

The Effect of Compensation and Work Discipline on Employee Performance

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Abstract

The formulation of the research problem is: is there an effect of compensation and work discipline on employee performance at PT. Sumatran Golden Blossom? This research includes associative research. The population in this study was 113 people with a sample of 88 people using the Proportionate Stratified Random Sampling technique. The data collection method in this study was a questionnaire and interviews used were multiple linear regression with the F test hypothesis, t test, and the coefficient of determination. The results of the research analysis show that: 1) there is a significant effect of compensation and work discipline on the performance of employees of PT. Golden Blossom Sumatra Pali District; 2) there is a significant effect of compensation on the performance of employees of PT. Golden Blossom Sumatra Pali District; and 3) there is a significant effect of work discipline on the performance of employees of PT. Golden Blossom Sumatra Pali District.

Keywords: compensation, discipline, performance.

1. Introduction

The quality of human resources in general is often associated with the knowledge possessed, abilities and experience possessed. Thus the survival of a company depends on the quality and quantity of employee performance. Leaders in a company must pay attention to their employees so that the performance of employees in the company can increase. Leaders' attention to these various factors is a form of activity that can improve employee performance in carrying out work. The company's success is greatly influenced by the performance of individual employees. Every company will always try to get the best performance from its employees, with the hope that the company's goals will be achieved. Performance is the basis of an organization that is strongly influenced by individual characteristics, individual motivation, expectations, and assessments made by management on the achievement of individual work results (Kasmir, 2017: 182-183). Performance can be interpreted as an illustration of the level of achievement of the implementation of an activity or program in realizing the goals, objectives, mission and vision of an organization that depends on the strategic plans of an organization or company. Performance can be interpreted as a description of the level of achievement of the implementation of an activity or program in realizing the goals, objectives, mission and vision of an organization that depends on the strategic plans of an organization or company. Factors that affect the performance of abilities and skills, work discipline, knowledge, work plans, and organizational culture. Performance is influenced by several factors, namely compensation and discipline. Organizations that show little in providing compensation and discipline will greatly affect employee performance. Improvements to the system of providing compensation and applying discipline are very important to do

with the aim of increasing employee performance.

The importance of this compensation can be seen from the meaning of the compensation. Where compensation is all income in the form of money, goods directly or indirectly received by employees in return for services provided to the company. Compensation is divided into two, namely direct compensation in the form of salaries and incentives, and indirect compensation in the form of office facilities, holiday allowances, health benefits, and uniforms (Hasibuan 2019). Another factor aside from compensation is discipline which will greatly impact employee performance. Discipline is the attitude of a person's willingness and willingness to obey and comply with the norms of the regulations that apply around him. Work discipline is one's awareness of complying with all applicable company regulations and social norms (Singodimedjo In Edy Sutrsno, 2017).

PT Golden Blossom Sumatra is a private company that was established on January 7, 2006, which has strengthened its position as a producer of the palm oil industry in Indonesia. PT Golden Blossom Sumatra is located in Pali district. PT Golden Blossom Sumatra is engaged in processing palm oil. Quality problems are also one of the problems that occur in research sites, the low quality of employees is evidenced by the fact that there are still many employees working who have not reached the targets set by the company because employees still behave lazily when office hours start, employees are still seen discussing outside, as well as the problem of the low quantity of employees, this is evidenced, there are some employees playing cell phones during office operating hours, several other activities that hinder the completion of work, there are some employees who are still not adept at completing their work. It can be seen when an employee does his work that is sufficiently done by one person but is done by two people. Other problems, namely the problem of time which is one of the factors that affect employee performance, at the research site it was found that several workers did not complete their assignments on time, files piled up and were not completed immediately, causing work to be completed quickly but there was a setback in completion. Other causal factors are the same as those discussed earlier.

Employee performance is influenced by several factors, one of which is the compensation factor. On this factor, there are several indicators of problems in terms of payroll, this condition is characterized by not timely payments and low basic salary. The basic salary is still below the 2021 South Sumatra Provincial Minimum Wage (UMP), a real example is when the salary received by employees is Rp. 2,700,000 while the minimum wage for South Sumatra Province (UMP) is Rp. 3,144,446. In fact, there are often delays in paying employee salaries that should be paid at the beginning of the month but are paid in the middle of the month. Another problem hindering employee activities related to compensation is the transportation problem. For the transportation of PT. Golden Blossom Sumatra already has an employee shuttle bus but the problem according to the employees is that the number of buses provided does not match the number of employees who will use the bus, so that employees often cannot take advantage of the transportation facilities provided by the company. Employees still often use private vehicles, where the reimbursement of personal transportation is not given to employees. Meanwhile, bonuses for employees who have carried out activities to achieve company targets are often not given additional bonuses so that in reality employees often work beyond the company's targets and do not get bonuses. so that employees often cannot take advantage of the

