



# Effect of Work Discipline on Employee Performance with Compensation as a Moderating Variable at PT Solusi Energy Nusantara

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## ABSTRACT

PT Solusi Energy Nusantara (SENA) is a subsidiary of PT PGAS Solution which is engaged in the transmission and distribution of natural gas where the company has been trusted by several large companies in Indonesia. However, employee performance has decreased by 7% in 2021 when compared to 2019, this will certainly affect the company's performance in facing future business competition. There are several factors that influence employee performance, one of which is compensation and work discipline. From the results of research conducted using the SEM AMOS method, it can be concluded that compensation has an effect on employee performance with a p-value of 0.001 while work discipline has no effect on employee performance with a p-value of 0.698. However, when compensation as a moderating variable will strengthen the relationship between work discipline and employee performance so that work discipline affects employee performance with a p-value of 0.002.

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## INTRODUCTION

PT Solusi Energy Nusantara (SENA) was established in Jakarta on April 20, 2015, is a subsidiary of PT PGAS Solution which is engaged in the transmission and distribution of natural gas. The products provided by the company are engineering services in the oil and gas industry which cover the pipeline, mechanical, electrical, geodetic, civil, process and telemetry fields. With 8 years of experience, the company has been trusted by several companies including PT Kalimantan Jawa Gas, PT Pembangkitan Jawa-Bali, Perum Perumnas, PT PGN LNG Indonesia and many others.

With so many companies that have become clients of PT SENA, of course, employee performance is one of the factors that must be maintained and improved by the company considering that there are many companies engaged in the same field, resulting in increasingly tough competition in the future. Based on the table below, it can be seen that there has been a decline in employee performance of 7% when compared to 2019, where the average employee performance in 2021 is 80%.

Employee performance is the result of hard work and employee behavior in a certain period which determines a person's ability to carry out their duties (Kasmir, 2018). Employee performance is the result of work, both in quality and quantity that has been achieved by an employee in carrying out the duties and responsibilities that have been assigned to him (Mangkunegara, 2017). Based on this definition, it can be concluded that employee performance is the result of employee work in carrying out their duties and responsibilities within a certain period.

Several factors affect employee performance, one of which is work discipline and compensation. Work discipline is the awareness of an employee to continue to work regularly in accordance with regulations and not violate the rules set by the company, meaning that discipline is compliance with orders set by the organization (Sinambela, 2018). Work Discipline is a tool used by managers to communicate with employees so that they are willing to change a behavior as well as an effort to increase one's awareness and willingness to comply with all company regulations and applicable social norms (Riva, 2019).

Yanti Antartiksa in her research suggests that Organizational Culture, Work Discipline and Work Productivity affect the performance of employees of PT Intercallin with an influence of 71.2% and 28.8% are influenced by other factors (Yanti, 2020). Revanda Bela Oktaviana in her research suggests that leadership style, motivation, and work discipline have a significant positive effect on employee performance (Oktaviana et al, 2022 ).

Compensation is the provision of remuneration, either directly in the form of money (financial) or indirectly in the form of awards (non-financial) (Supomo & Nurhayati, 2018). Compensation is an important function in human resource management. Compensation is intended as a company reward for the sacrifice of time, energy and thoughts that have been given by employees to the company (Yusuf, 2018).

Mundakir in his research suggested that compensation and work motivation affect employee job satisfaction (Mundakir & Zainuri, 2018). Arief Adi Saputro in his research stated that organizational commitment, motivation and compensation have had a significant effect on managerial performance, internal locus of control has also proven successful in strengthening the relationship between organizational commitment, motivation, and compensation with managerial performance of FKTP BPJS Kesehatan, Kudus Regency (Saputro & Utomo, 2018).

## RESEARCH METHOD

Population is a collection of objects, plants or living things that have the same characteristics and characteristics as the center of attention for researchers (Winarni, 2018). The sample is a representative part of the population, which is believed to be representative of the characteristics or usually referred to as respondents (Saebani & Sutisna, 2018). The number of employees at PT Solusi Energy Nusantara, West Jakarta, has a population of 70 employees, so the sample used in this study is 70 employees.

A good frame of mind will identify the important variables that are relevant to research problems and can logically/reasonably explain the relationship/relationship of the independent variables with the dependent, intervening and moderating variables (Rumengan, 2013). From the description above, the writer can create a framework as follows.

