

# The Effect of Compensation and Work Discipline on Employee Performance at PT. Langgeng Baja Pratama in Bekasi Regency

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Majalah Ilmiah Bijak

## ABSTRACT

This study aims to determine the effect of compensation and work discipline on employee performance at PT Langgeng Baja Pratama in Bekasi Regency. The method used is explanatory research with analysis techniques using statistical analysis with regression testing, correlation, determination and hypothesis testing. The results of this study compensation has a significant effect on employee performance of 50.3%, the hypothesis test obtained  $t_{count} > t_{table}$  or  $(7.788 > 2.000)$ . Work discipline has a significant effect on employee performance of 41.0%, the hypothesis test obtained  $t_{count} > t_{table}$  or  $(6.462 > 2.000)$ . Compensation and work discipline simultaneously have a significant effect on employee performance with the regression equation  $Y = 9.869 + 0.416X_1 + 0.353X_2$  and a contribution of 61.3%, the hypothesis test obtained  $F_{count} > F_{table}$  or  $(46.655 > 2.760)$ .

## 1. INTRODUCTION

Human resources are one of the most valuable assets of an organization, because with good human resources it is expected to be able to answer all existing challenges, both from within and from outside the organization to achieve organizational goals. The quality of resources needed can be met by carrying out development that leads to education and training of human resources.

In general, the banking industry shows quite high development. Of course, with this quite high development, it is expected to be able to increase its contribution to strengthening the stability of the national economy. In order to provide professional workers, high employee performance is highly expected by the company. The more employees who have high performance, the overall productivity of the company will increase so that the company will survive in global competition.

PT Langgeng Baja Pratama is one of the manufacturing industries in the zinc-coated steel sector with product names known as Gajah Bisma, Gajah Surya, Kijang Surya, in addition the company also carries out its business activities by serving zinc coating dipping (tolling). The market for this product in addition to the industrial sector which is used for factory walls & roofs with large-scale use, also the non-industrial and retail markets used for the needs of house roof buildings known as light steel frames and other applications.

The company has several employees who are placed in sections or divisions according to the company's needs. Thus, the role of human resources is very important in a company, both private companies and government companies. Considering that human resources are one of the factors that are directly involved in running company activities and play an important role in improving company performance in achieving predetermined goals, the company must have truly qualified human resources.

In order to provide professional manpower, high employee performance is highly expected by the company. The more employees who have high performance, the overall productivity of the company will increase so that the company will survive in global competition. High employee performance is not just a coincidence, but many factors influence it, including compensation and motivation.

Compensation is very important in a company as one of the ways that companies do so that employees have responsibility for their work. Compensation that is applied correctly to employees and is felt to be fair will reduce employee anxiety about economic problems and employee needs, with

compensation received from the company where they work. This situation will stimulate employees to provide rewards in the form of compliance with work regulations and responsibility for the smooth running of the company.

Compensation will have a positive impact on improving the performance of an organization. Compensation can be an award for efforts or hard work done outside of the routine income received. It is only right that the company provides a regular salary that meets statutory standards, incentives or rewards to motivate workers to perform better, bonuses that are right on target and wages that are calculated based on the length of working hours as well as adequate allowances in order to support their work.

Based on the conditions that occur in the company, there are several issues that are still not in accordance with the rules made by the company or are not in accordance with the provision of compensation in other similar companies. Salary provision that does not have an annual increase evaluation, overtime pay that is not in accordance with overtime hours, incentive money that is not given enough attention, such as salary that is Non-financial compensation in the form of praise and a conducive work environment. While in the form of financial in the form of salary/wages, incentives, allowances, and bonuses.

In addition to compensation factors, a decrease in performance can also be influenced by the lack of employee work discipline. Undisciplined employees will clearly hinder the achievement of company goals. Undisciplined actions will have an impact on the growth of the company's organization. An employee is basically able to obey the regulations that have been set by the company. Company regulations are made with the aim of being obeyed by employees, both in terms of being on time, obeying all rules in the company, obedience related to behavior in carrying out their duties and obligations, obedience in upholding legal norms and other rules.