transportation facilities provided by the company. Employees still often use private vehicles, where the reimbursement of personal transportation is not given to employees. Meanwhile, bonuses for employees who have carried out activities to achieve company targets are often not given additional bonuses so that in reality employees often work beyond the company's targets and do not get bonuses. so that employees often cannot take advantage of the transportation facilities provided by the company. Employees still often use private vehicles, where the reimbursement of personal transportation is not given to employees. Meanwhile, bonuses for employees who have carried out activities to achieve company targets are often not given additional bonuses so that in reality employees often work beyond the company's targets and do not get bonuses. Furthermore, work discipline at PT. Golden Blossom Sumatra also affects employee performance, this can be seen from the inherent supervision problem (Waskat).

Inherent supervision in the company has not been maximized. Often employee mistakes occur repeatedly because of supervision. For example, there are some employees who still come not according to the hours set by the company, but because there is no supervision, it still happens repeatedly. In imposing sanctions and punishments for leaders at PT. Golden Blossom Sumatra in accordance with field observations states that leaders are still selective in imposing sanctions and punishments, for example if employees who are considered close when they make mistakes, the sanctions given are light, not in accordance with company operational standards (SOP). Another problem is the firmness of the leaders at PT. It is felt that Golden Blossom Sumatra is still lacking, in imposing punitive sanctions on employees who are undisciplined, for example there are several employees who do not enter without permission and do not wear the uniform that has been determined by the company, and are not given a warning according to their mistakes.

The purpose of this study was conducted to determine the effect of compensation and work discipline on performance at PT. Golden Blossom Sumatra. In addition, there are benefits to be gained from this research for the author, for the company, for the company, for the alma mater/university. Benefits for the writer that is able can provide a practical picture of the theory that has been obtained during lectures, especially in the HR concentration. The benefits for the company are for provide advice and input to the company in order to improve the quality of existing Human Resources so that it can be used as a performance evaluation, and become a consideration in developing strategies to improve performance in the future. While the benefits for the alma mater/university are so that can be a source of reference for further research, especially research that has relatively the same topic.

2. Literature Review

Performance. Wibowo (2017) suggests that performance can be seen as both a process and a result of work. Performance is also a process of how work takes place to achieve work results. performance within the organization, both elements of leadership and work. Armstrong (in Wibowo 2017) performance management is a system through which an organization sets work goals, considers work standards, provides and evaluates work, provides performance feedback, considers training and development needs and distributes awards.

Compensation. Malayu SP Hasibuan (2018) argues that compensation is all income in the

form of money and direct goods or indirect goods, which employees receive as compensation and services provided to the company. Thomas H. Stone (2018) states that compensation is any form of payment given to employees in exchange for the work they provide to their employers.

Work Discipline. Malayu SP Hasibuan (2018) suggests Discipline is a person's awareness of obeying all company regulations and applicable social norms. Edy Sutrisno (2017) states that discipline is an attitude of willingness and willingness of a person to obey and obey the norms of regulations that apply around him. Good employee discipline will accelerate the company's goals, while declining discipline will become a barrier and slow down the achievement of company goals.

3. Research Method

The type of research used is associative research, namely research that aims to determine the relationship between two or more variables in question is compensation and work discipline on the performance of employees of PT. Golden Blossom Sumatra. The research location was conducted at PT. Golden Blossom Sumatra, PALI District, which is located in Prambatan Village, Tanjung Kurung, ABAB District, Penukal Abab Lematang Ilir (PALI), South Sumatra, 31315. The population in this study were all employees of PT Golden Blossom Sumatra. totaling 113 employees. The sample in this study were 88 employees of PT Golden Blossom Sumatra. In research data used are primary data and secondary data. Where the primary data is obtained from the main data which is the result of the respondents' answers to the questionnaire that was circulated, while secondary data in the form of supporting data was obtained through the staffing section, namely production data, data on the number of employees, and data on the education level of employees of PT Golden Blossom Sumatra. Data collection methods that will be used in this study are questionnaire and interview techniques. Interviews with direct communication with employees in the company PT. Sumatra Golden Blossom. And a questionnaire in the form of written questions given to employees at PT. Sumatra Golden Blossom. Data analysis used in this research is qualitative analysis which is quantified, qualitatively it is used with a Likert scale. Data collection methods that will be used in this study are questionnaire and interview techniques. Interviews with direct communication with employees in the company PT. Sumatra Golden Blossom. And a questionnaire in the form of written questions given to employees at PT. Sumatra Golden Blossom. Data analysis used in this research is qualitative analysis which is quantified, qualitatively it is used with a Likert scale. Data collection methods that will be used in this study are questionnaire and interview techniques. Interviews with direct communication with employees in the company PT. Sumatra Golden Blossom. And a questionnaire in the form of written questions given to employees at PT. Sumatra Golden Blossom. Data analysis used in this research is qualitative analysis which is quantified, qualitatively it is used with a Likert scale.

