

The Effect of Compensation and Work Discipline on Employee Performance with Work Motivation as an Intervening Variable

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ABSTRACT

Human resources (HR) play a key role in the success and sustainability of a company because employee capability and performance are very vital elements. Two main factors that are often associated with employee performance are compensation and work discipline. This study aims to determine and analyze the direct and indirect effects of compensation and work discipline on employee performance with work motivation as an intervening variable at PT. Bukit Alam Persada. The research method was carried out using a quantitative approach to PLS-SEM analysis using SmartPLS 4 software with a sample of 35 employee staff obtained by using a questionnaire. The study's findings demonstrated that while compensation has a positive and significant impact on work motivation, work discipline has a negative and negligible impact on work motivation; compensation has a positive and significant impact on employee performance; work discipline has a positive and significant impact on employee performance; work motivation has a positive and significant impact on employee performance; compensation has a positive and significant impact on employee performance through work motivation; and work discipline has a negative and negligible impact on employee performance through work motivation.

INTRODUCTION

Every company entity in Indonesia must change with the times to keep ahead of the competition due to the country's expanding business population. Because employee performance and ability are so important, human resources (HR) are crucial to the company's success and long-term viability. Because human resources have a variety of emotional, intellectual, and background characteristics, they differ from other production variables. Employee performance, which reflects the success of individuals in their duties, greatly affects the success of the company. Therefore, company leaders must pay attention to employee performance, as a decline in performance can have a negative impact on the company as a whole. Employee performance evaluation is based on standards and targets that have been set together in the company. Employees who have high performance have the potential to lead the organization to higher achievement and achieve strategic goals. Therefore, HR management focuses on managing various factors that can affect employee performance. The two main factors that are often associated with employee performance are compensation and work discipline.

Compensation which includes salary/wages, benefits, incentives, and bonuses not only serves as a reward for employees for the work they do, but also as a tool to attract the best talent, motivate high performance, and meet the needs of employees' lives, which ultimately increases their satisfaction and performance within the organization (Pratama, 2020), while work discipline includes aspects such as regularity, Compliance with company regulations, and behavior that aligns with work ethics, can create a framework that governs employee behavior, increases productivity, and creates an organized work environment. Employees who maintain good work discipline demonstrate consistent and responsible work quality, contributing to improved overall performance of the organization.

Although this link is complicated and can be influenced by other factors including job motivation, job happiness, and the work environment, HR management studies and practices demonstrate that pay and work discipline have a favorable impact on employee performance. This internal and external motivation creates a commitment to the task and causes individuals to change in order to accomplish organizational goals. Work motivation can serve as an intervening variable that links pay and work discipline with employee performance.

A granite mining company, PT. Bukit Alam Persada, is situated in West Pangke Village, West Meral District, Karimun Regency, Riau Islands Province. The company is having issues with employee performance because some of its employees struggle to meet deadlines. Employee performance in the company has not been optimal because some activities are not running as planned, showing that human resources have not reached an adequate level of performance. Professionalism and a high level of work discipline are also required to achieve organizational goals, but there is a fluctuation in the level of employee work discipline with an increase in the incidence of non-compliance and delays in entering the office. In addition, company leaders also lack

attention and appreciation to employees, causing a lack of motivation and work spirit, and this situation has the potential to reduce employee productivity and performance. Prior research has demonstrated a positive correlation between employee performance and pay, work discipline, and motivation. This research focuses on how compensation and work discipline affect work motivation, which in turn impacts employee performance, can provide a comprehensive view for companies to improve employee productivity and performance.

THEORETICAL REVIEW

Compensation

According to Thomas H. Stone (1982), Compensation is any form of payment given to employees in return for the work they provide. Compensation can also be said to be everything that employees receive in return for their work given to the company in a certain period (Machmed Tun Ganyang, 2018). Compensation dimensions and indicators consist of:

1. Financial compensation is the amount of money that employees receive from the business, either directly or indirectly. The indicators can be in the form of: salary/wages, allowances, incentives/bonuses, insurance/social security, and old-age/retirement security.
2. Employee remuneration that does not take the form of cash is known as non-financial compensation. The indicators can be in the form of: career path/position promotion, supportive facilities, more flexible working hours, fair division of labor, as well as appreciation, praise, awards, and recognition of employees' work.

