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The Influence of Work Discipline and Compensation on Employee Performance at PT. Multiarindo Surabaya

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ABSTRACT

In the current era of globalization, many significant changes have occurred in life in various sectors, especially in the industrialization sector. One of the main challenges in the industrialization sector is in the field of personnel, where the challenge is in terms of managing organizational resources effectively and eliminating ineffective practices, management is required to always develop new ways to attract and retain high-calibre employees and managers. the level required for an organization to be able to compete. This research aims to research and analyze the influence of work discipline and compensation on employee performance at PT Multiarindo Surabaya. The sample in this study was 60 respondents using a saturated sample with Likert scale weighting. The data analysis technique uses the Structural Equation Model- Partial Least Square (SEM-PLS). The research results showed that Work Discipline had a positive and significant effect on employee performance. Compensation has a positive and significant effect on the performance of PT Multiarindo Surabaya employees.

1. INTRODUCTION

1.1 Research Background

In the current era of globalization, there have been many significant changes in life in various sectors, especially in the industrialization sector. One of the main challenges in the industrialization sector is in the field of personnel, where the challenge is in terms of managing organizational resources effectively and eliminating ineffective practices, management is required to always develop new ways to attract and retain high-calibre employees and managers needed by the organization to be able to compete [1]. This means that Human Resources (HR) is a very valuable asset to be maintained and maintain its existence, so it requires dynamic, professional, and competitive Human Resources. In addition, a clear Standard Operating Procedure (SOP) is also needed to create maximum performance.

Performance is a successful job demonstrated by employees with their efforts to fulfil their duties and obligations [2]. In addition, employee performance shows how much and how much

employees contribute to the company or organization. One of the organizational resources that has an important role in achieving its goals is human resources. Therefore, special attention is needed so that employee performance can be maximized. Declining employee performance will certainly greatly affect the stability of the company.

Problems related to employee performance were also found by the author when conducting the research. The research was conducted at PT Multiarindo where the company also experienced problems with employee performance as seen in Table 1.

From Table 1 it can be concluded that the realization of the 2021-2024 project of PT. Multiarindo Surabaya is fluctuating and often does not reach the target that has been set. Every year there is a delay in the realization of work determined by the company. This is due to low employee performance so employees are unable to achieve the set targets. From the targets set in January to December 2023, there has been an increase and decrease in the development process which causes development instability.



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According to the Operational Section of PT. Multiarindo Surabaya, the ups and downs of Employee Performance of PT. Multiarindo Surabaya is caused by the low work discipline of workers and often occurs in the painting section. Many workers often arrive late go home early, and work inefficiently, so they have to be replaced. Job providers often do not monitor the implementation of work methods properly. Lack of discipline in complying with work procedures exacerbates this situation, reducing project productivity and efficiency. As a result, costs increase because workers must be replaced or given additional training. Several other employees of PT. Multiarindo Surabaya was replaced by painting work due to a lack of work discipline. The low performance of PT. Multiarindo Surabaya is the impact of suboptimal employee performance.

Table 1. Completion of PT. Multiarindo Surabaya Work in 2023-2024

No	Project Name	Target	Realization	Delay
1	Housing Complex Development Lamongan	September 2023	December 2023	1 Year 3 Month
2	Plastic Warehouse Renovation	November 2023	December 2023	1 month
3	Football Field Project	March 2023	March 2023	There isn't any
4	Construction of PBNU Office	March 2024	March 2024	There isn't any
5	Jl. Pagesangan Housing Development in Pakuwon Lagoon	December 2024	In the process	
6	St. Louis Vocational High School Hall Renovation	September 2024	In the process	

Source: PT. Multiarindo Surabaya Foreman

Work discipline is a person's awareness and availability of the rules and norms that must be carried out [3]. Therefore, work discipline needs to be applied in the company as a form of company achievement towards worker performance. Forms of work discipline that need to be implemented in work such as accuracy in carrying out the given targets, work attendance according to company regulations and use and maintenance of attributes and materials in the work environment. When this is not implemented, work effectiveness is considered less good.

In addition to problems related to Work Discipline, another problem at PT Multiarindo Surabaya is the issue of Compensation. Compensation is all income in the form of money, or goods directly or indirectly received by employees as compensation for services provided to the company [4]. In this case, the forms of compensation in this company are such as salaries or wages, incentives, facilities, and allowances received by workers. This is an important consideration for workers to be able to do their work effectively and efficiently according to the company's targets. When one of these things is not given or supported to workers, workers will sue by doing work that is not

effective and efficient according to the targets set with the hope workers get rewards for what they have done. Therefore, company leaders need to be able to provide compensation according to the burden received by workers, work discipline by providing regulations and provisions according to ability and working conditions, providing work motivation to improve mental health and not only by increasing salaries or wages.

Based on the facts obtained from PT. Multiarindo Surabaya related to several employees who experienced increases and decreases in performance and problems regarding work discipline and compensation, these are the reasons that underlie this study taking the title "The Influence of Work Discipline and Compensation on Employee Performance at PT. Multiarindo Surabaya".