Enforcing discipline is important for a company, because discipline contains regulations that must be obeyed by employees. With discipline, it is expected to make work as efficient as possible. Work discipline can be seen as something that is very beneficial, both for the interests of the organization and for employees. For the organization, work discipline will ensure the maintenance of order and smooth implementation of tasks, so that optimal results are obtained. While for employees, a pleasant working atmosphere will be obtained so that it will increase work enthusiasm in carrying out their work.

Employees must also have a high sense of responsibility to show our discipline in working, such as doing the tasks given and completing them on time. Disciplined workers not only always accept the tasks given, completing the tasks perfectly is also a form of responsibility for the work. This is in line with the opinion of Singodimedjo (2019:86) who 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 them.

It is also important for companies to socialize all company provisions and regulations so that they can be understood by employees and supervised, and controlled properly so that there are no obstacles that can slow down the achievement of company goals.

It is very important for a company or institution to optimize the performance of its employees, good employee performance is very important considering that human resources are the actors in making the company realize its goals. Thus, the leader should be able to encourage employees or employees in realizing it, such as requiring employees to have good performance and be able to work under pressure. Performance can be assessed from work achievements in terms of quality and quantity achieved by an employee in carrying out his duties with the responsibilities given to him (Mangkunegara, 2019:75). Performance implementation is carried out by human resources who have the ability, competence, motivation and interests to be able to achieve maximum results.

Based on the survey conducted, it was still found that not all work targets were achieved properly. This condition shows that employee performance still needs attention and improvement so that performance can be increased. Work evaluation is an effort to find out the condition of employee work achievement so that it can be known whether there is progress and obstacles so that it can be assessed and studied for improvement in the future, on the other hand employee performance evaluation is also

a systematic analysis activity, providing solutions to problems found for the purpose of improving performance.

## 2. METHOD

The research methodology employed in this study involved a population consisting of 62 respondents from PT Langgeng Baja Pratama, located in Bekasi Regency. These respondents were selected as the subjects of the research to gather relevant information that could be utilized in testing the research hypotheses. The population was carefully chosen to ensure that the data collected would be representative of the entire company.

The sample used in this study was the same 62 respondents, representing the entire population. Thus, the research employed a census method, where all members of the population were included as the sample. This approach was chosen to avoid potential bias that could arise from studying only a subset of the population. By using the entire population as the sample, the research aimed to achieve more accurate and reliable results.

The type of research conducted was associative, with the objective of determining the influence of independent variables on dependent variables, both partially and simultaneously. Various methods were employed for data analysis, including instrument tests, classical assumption tests, regression analysis, determination coefficients, and hypothesis testing. These analytical methods were applied to ensure the validity of the data and to support the conclusions drawn from the research, providing a clear understanding of the relationships between the variables under study.

## 3. RESULTS AND DISCUSSION

### a. Descriptive Analysis

In this test, it is used to find out the minimum and maximum scores, mean scores and standard deviations of each variable. The results are as follows:

**Table 1.** Results of Descriptive Statistics Analysis

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
Compensation (X1)	62	29	47	36.97	4.394
Work Discipline (X2)	62	27	44	36.82	3.818
Employee Performance (Y)	62	30	47	38.23	3,522
Valid N (listwise)	62				

Compensation obtained a minimum variance of 29 and a maximum variance of 47 with a mean score of 36.97 with a standard deviation of 4.394.

Work discipline obtained a minimum variance of 27 and a maximum variance of 44 with a mean score of 36.82 with a standard deviation of 3.818.

Employee performance obtained a minimum variance of 30 and a maximum variance of 47 with a mean score of 38.23 with a standard deviation of 3.522.

### b. Quantitative Analysis.

This analysis is intended to determine the influence of independent variables on dependent variables. The test results are as follows:

#### a. Multiple Linear Regression Analysis

This regression test is intended to determine changes in the dependent variable if the independent variable changes. The test results are as follows:

**Table 2.** Multiple Linear Regression Test Results

Coefficients <sup>a</sup>		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9,869	3.012		3.277	.002
	Compensation (X1)	.416	.075	.519	5,550	.000
	Work Discipline (X2)	.353	.086	.382	4.092	.000

a. Dependent Variable: Employee Performance (Y)

Based on the test results in the table above, the regression equation  $Y = 9.869 + 0.416X1 + 0.353X2$  is obtained. From the equation it is explained as follows:

- 1) The constant of 9.869 means that if compensation and work discipline are non-existent or zero, then the employee performance value is 9.869 points.
- 2) The compensation regression coefficient is 0.416, this figure is positive, meaning that every time there is an increase in compensation of 0.416, employee performance will also increase by 0.416 points.
- 3) The work discipline regression coefficient is 0.353, this figure is positive, meaning that every time there is an increase in work discipline of 0.353, employee performance will also increase by 0.353 points.