Work Discipline

Work discipline, as described by R. Wayne Mondy et al. (1999), is a state of self-control and ordered behavior of employees that demonstrates the degree of genuine teamwork in an organization. According to Desilia Purnama Dewi and Harjoyo (2019), work discipline may also be defined as an attitude that complies with a certain circumstance in which members of the organization are subject to current regulations with a sense of satisfaction to achieve the goals that have been set. Work discipline dimensions and indicators consist of:

1. Time discipline is an attitude that shows employee obedience and compliance with company regulations regarding working hours, including attendance and compliance with working hours and carrying out duties on time and correctly.
2. Regulatory discipline is an attitude that shows awareness in obeying every regulation that applies in the company, both written and unwritten, including obedience and obedience in carrying out the orders of superiors and regulations or rules that have been set.
3. Responsibility discipline is an attitude that shows an employee's capability and professionalism towards the duties and responsibilities he is carrying, including the best use and maintenance of equipment, as well as the ability to carry out every job that is his responsibility as an employee.

Work Motivation

Stephen P. Robbins (1996) defines work motivation as the capacity to address an individual's needs while coordinating a high degree of effort toward organizational goals. One definition of work motivation is the drive to make every effort to accomplish organizational objectives, which is impacted by the capacity to meet some of one's own demands (Yosandi Yulius, 2022). Abraham Maslow's 1943 Hierarchy of Needs serves as the basis for the following characteristics and indicators of job motivation:

1. Physiological needs, namely the main living needs in the form of food and beverage needs, clothing needs, and housing needs.
2. The need for security, namely the need for security, the need for protection from threats and conflicts.
3. Social needs, namely the need for friendship, affiliation, belonging, affection, and the need for satisfying interactions with others.
4. The need for appreciation, that is, the need to be respected and appreciated by superiors or others.
5. The need for self-actualization, which is the need at the highest level in the form of the need to utilize the abilities, skills and potential possessed to the maximum.

Employee Performance

According to Bernardin and Russel quoted A.A. Anwar Prabu Mangkunegara (2005), employee performance is defined as a way to measure the various contributions made by each individual to the organization. Employee performance can also be said to be the level of effectiveness and efficiency of results or outputs shown by employees in carrying out their duties in a company in a certain period (Machmed Tun Ganyang, 2018). Employee performance dimensions and indicators consist of:

1. Quantity, which is the number of outputs (outputs) quantitatively produced by each employee.
2. Quality, which is a weight or value shown from each unit of output (output) produced.
3. Creativity, which is the number of ideas conveyed by employees. Employees are assessed for their initiative in carrying out their duties or responsibilities.
4. Loyalty, which is the attitude of always carrying out the tasks given even though it is quite heavy, helping colleagues if their own work has been completed, not being affected by the provocations of other parties, and inviting colleagues to work as well as possible.

METHODOLOGY

This type of research uses a descriptive research method with a quantitative analysis approach. Research with quantitative analysis is a study that takes a sample of a population using a questionnaire as the main data collection tool. This study uses a quantitative approach to analyze the relationship between two independent variables, namely compensation and work discipline to the dependent variable, namely employee performance

through the mediation of work motivation variables. The population and sample in this study are using saturated sampling, namely all employees with staff positions at the PT. Bukit Alam Persada which totaled 35 people.

The collection of data or information as the main data material in this study is carried out in two ways, namely primary data obtained through the distribution of questionnaires/questionnaires in the form of a list of previously formulated questions/written statements that respondents will answer, usually in clearly defined alternatives, while secondary data is obtained through the study of literature/literature and document archives which are carried out by studying various sources of reading or information that closely related to research problems.

Data analysis is carried out by discussing the results of the questionnaire that has been processed, both by using descriptive analysis and quantitative analysis, namely: descriptive analysis will discuss the form of distribution of respondents' answers to the overall concept measured and quantitative analysis for problem solving in this study using PLS-SEM (Partial Least Squares-Structural Equation Model) analysis with the help of analysis tools in the form of SmartPLS 4 software.