1.2 Literature Review

1.2.1 Employee Performance

Performance is the result of work in terms of quality and quantity achieved by an employee in carrying out his duties following the responsibilities given to him. Performance is a result of work achieved by a person in carrying out his duties. Employee capability improvement is carried out so that employee performance can run optimally, so as not to waste time or money and also the company's targets can be achieved as well as possible and can minimize losses [5]. Assessing employee performance must have performance standards. Performance standards can be used as a measure to determine whether performance is good or not.

Employee performance can be measured through five indicators, namely quantity of work, quality of work, punctuality, attendance, and cooperation [6]. These indicators can be explained as follows:

1. Quantity of work refers to the number of target results carried out by workers in one working hour, as well as carrying out work under the number of activity provisions that must be completed.
2. The quality of work which focuses on work that follows the provisions or requirements given.
3. Punctuality in carrying out work. Each job has different characteristics, where certain types of work need to be completed on time because they depend on other jobs.
4. Cooperation, which requires several people to complete a job in a certain type of work.

1.2.2 Work Discipline

Work discipline is an attitude and behavior that has been stated in the rules made in writing or unwritten, and if employees violate it they will be punished [7]. The punishment given is expected to stir employees to be more disciplined in their work, and from the rules that have been set, the company also needs to re-evaluate whether the regulations burden employees or not.

There are indicators of work discipline [8], namely as follows:

1. Employee compliance with working hours, namely the presence of employees who come to work.
2. Compliance with the leader's instructions, namely submitting and obeying what has been ordered by the leader with full responsibility.
3. Dress well, and politely, and use agency identification signs, namely: always wear clothes according to company rules and SOPs.

4. Work by following the rules that have been determined by the organization, namely always being ready to obey all forms of regulations and will receive sanctions or punishments when violated.

1.2.3 Compensation

Compensation is all income in the form of money, or goods directly or indirectly received by employees as compensation for services provided to the company [9]. Compensation is everything received by employees as compensation for work that has been done [10]. This compensation can be in the form of financial or non-financial, direct financial compensation consists of, payments received by employees in the form of salaries, wages, bonuses and commissions. Indirect compensation, also known as allowances, includes all financial rewards that are not included in direct compensation. Non-financial compensation consists of the satisfaction that a person gets from the job itself, or from the physical environment in which the person works [11].

Indicators in providing compensation for employees are [12]:

1. Wages are compensation given directly to workers based on their work. during working hours. This usually happens to labourers or contract workers (non-permanent) who work based on working hours.
2. Incentives, are financial rewards given directly to employees whose performance exceeds the specified standards. Usually, incentives are given to employees who do overtime or work beyond working hours. So an employee is entitled to additional rewards in the form of incentives outside of the basic salary.
3. Facilities, meaning everything that employees enjoy and feel for a sense of comfort while working to improve employee performance in achieving company goals such as training, rewards or awards, adequate work tools such as computers, stationery, telephones, tables, chairs and others as well as places of worship, canteens and health facilities.
4. Allowances are compensation given to certain employees as a reward for their sacrifices.

1.3 Research Objective

Based on the description of the problem, the objectives of this research are to determine the effect of Work Discipline on the performance of employees and to determine the effect of Compensation on the performance of employees at PT. Multiarindo Surabaya.

2 MATERIALS AND METHODS

The type of research used in this study is quantitative research. Quantitative research is research that is presented in the form of descriptions using numbers or statistical data. This study aims to determine the cause and effect, influence or correlation between one reality and another [13]. Before conducting the research, the author first conducted observations and interviews on the object to be studied, namely PT Multiarindo Surabaya. This aims to find a phenomenon or problem that will then be used as a background for the research. The data obtained will later be used to be studied

to find a causal relationship between variables that will also be used in this study.

The population in this study was a population of 60 employees working at PT PELNI Surabaya branch. In this study, because the number of employees was relatively small and allowed the author to cover all employees for research, the author decided to use a saturated sample. Saturated sampling is a sampling technique in when all members of the population are used as samples [14]. This is often done when the population is relatively small. Another term for a saturated sample is a census, where all members of the population are used as samples. The sample in this study was 60 employees of PT Multiarindo Surabaya taken from the entire existing population.

This study uses quantitative analysis with Partial Least Square (PLS) media. PLS is a method for configuring complex causal predictive models and is suitable for use in prediction applications and theory development. PLS is an accurate analysis medium because it is not based on the quantity of assumptions. The use of samples does not have to be large, just between 30-100 samples. PLS is also a more appropriate tool for production purposes, especially in conditions where indicators have formative properties and are not limited to their use only to validate theories, but are also used to explain whether or not there is a relationship between latent variables. For forecasting purposes, this approach is more suitable, because the approach to estimating unclear variables is considered a linear combination and indicators.

