THE INFLUENCE OF COMPENSATION AND WORK DISCIPLINE ON THE EMPLOYEES’ PERFORMANCE IN PT. JC UTAMA TEKNIK INDONESIA

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Abstract

The purpose of this study is to analyze the Influence of Compensation and Work Discipline On The Employees’ Performance In PT. JC Utama Teknik Indonesia. Object of this study is the employees at PT. JC Utama Teknik Indonesia. This study used Proportional Random Sampling. The study used 50 respondents. This study is an explanatory research or explanation study and the data was taken from questionnaire. The independent variables are: Compensation (X1) and Work Discipline (X2). The dependent variable is Employee Work Performance (Y). The method of data analysis used multiple regression linier analysis. The result of this study The compensation and work discipline simultaneously and partially have significant effects toward the employee work performance in PT. JC Utama Teknik Indonesia. The effects of the independent variables have a positive direction. And the largest contribution comes from the compensation variable.

Keywords: Compensation, discipline of work and work performance

INTRODUCTION

Company performance is the main factor in achieving success. Bangun (2012) states performance is the result of work achieved by a person based on job requirements. Many factors affect the company performance, such as giving employees compensation, applying work discipline, motivating given, work environment and so on. Employee performance is one of the factors which influences the success of the company because the company progress depends on the human resources owned. If performance increases then the success of achieving company goals will be greater, but if the performance declines then it could lead to setbacks for the company, and the company can be bankrupt. One of employee consideration in working is fair compensation.

Another factor which supports the success of the company performance is discipline. Discipline is a form of employee self-control and regular execution and shows the level of earnestness of work teams within the company. Work discipline is the awareness and willingness of a person to comply with all company regulation and prevailing social norms. By having good work discipline, the higher work achievement will be achieved. Good discipline can support the creation of a conducive working environment which certainly supports the achievement of corporate objectives. If an employee has a high sense of discipline, then the employee has trained and educated himself to obey the regulation set by the company.

Based on the observations done in PT. JC Utama Teknik Indonesia, there are several factors that affect the company performance, namely compensation and employees discipline. The compensation received by employees in PT. JC Utama Teknik Indonesia is still relatively low, affecting their performance. While the level of employee discipline is also still low, this can be seen with many employees who violate the discipline of the company such as coming late and extend the break, on the performance of the company in PT. JC Utama Teknik Indonesia. Based on interviews conducted with some respondents the amount of compensation
they received is still relatively low so it affects the performance of employees of PT. JC Utama Teknik Indonesia. The purpose of this writing are to find the influence of compensation on the performance of the company, the effect of performance discipline on company performance and the influence of compensation and work.

**REVIEW OF LITERATURE**

**a. Compensation**

Compensation is something which employees receive in exchange for contributions and services provided by employees to an organization or company. In this study compensation is operated as an independent variable. Compensation is a form of expenses that must be incurred by the company in the hope that the company will get rewards in the form of work performance from employees who is certainly employee performance should be greater than the compensation issued by the company (Sofyandi, 2008). According to Gary Dessler (quoted by Lies Indriyatni, 2009) compensation has three components as follows:

1. Direct payment (direct financial payment) such as salary, and intensive or bonus/commission.
2. Indirect payment such as insurance.
3. Non-financial rewards (such as am working) of a warranty office.

In giving compensation, the company determines high and low compensation accepted based on:

1. Demand and supply of labors
2. Company’s ability in giving compensation
3. Labor organization
4. Employee’s achievement
5. Cost of living
6. Position
7. Educational background and experience

**b. Discipline**

In everyday life we can’t be separated from many activities, sometimes we do activities on time. The Activities that we carry out in a timely manner and carried out continuously, it will cause a habit. Habit in carrying out activities regularly and precisely time is called by discipline. Discipline is needed everywhere, because by having discipline it will create a regular and orderly life.