4. Findings and Discussions

Multiple linear regression analysis is used to determine the effect or relationship linearly between two or more independent variables with one dependent variable. The equation is obtained $Y = 1.023 + 0.477X_1 + 0.499X_2$. $\alpha =$ The constant value is 1.023; meaning if compensation and work discipline has a value of zero (0), then the performance of the

employees of PT. Golden Blossom Sumatra Pali Regency will remain at 1.023. b_1 = The positive compensation regression coefficient is 0.477. That is, if the value of compensation increases, it will be followed by an increase in the performance of employees of PT. Golden Blossom Sumatra Pali District. The conditions that occur will reverse if work discipline decreases, it will be followed by a decrease in the performance of employees of PT. Golden Blossom Sumatra Pali District, assuming fixed compensation. b_2 = The regression coefficient of positive work discipline is 0.499. That is, if the value of work discipline increases, it will be followed by an increase in the performance of employees of PT. Golden Blossom Sumatra Pali District. The conditions that occur will reverse if compensation decreases, it will be followed by a decrease in the performance of employees of PT. Golden Blossom Sumatra Pali District, assuming regular work discipline. Determining the value of F_{table} with a 95% confidence level and an error rate (α) of 5% = 0.05 is by the formula: $df_{n1} = k - 1$ and $df_{n2} = n - k$ (n = number of samples and k = number of variables), then : $df_{n1} = 3 - 1 = 2$; $df_{n2} = 88 - 3 = 85$. So, F_{table} value = 3.10. Based on the table above, it can be seen that the value of $F_{count} = 6.708 > F_{table} = 3.10$ with Sig. F $0.000 < 0.05$; then H_0 is rejected and H_a is accepted. This means that there is a significant effect of compensation and work discipline on the performance of employees of PT. Golden Blossom Sumatra Pali District. Based on the table above, it can be seen that: The compensation coefficient is positive 0.477 with a T_{count} of 5.084 $>$ a T_{table} value of with Sig. t $0.000 < 0.05$. This means that there is a significant influence between compensation on the performance of employees of PT. Golden Blossom Sumatra Pali District. The compensation coefficient is positive 0.499 with a T_{count} of 6.391 $>$ a T_{table} value of 1.66 with Sig. t $0.000 < 0.05$. This means that there is a significant influence between work discipline on the performance of employees of PT. Golden Blossom Sumatra Pali District.

The coefficient of determination (R^2) measures how much influence the independent variable has on the dependent variable. The Coefficient of Determination value uses the R Square value. The coefficient of determination (Adjusted R Square) is 0.818. This shows the contribution of all compensation and work discipline variables to the performance of employees of PT. Golden Blossom Sumatra, Pali Regency, 81.8%; the remaining 18.2% can be influenced by other variables not included in this study, including abilities and expertise, knowledge, personality, motivation, leadership, satisfaction, environment and so on.

Effect of Compensation and Work Discipline on Employee Performance. Based on the results of hypothesis testing together with a confidence level of 95%, it shows that there is a significant effect of compensation and work discipline on the performance of employees of PT. Golden Blossom Sumatra Pali District. This result means that compensation and work discipline can simultaneously affect employee performance. This research is also proven through a test of the coefficient of determination which shows that the contribution caused by the variables of compensation, discipline and competence can cause a change of 81.8% to the performance of employees of PT. Golden Blossom Sumatra Pali District. The results of this study prove that the performance of PT. Golden Blossom Sumatra, Pali Regency, has an effect on employee performance, as is the case with PT. Golden Blossom Sumatra Pali Regency is low due to low compensation and work discipline. An overview of the respondents' answers (Tables IV.4 and IV.5) when