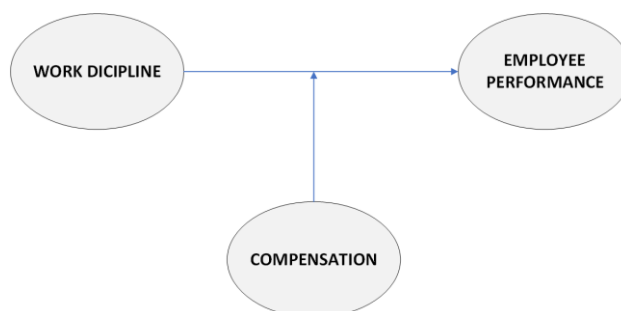


Figure 1. Research Framework

The hypothesis in this study is as follows: Ho<sub>1</sub> : There is no significant effect between Work Discipline on Employee Performance; Ha<sub>1</sub> : There is a significant influence between Work Discipline on Employee Performance; Ho<sub>2</sub> : There is no significant effect between Compensation on Employee Performance; Ha<sub>2</sub> : There is a significant influence between Compensation on Employee Performance; Ho<sub>3</sub> : There is no significant effect between work discipline on employee performance and compensation as a moderating variable; Ha<sub>3</sub> : There is a significant influence between work discipline on employee performance and compensation as a moderating variable

The structural equation model (Structural Equation Model) is a second generation multivariate analysis technique that allows researchers to examine the relationship between complex variables both recursive and non-recursive to obtain an overall picture of the entire model (Ghozali, 2005). Structural equation modeling (SEM) was carried out with the help of the AMOS program. The AMOS program shows measurement and structural problems, and is used to analyze and test hypothetical models. The stages in testing the AMOS SEM model include: The Normality test can be seen in the Critical Ratio (CR) values of the skewness and kurtosis. If the CR value is between the range - 2.58 to 2.58 at a significance level of 1% (0.01), it can be concluded that the data is normally distributed both univariate and multivariate; Validity test can be seen in the factor loading weight value of 0.50 or more which is considered to have strong enough validity to explain the latent construct (Hair et al, 2010) (Ghozali, 2012); The reliability test can be seen if the Construct Reliability (CR) value is ≥ 0.70 and the variance extracted value is ≥ 0.50 (Hair et al, 2010); The Moderation Test is an approach that allows a relationship between an independent variable and the dependent variable that is influenced by other latent variables. Variables that allow the relationship between one variable and another variable are called moderating variables. One method that can estimate the moderating effect on a complex SEM is the Ping method. Ping(1995) in (Ghozali, 2008) states that a single indicator should be used as an indicator of a moderating latent variable.

This single indicator is a multiplication between the indicator of the exogenous latent variable and the indicator of the moderator variable. For example, the relationship between X and Y is influenced by the latent variable Z. where Y is the manifest dependent variable while X and Z are latent variables and each has an indicator: Hypothesis testing is done by looking at the significant level of relationship between variables by looking at the P-value <0.05; Goodness of Fit is used to test the model used in the study. According to (Ghozali, 2006), In the SEM analysis technique, several statistical tests are used to test the hypotheses of the developed model. The statistical test used to measure the level of fit of the model in research after the assumptions in the SEM are met. The criteria for Goodness of Fit are as shown in the table below.

Table 2. Goodness of Fit criteria

Criteria	Value
Chi-Square	0: Perfect FIT, the bigger the less fit
Probability	≥α: FIT, the value of α that can be used is 5%, 1% and 10%
GFI	0: Unwell; 1: Perfect FIT; ≥0.9 : FIT
AGFI	0: Unwell; 1: Perfect FIT; ≥0.9 : FIT
RMSEA	≤0,05 : FIT ; >,0,1 : No FIT

TLI	0: Not FIT; 1: Perfect FIT; $\geq 0.9$ : FIT
NFI	0: Not FIT; 1: Perfect FIT; $\geq 0.9$ : FIT
PCFI	0: Not FIT; the bigger the fit
PNFI	0: Not FIT; the bigger the fit

## RESULTS AND DISCUSSIONS

### Early Models

There are 5 indicators in the variable, 9 indicators in the discipline variable and 8 indicators in the performance variable with the initial model shown in the image below.