Fathoni (2006) states that discipline can be interpreted if the employee always come and go home at the exact time determined by the chief managers, leaders of each company. Performance is a full view of the company over a period of time, is a result or achievement that is influenced by the company's operational activities in utilizing resources owned.

According to Singodimedjo in Sutrisno (2011) the factors which affect the discipline of work are:

1. The amount of compensation
2. The Leadership within the company
3. There is a certain rule that can be used as a guidelines
4. The leader’s courage in taking decision
5. The leader’s control
6. Having attention to employees
The habit in supporting the discipline Good leader can do much to create a work climate that enables discipline as a natural process, employees will accept and meet rules and policies as a protector for their personal employment and prosperity (Mas'ud in mufti, 2009). Here are four steps to a positive discipline. (Mathis and Jackson, 2009) are:

a. **Counseling**
The purpose of this phase is to increase awareness of employees / employees of organizational policies and regulations.

b. **Writing documentation**
If at the first level take bntk as a conversation between a superior and an employee, at this level it is documented in written form.

c. **Last Warning**
When employees are not following the written solutions proposed in step two, a final memorial conference is held where the boss emphasizes the importance of correcting inappropriate actions to subordinates.

d. **Dismissal**
If the employee fails to follow the action plan developed and there are further problems, the employer terminates the employee.

**Performance**

Performance is a full view of the company over a period of time, it is a result or achievement which is influenced by the company's operational activities in utilizing resources owned. According to Sinambela, et al (2012) suggests that employee performance is defined as the ability of employees in doing certain skills. Employee performance is very necessary, because this performance will be known how far the ability of employees in carrying out the tasks assigned to him. Therefore, it is necessary to establish clear and measurable criteria and set jointly as a reference. The purpose of performance appraisal is to motivate personnel to achieve company’s goals to predefined behavioral standards, in order to produce the actions and results desired by the organization. Standards of behaviour may be management policies or formal plans outlined in the organization’s strategic plans, programs and budget.

Performance is defined as the ability of employees in doing certain skills. Employee performance is very necessary, because with this performance will be known how far the measurable criteria and set jointly as a reference. There are many factors affect employee performance individually. The factors are: (1) individual ability to do the job, (2) the level of effort devoted, (3) organizational support as shown in the figure below.
In the framework of this study mentioned that compensation consisting of salary, incentives, commissions/bonuses, allowances, insurance, and non-financial rewards affect employee performance. Company's performance variables are understanding, innovation, speed of work, the accuracy of work, and cooperation. Humanitarian relations also affect employee performance. Second these independent variables have an effect on each other company performances. The indicators that researchers use in this company's performance variables are understanding, innovation, speed of work, the accuracy of work, and cooperation. Anyway the framework that describes the relationship between compensation, work discipline and performance can be seen from the figure below:

**RESEARCH METHOD**

The research was conducted at PT. JC Utama Teknik Indonesia. This is a supplier company to sell machinery and heavy equipment. The program includes a wide range of lubricant & lubrication maintenance management support services, cutting down operating expenses, boosting up productivity & profitability and assisting in maintaining high standards of quality.

The research method used is survey research that is research whose data is determined from the sample or population to represent the entire population. In accordance with the objectives to be achieved in this study is to explain the relationship and influence some predetermined variables, then the type of research used is explanatory research (explanatory) is a study that highlights the relationship between research variables suspected of direct or indirect effect on the performance and also test the hypothesis that has been formulated previously. The sample of this research is 50 respondents. The data were collected by using interview and questionnaire.
DISCUSSION

Validity test results for compensation variable, work discipline and performance which have been valid and can be used for further tests can be seen in table below.