connected with the results of the study shows a statement proving that compensation and work discipline are at a poor level, so that the impact on employee performance is low, as is the consistency of the relationship with the results of the respondents' answers on variables employee performance (Table IV.3) in statement number 4 (disagree 46.6% and strongly disagree 23.9%), in statement number 6 (disagree 47.7% and strongly disagree 19.3%). These results are in line with the theory stated by Armstrong (in Wibowo, 2017) performance management is a system through which organizations set work goals, consider work standards, provide and evaluate work, provide performance feedback, consider training and development needs and distribute awards. This is in line with the theory stated by Kasmir (2018: 189) factors that influence employee performance, namely abilities and skills, knowledge, work plans, personality, work motivation, leadership, leadership style, organizational culture, job satisfaction, work environment, loyalty, commitment, and work discipline. These results are supported by research conducted by Putu Agus Mahardika, I Wayan Bagia, Ni Nymoan Yuliantihini (2019), the results of the research that simultaneously compensation and work discipline have a positive and significant effect on the performance of employees of PT. Astra Agro Lestari. Furthermore, research conducted by Yulandri and Onsardi (2020), the results of the study show that simultaneously compensation and work discipline have a positive and significant effect on the performance of employees of PT. (SBS) Sinar Bengkulu Selatan.

Effect of Compensation on Employee Performance. The results of the analysis show that there is a positive and significant effect of compensation on the performance of employees of PT. Golden Blossom Sumatra Pali District. These results prove that if compensation can be increased, it will have a positive impact on improving employee performance at PT. Golden Blossom Sumatra Pali District. The results of this study prove that compensation has an effect on employee performance, as is the case with PT. Golden Blossom Sumatra Pali District is low due to low compensation. The general description of the respondents' answers (Table IV.4) when connected with the results of the research shows a statement proving that compensation is at an unfavorable level, so that the impact on employee performance is low, as is the consistency of its relationship with the results of respondents' answers on the compensation variable (Table IV.4) in statement number 1 (disagree 33.0% and strongly disagree 26.1%), in statement number 4 (disagree 42.0% and strongly disagree 23.9%), the results of the respondents' answers show a relationship mutual causation. This result is in line with the theory stated by Hasibuan (2018) compensation is all income in the form of money and direct goods or indirect goods received by employees as compensation and services provided to the company. These results are supported by research conducted by Tahmeem Siddiqi and Sadia Tangem (2018), the results of the study show that partial compensation has a positive and significant effect on the performance of Bangladesh Insurance employees. Furthermore, research conducted by Reza Hakiki (2018), the results of the study show that partial compensation has a positive and significant effect on the performance of employees of PT. Torabika Eka Semesta Tangerang.

The Effect of Work Discipline on Employee Performance. The results of the analysis show that there is a positive and significant effect of work discipline on the performance of employees of PT. Golden Blossom Sumatra Pali District. These results prove that if work discipline can be improved, it will have a positive impact on improving employee

performance at PT. Golden Blossom Sumatra Pali District. The results of this study prove that work discipline has an effect on employee performance, as is the case with PT. Golden Blossom Sumatra, Pali Regency, which is low as a result of low work discipline, as well as the consistency of its relationship with the results of respondents' answers to the work discipline variable in statement number 1 (disagree 40.9% and strongly disagree 29.5%), in statement number 4 (disagree 38.6% and strongly disagree 33.0%), the results of the respondents' answers show a causal relationship that influences each other, which means that the low impact that work discipline will result in employee performance being low. This result is in line with the theory stated by Edy (2017) which states that discipline is an attitude of willingness and willingness of a person to obey and comply with the norms of regulations that apply around him. Good employee discipline will accelerate the company's goals, while declining discipline will become a barrier and slow down the achievement of company goals. These results are supported by research conducted by Ni Kadek Ari Novi and Made Surya Putra (2020), the results of the study partially show that work discipline has a positive and significant effect on employee performance. Furthermore, research conducted by Reza Hakiki (2018), the results of the study show that partial work discipline has a positive and significant effect on the performance of employees of PT. Torabika Eka Semesta Tangerang. Apart from that, the research results of Hendri Azwar (2020) show that partial work discipline has a positive and significant effect on employee performance at PT Vale Indonesia South Sulawesi.

5. Conclusion

Based on the results of the research and discussion, it can be concluded that there is a significant effect of compensation and work discipline on the performance of employees at PT. Golden Blossom Sumatra Pali District. Based on the conclusions obtained, it can be suggested that PT. It is recommended that Golden Blossom Sumatra, Pali Regency, be able to further improve the quality, quantity, and timeliness of employees' work by creating compensation and work discipline, so that employee performance can be maximized. In addition, PT. Golden Blossom Sumatra, Pali Regency, is also advised to pay more attention to things that encourage the creation of good employee compensation, such as providing a basic salary, transportation, and bonuses that are in accordance with what is done, and held, so that employees are enthusiastic and motivated at work. And finally, PT. Golden Blossom Sumatra Pali Regency is advised to improve employee work discipline, especially in strict supervision, punitive sanctions, and a firm attitude given to the company to all of its employees.

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