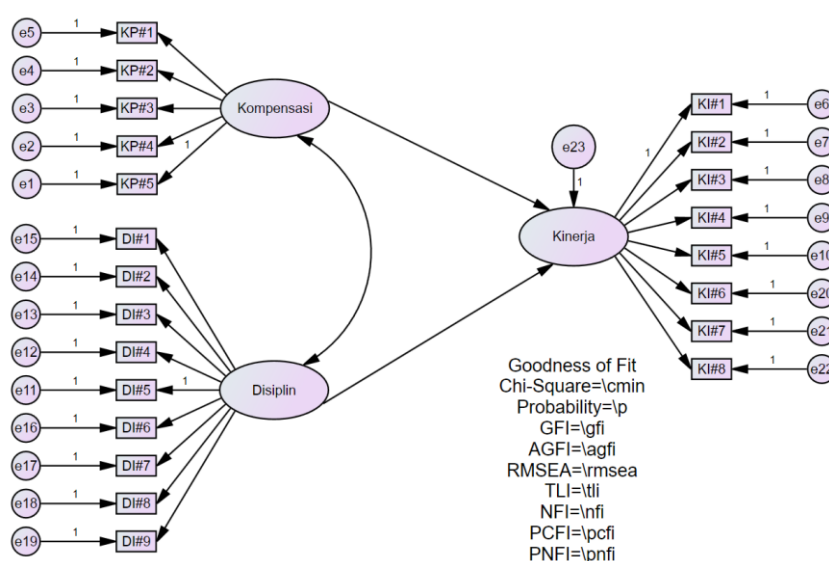


Figure 2. Initial Research Model

Compensation is all income in the form of money, goods directly or indirectly received by employees as compensation for services provided to the company (Hasibuan,2017). Hasibuan suggests that there are several dimensions and indicators of compensation, as follows (Hasibuan,2016): 1) Direct compensation consisting of indicators of Salary, Incentives and Bonuses and 2) Indirect compensation consisting of indicators of insurance and facilities.

Work discipline is a person's awareness and willingness to obey all organizational or company regulations and applicable social norms (Hasibuan,2013). There are 3 dimensions and 9 indicators in work discipline including (Hasibuan,2013) : 1) Time Effectively which consists of indicators of obedience and accuracy; 2) Responsibilities at work consisting of indicators of motivation, loyalty, work and clothing; and 3) Absence consisting of indicators of working hours, leaving the workplace and not coming to work.

Performance is the result of work that can be achieved by a person or group of people in a company in accordance with their respective authorities and responsibilities in an effort to achieve company goals legally, not violating the law and not contradicting morals and ethics (Afandi,2018). There are 3 dimensions and 8 indicators in performance including (Busro,2018): 1) work results consisting of indicators of quality of work results, quantity of work results and efficiency in carrying out tasks; 2) Work Behavior consisting of indicators of discipline, initiative and accuracy; and 3) Personal characteristics consisting of indicators of honesty and creativity.

### Normality Test

Based on the results of the normality test it can be seen that the multivariate Critical Ratio value is 4.501 where the value is greater than 2.58 so that the data is not normally distributed so it needs to be repaired by removing some outlier data.

**Table 3.** Normality test

Variable	min	max	skew	c.r.	kurtosis	c.r.
KI#8	1	5	-0,839	-2,864	1,283	2,191
KI#7	4	5	-1,028	-3,511	-0,943	-1,611
KI#6	2	5	-1,017	-3,474	1,601	2,734
DI#9	3	5	-0,526	-1,796	-1,075	-1,836
DI#8	3	5	-0,714	-2,44	-0,817	-1,395
DI#7	3	5	-0,285	-0,973	-0,959	-1,638
DI#6	3	5	-0,526	-1,796	-1,075	-1,836
DI#1	4	5	-0,8	-2,733	-1,36	-2,322
DI#2	3	5	-0,349	-1,191	-1,238	-2,115
DI#3	2	5	-0,994	-3,395	1,009	1,722
DI#4	2	5	-0,424	-1,448	-0,839	-1,433
DI#5	6	10	-0,36	-1,229	-0,435	-0,742
KI#5	3	5	-0,349	-1,191	-0,94	-1,605
KI#4	3	5	-1,222	-4,175	0,487	0,832
KI#3	2	5	-0,494	-1,687	-0,336	-0,573
KI#2	6	10	-0,546	-1,866	-0,365	-0,624
KI#1	7	10	-1,519	-5,189	1,246	2,128
KP#1	8	10	-0,22	-0,753	-1,595	-2,724
KP#2	7	10	-0,448	-1,529	-1,06	-1,81
KP#3	6	10	-0,591	-2,02	0,335	0,572
KP#4	6	10	-1,033	-3,529	0,69	1,178
KP#5	6	10	-0,403	-1,377	-0,442	-0,755
Multivariate					34,962	4,501