<table>
<thead>
<tr>
<th>Compensation Variable</th>
<th>Scale Mean of Item Deleted</th>
<th>Scale Variance of Item Deleted</th>
<th>Corrected Total Correlation</th>
<th>Cronbach’s Alpha of Item Deleted</th>
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</thead>
<tbody>
<tr>
<td>Kompensasi_1</td>
<td>28.1000</td>
<td>23.610</td>
<td>.506</td>
<td>.607</td>
</tr>
<tr>
<td>Kompensasi_2</td>
<td>28.4333</td>
<td>21.220</td>
<td>.547</td>
<td>.801</td>
</tr>
<tr>
<td>Kompensasi_3</td>
<td>28.1667</td>
<td>25.040</td>
<td>.519</td>
<td>.811</td>
</tr>
<tr>
<td>Kompensasi_4</td>
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<td>.801</td>
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<tr>
<td>Kompensasi_5</td>
<td>28.5333</td>
<td>21.913</td>
<td>.623</td>
<td>.790</td>
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<tr>
<td>Kompensasi_6</td>
<td>28.7667</td>
<td>17.357</td>
<td>.778</td>
<td>.762</td>
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<tr>
<td>Kompensasi_7</td>
<td>28.6533</td>
<td>22.033</td>
<td>.538</td>
<td>.802</td>
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<tr>
<td>Kompensasi_8</td>
<td>28.8333</td>
<td>24.075</td>
<td>.367</td>
<td>.823</td>
</tr>
</tbody>
</table>

Based on the table, it can be said that the above statement item about the compensation variable is valid and can be used for the next tests.

<table>
<thead>
<tr>
<th>Work Discipline Variable</th>
<th>Scale Mean of Item Deleted</th>
<th>Scale Variance of Item Deleted</th>
<th>Corrected Item-Tot al Correlation</th>
<th>Cronbach’s Alpha of Item Deleted</th>
</tr>
</thead>
<tbody>
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<td>.599</td>
<td>.767</td>
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<tr>
<td>Disiplin_4</td>
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<td>10.567</td>
<td>.507</td>
<td>.769</td>
</tr>
<tr>
<td>Disiplin_5</td>
<td>14.0000</td>
<td>9.610</td>
<td>.583</td>
<td>.773</td>
</tr>
</tbody>
</table>

After tested the validity for all items of questions on work discipline variable showed that all correlation coefficient values presented in the Corrected item-total correlation above the table is 0.361, so it can be said that the above question items about the work discipline variable are valid and can be used for further tests.

<table>
<thead>
<tr>
<th>Performance Variable</th>
<th>Scale Mean of Item Deleted</th>
<th>Scale Variance of Item Deleted</th>
<th>Corrected Item-Tot al Correlation</th>
<th>Cronbach’s Alpha of Item Deleted</th>
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<tr>
<td>Kinerja_8</td>
<td>32.0667</td>
<td>19.306</td>
<td>.535</td>
<td>.791</td>
</tr>
<tr>
<td>Kinerja_9</td>
<td>32.7333</td>
<td>18.754</td>
<td>.560</td>
<td>.787</td>
</tr>
</tbody>
</table>

From the above shows that the alpha value of each variable is greater than 0.6 so it can be said that the instrument digunakan in this penlitian is reliable (reliable) so it can be used for further test.

CONCLUSIONS

From the research which has been done, can be drawn some conclusions as follows:

1. Compensation and work discipline have a significant effect on employee performance of PT. JC Utama Teknik Indonesia
2. Compensation does not significantly affect the performance of employees of PT. JC Utama Teknik Indonesia at a significant level of 95% while the work discipline significantly affects the performance of employees
3. Work discipline is more dominant influence on employee performance of PT. JC Utama Teknik Indonesia

**SUGGESTIONS**

According to the results, the writer provides the following suggestions:
1. The leader of PT. JC Utama Teknik Indonesia must continue to maintain various ways so that employees are able to maintain discipline in working because the discipline is able to affect the performance of employees of PT. JC Teknik Utama Indonesia
2. The various types of compensation need to change so that the existence of compensation is able to make the performance of employees of PT. JC Utama Teknik Indonesia more active in working for the improvement of employee performance.
3. For other researchers who will conduct research concerning the performance of employees should be willing to add other variables for more known factors apasajakah that can affect employee performance.

**REFERENCES**