Respondents**

Variable	Characteristics	Frequency	Percentage (%)
Gender	Male	35	87,5
	Female	5	12,5
Age	21-30 Years	4	10
	31-40 Years	34	85
	41-50 Years	2	5
Status	Married	35	87,5
	Single	5	12,5
Education	Senior High School	8	20
	Diploma	10	25
	Undergraduate	22	55
Work Experience	1-5 Years	5	12,5
	6-10 Years	15	37,5
	11-20 Years	20	50

Source: Primary Data Processed

**Table 2. Results of Regression Analysis**

Variable	Koef. Regression (B)	T Statistic	Sig.
Work Discipline	0.552	3.214	0.003
Compensation	0.603	3.945	0.000
Constant	21.225		
R	0.587		
R <sup>2</sup>	0.344		
F Statistic	9.701		
Sig	0.000		

Source: Primary Data Processed

### **The Effect of Work Discipline on Employee Performance**

Based on the results of the regression analysis, it is known that the work discipline has an influence on employee performance, indicated by the regression coefficient of 0.552. At a significance level of 5%, the calculated t value of 3,214 with a significance of 0.003. With this result, the first hypothesis can be accepted that work discipline has a positive and significant effect on employee performance.

### **The Effect of Compensation on Employee Performance**

Based on the results of the regression analysis, it is known that compensation has an effect on employee performance, indicated by the regression coefficient value of 0.603. At a significance level of 5%, it is known that the t value is 3,945 with a significance of 0,000. With this result, the first hypothesis can be accepted that compensation has a positive and significant effect on employee performance.

### **R Square Determination Coefficient (R<sup>2</sup>)**

R Square determination coefficient is used to show how much percentage of work discipline and compensation variables together in influencing employee performance variables. The results of multiple regression analysis indicate that the coefficient of determination R<sup>2</sup> has a value of 0.344 or it can be said that 34.4% of employee performance is influenced by variables of work discipline and compensation. While the remaining 65.6% is influenced by other variables outside this research.

## 5. Discussion

### The Effect of Work Discipline on Employee Performance

Based on the results of research that has been analyzed there is a positive and significant effect between work discipline on employee performance. This is indicated by the regression coefficient value of 0.552. At a significance level of 5%, the calculated t value of 3,214 with a significance of 0.003. It can be concluded that the higher the work discipline, the higher the employee performance. Conversely the lower the work discipline, the lower the performance of employees.

The results of this research support the research conducted by Susanto (2019) who found work discipline has a positive and significant effect on employee performance. The results of research conducted by Efendi et al (2020) who found work discipline has a positive and significant effect on employee performance. The same thing was also found by Tanjung (2019), Rahmayani (2018), and Yuliana et al (2017) that work discipline had a positive and significant effect on employee performance.

### The Effect of Compensation on Employee Performance

Based on the results of research that has been analyzed there is a positive and significant effect between compensation on employee performance. This is indicated by the regression coefficient value of 0.603. At a significance level of 5%, it is known that the t value is 3,945 with a significance of 0,000. It can be concluded that the higher the compensation the higher the employee's performance. Conversely the lower the compensation, the lower the employee's performance.

The results of this research support the research conducted by Efendi et al (2020) who found compensation has a positive and significant effect on employee performance. Research conducted by Pangastuti (2020) and Rifa et al (2019) found that compensation had a positive and significant effect on employee performance. The same thing was also found by Aktar et al (2012), Tanjung (2019), and Fitriani (2018) where compensation had a positive and significant effect on employee performance.

### R Square Determination Coefficient ( $R^2$ )

The results of this research indicate that there is a positive and significant effect between work discipline and compensation on employee performance. This is indicated by the results of the test results with the F test that obtained the calculated F value of 9,701 with a significance value of F of 0,000 or  $F < 0.05$ . R Square determination coefficient is used to show how much percentage of work discipline and compensation variables together in influencing employee performance variables.

The results of multiple regression analysis show that the coefficient of determination  $R^2$  has a value of 0.344 or it can be said that 34.4% of work discipline and compensation affect employee performance. While the remaining 65.6% is influenced by variables outside this research. With this result we can know that work discipline and compensation play an important role in employee performance, this should be a reference by the company to improve the performance of its employees to create a superior product to attract the community. The general public is interested in products that have good quality and people tend to have impulsive buying properties for the goods they like (Efendi, Indartono, and Sukidjo, 2019). With the increasing purchasing power of the community in the company's products, the company will receive a lot of income so that it can provide good and proper compensation to each of its employees. Based on that, each company can reduce social inequality or poverty and increase economic growth in a country (Efendi, Indartono, and Sukidjo, 2019).

## Conclusion

Based on the results and discussion in the research, 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 discipline and Compensation together affect employee performance by 34.4% and by 65.6% influenced by variables outside this research. Together with the limitations in this research, it is hoped that it can become a reference material for future research in the future.

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