**b. Correlation Coefficient Analysis**

The correlation coefficient analysis is intended to determine the level of strength of the relationship between the independent variable and the dependent variable, both partially and simultaneously. The test results are as follows:

**Table 3.** Results of Testing the Correlation Coefficient of Compensation on Employee Performance.

		Compensation (X1)	Employee Performance (Y)
Compensation (X1)	Pearson Correlation	1	.709**
	Sig. (2-tailed)		.000
Employee Performance (Y)	Pearson Correlation	.709**	1
	Sig. (2-tailed)	.000	

\*\* . Correlation is significant at the 0.01 level (2-tailed).

b. Listwise N=62

Based on the test results, a correlation value of 0.709 was obtained, meaning that compensation has a strong relationship with employee performance.

**Table 4.** Results of Testing the Correlation Coefficient of Work Discipline on Employee Performance.

		Work Discipline (X2)	Employee Performance (Y)
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Work Discipline (X2)	Pearson Correlation	1	.641**
	Sig. (2-tailed)		.000
Employee Performance (Y)	Pearson Correlation	.641**	1
	Sig. (2-tailed)	.000	

\*\* . Correlation is significant at the 0.01 level (2-tailed).

b. Listwise N=62

Based on the test results, a correlation value of 0.641 was obtained, meaning that work discipline has a strong relationship with employee performance.

**Table 5.** Results of Testing the Correlation Coefficient of Compensation and Work Discipline Simultaneously on Employee Performance.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.783a	.613	.599	2.229

a. Predictors: (Constant), Work Discipline (X2), Compensation (X1)

Based on the test results, a correlation value of 0.783 was obtained, meaning that compensation and work discipline simultaneously have a strong relationship with employee performance.

**c. Determination Coefficient Analysis**

The determination coefficient analysis is intended to determine the percentage of influence of the independent variable on the dependent variable, both partially and simultaneously. The test results are as follows:

**Table 6.** Results of Testing the Compensation Determination Coefficient on Employee Performance.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.709a	.503	.494	2,505

a. Predictors: (Constant), Compensation (X1)

Based on the test results, a determination value of 0.503 was obtained, meaning that compensation has a 50.3% contribution to employee performance.

**Table 7.** Results of Testing the Determination Coefficient of Work Discipline on Employee Performance.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.641a	.410	.401	2,727

a. Predictors: (Constant), Work Discipline (X2)

Based on the test results, a determination value of 0.410 was obtained, meaning that work discipline has a 41.0% contribution to employee performance.

**Table 8.** Results of Testing the Determination Coefficient of Compensation and Work Discipline Simultaneously on Employee Performance.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.783a	.613	.599	2.229

a. Predictors: (Constant), Work Discipline (X2), Compensation (X1)

Based on the test results, a determination value of 0.613 was obtained, meaning that compensation and work discipline simultaneously have a contribution of 61.3% on employee performance, while the remaining 38.7% is influenced by other factors.

**d. Hypothesis Testing**

**Partial Hypothesis Test (t-Test)**

Hypothesis testing with the t-test is used to determine which partial hypotheses are accepted.

First hypothesis: There is a significant influence of compensation on employee performance.

Second hypothesis: There is a significant influence of work discipline on employee performance.

**Table 9.** Results of Compensation Hypothesis Testing on Employee Performance.

**Coefficientsa**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	17,216	2,716		6,338	.000
	Compensation (X1)	.568	.073	.709	7,788	.000

a. Dependent Variable: Employee Performance (Y)

Based on the test results in the table above, the calculated t value is > t table or (7.788 > 2.000), thus the first hypothesis proposed that there is a significant influence of compensation on employee performance is accepted.