RESULTS

Measurement Model Testing (Outer Model)

Convergent Validity Test

The results of data processing show that the loading factor values produced in this study from the indicators of all latent variables studied, namely: compensation (X1), work discipline (X2), work motivation (Y), and employee performance (Z) have an outer loading value of $0.70 >$ which ranges from $0.710 - 0.871$, except for the X1.3 indicator (incentive/bonus) of $0.608 < 0.70$ and the Z.8 indicator (innovation carried out by employees) of $0.637 < 0.70$, so that both indicators have a value of $< 0,70$ was removed from the outer model. Overall, the outer loading value obtained > 0.70 , so it can be said that the indicators used can be declared to meet convergen validity and have a high level of validity, and these indicators can be said to be correlated with the construction to be measured.

Based on the Average Variance Extracted (AVE) criteria, the AVE value produced in this study from each construction studied, namely the compensation variable (X1), work discipline (X2), work motivation (Y), and employee performance (Z) has an AVE value of > 0.50 , which ranges from $0.592 - 0.648$, so it can be said that the correlation between the construction and other constructions used can be declared to meet convergen validity and has an adequate level of validity and is able to explains more than half of the variants of the average indicator.

Discriminant Validity Test

The results of data processing show that the cross loading value produced in this study from the correlation of each indicator to each of the constructed constructs studied, namely the variables of compensation (X1),

work discipline (X2), work motivation (Y), and employee performance (Z) have a cross loading value of > 0.70 and higher than the correlation of indicators to other constructions, so it can be said that all variable indicators are declared to meet the discriminant validity that tall.

Based on the Fornell-Larcker Criterion, the value produced in this study from the root value of AVE for each variable studied, namely the compensation variable (X1), work discipline (X2), work motivation (Y), and employee performance (Z) has an AVE root value greater than the correlation value between the latent variables, so it can be said that all variables are declared to meet high discriminant validity.

Based on the Heterotrait-Monotrait (HTMT) criteria, the values produced in this study from each of the variables studied, namely compensation (X1), work discipline (X2), work motivation (Y), and employee performance (Z) have an HTMT value of < 0.90 , which ranges from 0.263 - 0.762, so it can be said that all variables are declared to meet the discriminant validity. The test results showed that the HTMT value was < 0.90 for the variable pair, so the validity of discrimination was met. Variables divide the variation of a measurement item against the item that measures it more strongly than dividing the variant on other variable items.

Reliability Tests (Composite Reliability and Cronbach"s Alpha)

The results of data processing showed that the composite reliability and Cronbach"s Alpha values produced in this study from each of the variables studied, namely the variables of compensation (X1), work discipline (X2), work motivation (Y), and employee performance (Z) had composite reliability values and Cronbach"s Alpha > 0.70 , so it can be said that all variables are stated to have good composite reliability or high consistency.

Testing the Structural Model (Inner Model)

Multicollinearity

The results of data processing showed that the inner value of VIF < 5 was in the range of 1,218 - 2,381, so the multilinear level between variables was low. The results of these values confirm that the results of parameter estimation in PLS-SEM are robust.

Coefficient of Determination

The results of data processing showed that the R-square value for the work motivation variable (Y) had a value of 0.548 or 54.8% so that it was included in the category of moderate/moderate model (> 0.50) in the structural model test. This shows that 54.8% of the work motivation variable (Y) is influenced by the compensation variable (X1) and work discipline (X2), while the remaining 45.2% is influenced by other variables outside the variables studied. The employee performance variable (Z) has a value of 0.624 or 62.4% so that it is included in the category of medium/moderate model (> 0.50) in the structural model test. This shows that 62.4% of the employee performance variables (Z) are influenced by the variables of compensation (X1) and work

discipline (X2), while the remaining 37.6% are influenced by other variables outside the variables studied.

Based on the F-square Effect Size criterion, it shows that the F-square Effect Size value for the Compensation (X1) → Work Motivation (Y) variables has a value of 0.954 or 95.4% so that it is included in the strong model category (> 0.35) in the structural model test, for the Work Discipline (X2) variable → Work Motivation (Y) has a value of 0.002 or 0.2% so it does not belong to any level model category in the structural model test. for the Compensation (X1) variable → Employee Performance (Z) has a value of 0.533 or 53.3% so it belongs to the strong model category (> 0.35) in the structural model test, for the Work Discipline variable (X2) → Employee Performance (Z) has a value of 1.052 or 105.2% so it belongs to the strong model category (> 0.35) in the structural model test, while for the Work Motivation (Y) variable → Employee Performance (Z) has a value of 0.514 or 51.4% so it belongs to the strong model category (> 0.35) in the test structural model.