3 RESULT AND DISCUSSION

3.1 PLS Model Analysis

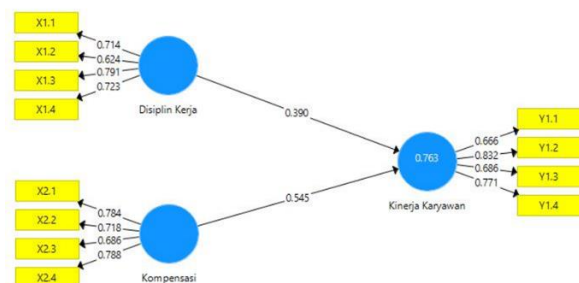


Figure 4. 1PLS Output Result Path Diagram
Source: Processed Data

From the picture above you can see that there is a value loading factor on each indicator. In addition, the value can also be seen in coefficients between the connecting path between the independent variable and the dependent variable. In addition to coefficients, you can also see the value R-square which is located in the middle of the dependent variable, namely employee performance.

Based on the loading factor values listed above, it can be seen that in the Work Discipline variable (X1), the most influential indicator is the third indicator, namely dressing according to SOP with a value loading factor of 0.791. Furthermore, the indicator that has the most influence on the Compensation variable (X2) is the fourth indicator, namely allowances with a value of loading factor of 0.788.

3.2 Structural Model Testing

Table 4. R-Square

	R Square	R Square Adjusted
Employee Performance	0.763	0.754

Source: Processed Data

From Table 4., the values can be seen R-square Employee Performance is 0.763. That means the model used in this study can explain employee performance by 76.3% through the independent variables used, namely Work Discipline (X1) and Compensation (X2). While the remaining 23.9% is influenced by other variables outside this study.

3.3 Hypothesis Testing

Table 4 Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O-STDEV))	P Values
Work Discipline -> Employee Performance	0.390	0.402	0.126	3.099	0.002
Compensation_ -> Employee Performance	0.545	0.543	0.124	4.398	0.000

Source: Processed Data

From Table 4, it can be concluded that the hypothesis states:

1. Work Discipline has a positive and significant effect on Employee Performance. This result is proven by the test value of the influence of Work Discipline on Employee Performance in the section path coefficients of 0.390 and the value Statistics of 3.099 which is > 1.96 (T-table value) and the P-Value value is $0.002 < 0.05$ which means it is statistically significant. Therefore, the first hypothesis is accepted.
2. Compensation has a positive and significant effect on Employee Performance. The results are proven by the test value of the influence of Compensation on Employee Performance, precisely at the value path coefficients of 0.540 and the value Statistics of 4.398 which is > 1.96 (T-Table value) and the P-Value value of $0.000 < 0.05$ which means statistically significant. Therefore, the second hypothesis is also declared accepted.

3.4 The Influence of Work Discipline on Employee Performance

Based on the results of the analysis carried out previously, it was found that the contribution largest of the Work Discipline variables comes from employee compliance in wearing clothing that follows the company's SOP. This indicator gets the largest value compared to other factors. Based on the results of observations made by the author, this is less relevant to the situation in the field where there are still workers who sometimes do not wear protective clothing. safety and per the company's SOP. However, from the results of the hypothesis test, it can be concluded that there are indications that the implementation of these points increases employee performance. Better safety because the protective clothing worn by the project is likely to increase the confidence of each worker because they feel safer

and more protected from every threat of danger and work accidents in the project environment or work environment. Therefore, the company must tighten the rules regarding the use of safety clothing so that employee performance can continue to be improved. In addition, the rules regarding working hours that are still often violated by employees must receive special attention from the company because if allowed to continue, it will certainly have an impact on the delay in the completion of each project being worked on.

The above results are in contrast to previous studies such as those conducted where the study found that work discipline was proven to have no positive effect on employee performance. Similar results were also obtained by [15] who found that work discipline was proven to have no significant effect on employee performance.

However, the results of this study are supported by Ref. [16] where the research conducted by him found that work discipline has proven to have a positive effect on employee performance. Another study by Ref.[17] also supports the above results because he found that work discipline has proven to have a positive effect on employee performance.

3.5 The Impact of Compensation on Employee Performance

From the results of the analysis test in the previous section, it can be seen that the largest contributor to the compensation variable is Allowances. From this, there is a possibility that the provision of work allowances outside of salary makes all employees more active in doing their jobs, thus triggering an increase in employee performance. If explored in more detail, from the loading factor as explained above, allowances are at the top level with the highest value followed by incentives. The two points above are above the salary/wage point.

The above results are in contrast to research by Ref.[18] which found that compensation did not affect employee performance. The same results were also found by Ref. [19] where his research found that compensation was proven to not affect employee performance.

However, the results of this study are in line with research [20] where the research found that compensation has a positive effect on employee performance. Likewise, research conducted by Ref. [21] found that compensation has a positive effect on employee performance.

4 CONCLUSION

Based on the discussion and results of previous research, several conclusions can be drawn as follows. (1) From the first test, it was found that Work Discipline was proven to have a contribution to Employee Performance of PT Multiarindo Surabaya. Through these results, it means that the practice of Work Discipline by employees at PT Multiarindo Surabaya has a role in improving employee performance there; (2) In the second test, it was found that Work Discipline was proven to also contributed to Employee Performance at PT Multiarindo Surabaya. The implementation of the compensation scheme carried out by the company has been proven to be able to trigger an increase in employee performance there.

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