**Table 10.** Results of Hypothesis Testing of Work Discipline on Employee Performance.

**Coefficientsa**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	16,461	3.386		4,862	.000
	Work Discipline (X2)	.591	.091	.641	6,462	.000

a. Dependent Variable: Employee Performance (Y)

Based on the test results in the table above, the calculated t value is > t table or (6.462 > 2.000), thus the second hypothesis proposed that there is a significant influence of work discipline on employee performance is accepted.

**Simultaneous Hypothesis Test (F Test)**

Hypothesis testing with the F test is used to determine which simultaneous hypotheses are accepted.

Third hypothesis: There is a significant influence between compensation and work discipline on employee performance.

**Table 11.** Results of Hypothesis Testing of Compensation and Work Discipline on Employee Performance.

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	463,663	2	231,831	46,655	.000b
	Residual	293,176	59	4.969		
	Total	756,839	61			

a. Dependent Variable: Employee Performance (Y)

b. Predictors: (Constant), Work Discipline (X2), Compensation (X1)

Based on the test results in the table above, the calculated F value was obtained  $> F$  table or ( $46.655 > 2.760$ ), thus the third hypothesis proposed that there is a significant influence of compensation and work discipline on employee performance is accepted.

## Discussion

### 1. The Influence of Compensation on Employee Performance

Compensation has a significant effect on employee performance with a correlation of 0.709 or has a strong relationship with a contribution of influence of 50.3%. Hypothesis testing obtained a calculated t value  $> t$  table or ( $7.788 > 2.000$ ). Thus, the first hypothesis proposed that there is a significant effect between compensation and employee performance is accepted.

### 2. The Influence of Work Discipline on Employee Performance

Work discipline has a significant effect on employee performance with a correlation of 0.641 or has a strong relationship with a contribution of influence of 41.0%. Hypothesis testing obtained a calculated t value  $> t$  table or ( $6.462 > 2.000$ ). Thus the second hypothesis proposed that there is a significant effect between work discipline and employee performance is accepted.

### 3. The Influence of Compensation and Work Discipline on Employee Performance

Compensation and work discipline have a significant effect on employee performance with the regression equation  $Y = 9.869 + 0.416X_1 + 0.353X_2$ , a correlation value of 0.783 or has a strong relationship with a contribution of influence of 61.3% while the remaining 38.7% is influenced by other factors. Hypothesis testing obtained a calculated F value  $> F$  table or ( $46.655 > 2.760$ ). Thus, the third hypothesis proposed that there is a significant effect between compensation and work discipline on employee performance is accepted.

## 4. CONCLUSION

The study reveals that compensation has a significant impact on employee performance, contributing to 50.3% of the variance in performance. This conclusion is supported by hypothesis testing, where the calculated t value (7.788) exceeds the critical t value (2.000), indicating a statistically significant relationship between compensation and employee performance. Additionally, work discipline is shown to have a substantial effect on employee performance, accounting for 41.0% of the performance variance. The hypothesis testing for this relationship also confirms its significance, with a calculated t value of 6.462, which is greater than the t table value of 2.000. When considering the combined effect of compensation and work discipline on employee performance, the study finds that these factors together explain 61.3% of the variation in performance, leaving 38.7% to be influenced by other variables. The significance of this combined effect is further validated by an F value of 46.655, which is notably higher than the F table value of 2.760.

Based on the conclusions drawn from the study, the following suggestions are proposed to enhance employee performance at PT Langgeng Baja Pratama. Firstly, it is recommended that salary determinations go beyond just educational qualifications, rank, and tenure. Leaders should also consider employees' work achievements and the complexity of their job responsibilities. This approach can help prevent feelings of jealousy among employees and foster a more equitable and motivating work environment. Secondly, management should enforce stricter regulations regarding employee working hours to address issues such as tardiness and early departures. By ensuring stricter adherence to working hours, the company can improve overall discipline and productivity among its workforce. Lastly, the company should invest in job training programs that are specifically tailored to the needs of its employees. This training will equip employees with the necessary skills to perform their tasks efficiently and in accordance with the required work processes, ultimately leading to improved performance and job satisfaction.

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