Referring to Samuel Ogbeibu's formula, et. al. (2021), then the category of Effect Size Mediation Upsilon (V) for mediation variables in testing a structural model for work motivation that mediates between compensation and work discipline on employee performance can be explained as follows:

- a. Compensation (X1): $\text{upsilon (v)} = \text{path coefficient} \times \text{path coefficient} = 0.474 \times 0.474 = 0.225$ (hence included in the category of influence of strong model mediation (> 0.175) on structural model testing).
- b. Work discipline (X2): $\text{upsilon (v)} = \text{path coefficient} \times \text{path coefficient} = 0.002 \times 0.002 = 0.000$ (so it does not include the category of influence of any level of model mediation in structural model testing).

Goodness of Fit Model

The goodness of fit model test in the structural model test in this study uses the predictive relevance value (Q-square). The Q-square value can describe a measure of prediction accuracy, i.e. how well each change in an independent/exogenous latent variable is able to predict a dependent/endogenous latent variable. Referring to the formula Hair, et. al. (2019), then the Q-square category in the structural model testing of the influence of compensation and work discipline on work motivation and employee performance can be explained as follows: $Q^2 = 1 - (1 - R^2_{\text{Mot}}) (1 - R^2_{\text{Perf}}) = 1 - (1 - 0.548) (1 - 0.624) = 0.830$. Based on the results of these calculations, each change in compensation and work discipline is able to predict work motivation and employee performance with an accuracy of 0.830 (including a high/strong prediction accuracy level).

Hypothesis Testing

Table 1. Path Coefficients Values

Variabel	Path Coefficient	T-stat	P-value	95% Confidence Interval		F-Square	Information
				2,5%	97,5%		
Compensation (X1) → Work Motivation (Y)	0,725	6,692	0,000	0,454	0,885	0,954	Significant H1 Accepted
Work Discipline (X2) → Work Motivation (Y)	0,034	0,281	0,779	-0,113	0,368	0,002	Insignificant H2 Rejected
Compensation (X1) → Employee Performance (Z)	-0,691	3,653	0,000	-1,090	-0,348	0,533	Significant H3 Accepted
Work Discipline (X2) → Employee Performance (Z)	0,695	4,340	0,000	0,323	0,998	1,052	Significant H4 Accepted
Work Motivation (Y) → Employee Performance (Z)	0,654	3,268	0,001	0,298	1,080	0,514	Significant H5 Accepted

Source : research result data, 2024

Table 2. Specific Indirect Effects Value

Variabel	Path Coefficient	T-stat	P-value	95% Confidence Interval		F-Square	Information
				2,5%	97,5%		
Compensation (X1) → Work Motivation (Y) → Employee Performance (Z)	0,474	2,858	0,004	0,194	0,852	0,225	Significant H6 Accepted
Work Discipline (X2) → Work Motivation (Y) → Employee Performance (Z)	0,002	0,245	0,806	-0,081	0,286	0,000	Insignificant H7 Rejected

Source : research result data, 2024

Based on Table 1. Coefficient Path Values and Table 2. The value of Specific Indirect Effects on the results of hypothesis testing, it can be concluded that work motivation in mediating compensation for employee performance in this study can be categorized as complementary partial mediation, this is because the direct influence of compensation on employee performance has a positive and significant influence and the indirect influence of compensation on

employee performance through work motivation also has positive and significant influence, While work motivation in mediating work discipline on employee performance in this study can be categorized as no effect no mediation, this is because the direct influence of work discipline on employee performance has a negative and insignificant influence and the indirect influence of work discipline on employee performance through work motivation also has a negative and insignificant influence.

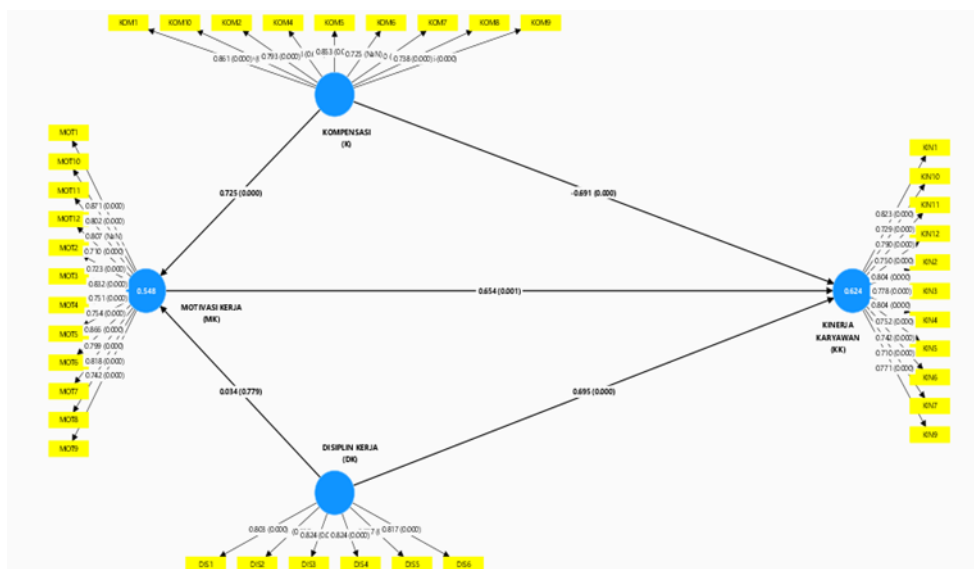


Figure 1. Construction of the Final Stage Model of Hypothesis Test (source: research result data, 2024)

DISCUSSION

The Direct Effect of Compensation on Work Motivation

The empirical data from this study show that there is a positive and significant direct influence of compensation on work motivation with a t-statistical value of $6.692 > 1.96$ and a p-value of $0.000 < 0.05$. This shows that compensation has a positive and significant direct influence on work motivation, so it can be said that the first hypothesis (H1) is accepted. Individuals who are extrinsically motivated (influences from outside a person) will perform better because they want to get some kind of reward from the environment outside of the employee.

The results of this study are in line with previous research conducted by Ervina, Ferdinand, and Meitiana (2023) case study at PT. Pos Indonesia Palangka Raya Post Office; Aprilia Kristiani, Lies Putriana, and Fahrudin Salim (2022) a case study at PT. MMS Group Indonesia; Niken Meirilia, Karnadi, and Lita Permata (2022) a case study at the Situbondo Regency Livestock and Fisheries Office; Wahyu Permatasari and Siti Nur Azizah (2022) a case study on PKH Assistance in Kebumen Regency; and Restu Sylvatra, Tun Huseno, and Heliyani (2020) a case study at the Payakumbuh City Social Service, which as a whole stated that compensation has a positive and significant direct influence on work motivation.

The Direct Effect of Work Discipline on Work Motivation

The empirical data from this study showed that there was no direct positive and significant influence of work discipline on work motivation with a t-statistical value of $0.281 < 1.96$, and a p-value of $0.779 > 0.05$. This shows that work discipline has a negative and insignificant influence directly on work motivation, so it can be said that the second hypothesis (H2) is rejected. A person will feel more like and want something without any party telling or rules prohibiting it. This will mean that when the company implements a strict level of discipline, it will make employees depressed and reduce employee motivation intrinsically (influence from within a person).

The results of this study are in line with previous research conducted by Arya Dwipayana, Kiki Farida Ferine, and Nuzuliati (2023) a case study of the Airport Authority Region II office in Medan; Kumba Digdowiseiso and Nourman Dwi Seftia (2021) a case study at Pertamina Upstream Data Center; and Amy Nurhuda, Sigit Sardjono, and Wulan Purnamasari (2019) a case study at Anwar Medika Sidoarjo Hospital, which as a whole stated that work discipline has a direct negative influence on work motivation.

The Direct Effect of Compensation on Employee Performance

The empirical data from this study shows that there is a positive and significant direct influence of compensation on employee performance with a t-statistical value of $3.653 > 1.96$ and a p-value of $0.000 < 0.05$. This shows that compensation has a positive and significant direct influence on employee performance, so it can be said that the third hypothesis (H3) is accepted. The provision of rewards in the form of fair and adequate financial and non-financial compensation can support employees to achieve higher performance achievements.

The results of this study are in line with previous research conducted by Ahmad Fatah Syahul Adhim and Lie Liana (2023) a case study at the Central Java Provincial Agriculture and Plantation Office; Ervina, Ferdinand, and Meitiana (2023) a case study at PT. Pos Indonesia Palangka Raya Post Office; Rizqi Nur Fitra Dika, Alum Kusumah, and Rian Rahmat (2023) a case study at PT. Matahari Department Store Tbk Mall SKA Pekanbaru; Afan Muzaki (2022) a case study at PT. Trans Rekreasindo Malang Branch; and Niken Meirilia, Karnadi, and Lita Permata (2022) a case study at the Situbondo Regency Livestock and Fisheries Office, which as a whole states that compensation has a positive and significant direct influence on employee performance.

The Direct Effect of Work Discipline on Employee Performance

The empirical data from this study shows that there is a positive and significant direct influence of work discipline on employee performance with a t-statistical value of $4.340 > 1.96$ and a p-value of $0.000 < 0.05$. This shows that work discipline has a positive and significant influence directly on employee performance, so it can be said that the fourth hypothesis (H4) is accepted. The influence of high work discipline carried out by employees on the company as mentioned above, can increase the effectiveness and efficiency of employee work, as well as the existence of challenging work targets and adequate work authority

from office superiors, thus further improving employee performance to achieve higher performance achievements.

The results of this study are in line with previous research conducted by Fernando Astrada, Harries Madiistriyatno, and Sri Wahyuningsih (2024) case study at PT. Askotama Inti Nusantara; Nurhana Afrida Nasution, Harries Madiistriyatno, and Bambang Nurrochim (2024) a case study at the General Secretariat of the National Police; Ahmad Fatah Syahul Adhim and Lie Liana (2023) a case study at the Central Java Provincial Agriculture and Plantation Office; Rizqi Nur Fitra Dika, Alum Kusumah, and Rian Rahmat (2023) a case study at PT. Matahari Department Store Tbk Mall SKA Pekanbaru; and Aprilia Kristiani, Lies Putriana, and Fahrudin Salim (2022) a case study at PT. MMS Group Indonesia, which as a whole stated that work discipline has a positive and significant influence directly on employee performance.

The Direct Effect of Work Motivation on Employee Performance

The empirical data from this study shows that there is a positive and significant direct influence of work motivation on employee performance with a t-statistical value of $3.268 > 1.96$ and a p-value of $0.001 < 0.05$. This shows that work motivation has a positive and significant influence directly on employee performance, so it can be said that the fifth hypothesis (H5) is accepted. The influence of increasing work motivation, both intrinsic and extrinsic, that employees receive from the company as mentioned above, can increase employee performance to achieve higher performance achievements.

The results of this study are in line with previous research conducted by Ahmad Fatah Syahul Adhim and Lie Liana (2023) a case study at the Central Java Provincial Agriculture and Plantation Office; Rizqi Nur Fitra Dika, Alum Kusumah, and Rian Rahmat (2023) a case study at PT. Matahari Department Store Tbk Mall SKA Pekanbaru; Harries Madiistriyatno and Fahmi Hilman (2023) a case study at LAZISMU, Bekasi City; Aprilia Kristiani, Lies Putriana, and Fahrudin Salim (2022) a case study at PT. MMS Group Indonesia; and Niken Meirilia, Karnadi, and Lita Permata (2022) a case study at the Situbondo Regency Livestock and Fisheries Office, which overall stated that work motivation has a positive and significant direct influence on employee performance.

The Indirect Effect of Compensation on Employee Performance through Work Motivation

The empirical data from this study shows that there is a positive and significant indirect influence of compensation on employee performance through work motivation mediation with a t-statistical value of $2.858 > 1.96$ and a p-value of $0.004 < 0.05$. This shows that compensation has a positive and significant influence indirectly on employee performance through work motivation mediation, so it can be said that the sixth hypothesis (H6) is accepted. The existence of rewards in the form of fair and adequate financial and non-financial compensation can increase employee motivation extrinsically, which in turn will also improve employee performance to achieve higher performance achievements.

The results of this study are in line with previous research conducted by Niken Meirilia, Karnadi, and Lita Permata (2022) case study at the Situbondo Regency Livestock and Fisheries Office; Wahyu Permatasari and Siti Nur Azizah (2022) a case study on PKH Assistance in Kebumen Regency; Kumba Digdowiseiso and Nourman Dwi Seftia (2021) a case study at Pertamina Upstream Data Center; Sulisty Purwito Kesdu (2021) a case study at the Population and Civil Registration Office of Grobogan Regency; and Restu Sylvatra, Tun Huseno, and Heliyani (2020) a case study at the Payakumbuh City Social Service, which as a whole states that compensation has a positive and significant influence indirectly on employee performance through work motivation mediation.

The Indirect Effect of Work Discipline on Employee Performance through Work Motivation

The empirical data from this study showed that there was no positive and significant indirect influence of work discipline on employee performance through work motivation mediation with t-statistical values of $0.245 < 1.96$, and p-values of $0.806 > 0.05$. This shows that work discipline has a negative and insignificant influence on employee performance through work motivation mediation, so it can be said that the seventh hypothesis (H7) is rejected. A person will feel more like and want something without any party telling or rules prohibiting it. This will mean that when the company implements a strict level of discipline, it will make employees depressed and reduce employee motivation intrinsically, which in turn will also have an impact on decreasing employee performance in the company to be lower/worse.

The results of this study are in line with previous research conducted by Arya Dwipayana, Kiki Farida Ferine, and Nuzuliati (2023) a case study of the Airport Authority Region II office in Medan; Jufrizen and Fadilla Puspita Hadi (2021) a case study of PT. Nusantara III (Persero) Medan Plantation; and Nina Andriyani, Ramadhani Hamzah, and Riduan Siagian (2020) a case study at PT. Aquavue Vision International, which as a whole states that work discipline has an indirect negative influence on employee performance through the mediation of work motivation.

CONCLUSIONS AND RECOMMENDATIONS

Compensation has a positive and significant influence directly on work motivation at PT. Bukit Alam Persada. This shows that the provision of fair and adequate compensation from the company in accordance with the company's regulations and applicable laws and regulations can increase the work motivation of employees extrinsically within PT. Bukit Alam Persada. Work discipline has a negative and insignificant influence directly on work motivation at PT. Bukit Alam Persada. This shows that the implementation of high work discipline by the company can reduce employee work motivation intrinsically in the PT. Bukit Alam Persada.

Compensation has a positive and significant direct influence on employee performance at PT. Bukit Alam Persada. This shows that the provision of fair and adequate compensation from the company in accordance with the company's

regulations and applicable laws and regulations can improve the performance of employees within PT. Bukit Alam Persada. Work discipline has a positive and significant influence directly on employee performance at PT. Bukit Alam Persada. This shows that the implementation of high work discipline by the company can improve employee performance within PT. Bukit Alam Persada. Work motivation has a positive and significant influence directly on employee performance at PT. Bukit Alam Persada. This shows that providing work motivation from the external environment, especially from the management/direct supervisors and employee colleagues, can improve employee performance within PT. Bukit Alam Persada.

Compensation has a positive and significant influence indirectly on employee performance at PT. Bukit Alam Persada through work motivation mediation. This shows that work motivation can mediate the relationship between the provision of fair and adequate compensation from the company in accordance with the company's regulations and applicable legal provisions with the improvement of employee performance within PT. Bukit Alam Persada. Work discipline has a negative and insignificant influence on employee performance at PT. Bukit Alam Persada through work motivation mediation. This shows that work motivation cannot mediate the relationship between the implementation of high work discipline by the company and the improvement of employee performance within PT. Bukit Alam Persada.

FURTHER STUDY

A future study could adopt a longitudinal design to monitor how changes in compensation and work discipline policies over time impact work motivation and performance. This would help to capture long-term trends and adjustments in employee behavior rather than relying solely on a cross-sectional snapshot.

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