After modifying the data by removing 20 outlier data, the Critical Ratio value is 1.627 which is smaller than 2.58 so that it can be said that the data is normally distributed.

**Table 4.** Stage 1 Normality Test

Variable	min	max	skew	c.r.	kurtosis	c.r.
KI#8	2	5	-0,238	-0,688	-0,588	-0,849
KI#7	4	5	-0,873	-2,52	-1,238	-1,787
KI#6	4	5	0,08	0,231	-1,994	-2,877
DI#9	4	5	-0,324	-0,936	-1,895	-2,735
DI#8	4	5	-0,583	-1,684	-1,66	-2,396
DI#7	4	5	-0,161	-0,463	-1,974	-2,85
DI#6	4	5	-0,324	-0,936	-1,895	-2,735
DI#1	4	5	-0,873	-2,52	-1,238	-1,787
DI#2	4	5	-0,242	-0,698	-1,942	-2,802
DI#3	3	5	-0,556	-1,605	-0,668	-0,965
DI#4	2	5	-0,542	-1,565	-0,717	-1,035
DI#5	8	10	-0,11	-0,317	-1,469	-2,12
KI#5	3	5	-0,383	-1,107	-0,67	-0,967
KI#4	4	5	-0,98	-2,829	-1,04	-1,501
KI#3	2	5	-0,421	-1,215	-0,278	-0,401
KI#2	8	10	-0,115	-0,332	-1,633	-2,356
KI#1	8	10	-1,588	-4,585	1,117	1,612
KP#1	8	10	-0,342	-0,986	-1,422	-2,052
KP#2	8	10	-0,257	-0,742	-1,395	-2,014

KP#3	7	10	0,072	0,208	-1,031	-1,488
KP#4	8	10	-0,568	-1,639	-1,379	-1,99
KP#5	8	10	-0,077	-0,223	-1,677	-2,421
Multivariate					14,956	1,627

### Validity Test

In the next stage a reliability test was carried out on the variables used, at the testing stage it was found that there were several invalid indicators where the Estimate value was  $<0.5$  so it needed to be excluded from the research model.

**Table 5.** Validity test

	Indicator		Estimate
KP#5	<---	Compensation	0,61
KP#4	<---	Compensation	0,695
KP#3	<---	Compensation	0,481
KP#2	<---	Compensation	0,561
KP#1	<---	Compensation	0,403
KI#1	<---	Performance	0,447
KI#2	<---	Performance	0,483
KI#3	<---	Performance	-0,045
KI#4	<---	Performance	0,893
KI#5	<---	Performance	0,055
DI#5	<---	Discipline	0,62
DI#4	<---	Discipline	-0,127
DI#3	<---	Discipline	0,342
DI#2	<---	Discipline	0,192
DI#1	<---	Discipline	0,059
DI#6	<---	Discipline	0,675
DI#7	<---	Discipline	0,664
DI#8	<---	Discipline	0,738
DI#9	<---	Discipline	0,571
KI#6	<---	Performance	0,501
KI#7	<---	Performance	0,932
KI#8	<---	Performance	0,147

After evaluating the validity test of the indicators, it was found that there were 2 indicators of Compensation, 5 indicators of Discipline and 2 valid Performance indicators with an estimate value  $> 0.50$  as shown in the table below.

**Table 6.** Stage 1 Validity Test

	Indicator		Estimate
KP#5	<---	Compensation	0,73
KP#4	<---	Compensation	0,831
KI#4	<---	Performance	0,887
DI#5	<---	Discipline	0,602
DI#6	<---	Discipline	0,737
DI#7	<---	Discipline	0,656
DI#8	<---	Discipline	0,72

DI#9	<---	Discipline	0,588
KI#7	<---	Performance	0,964

**Reliability Test**

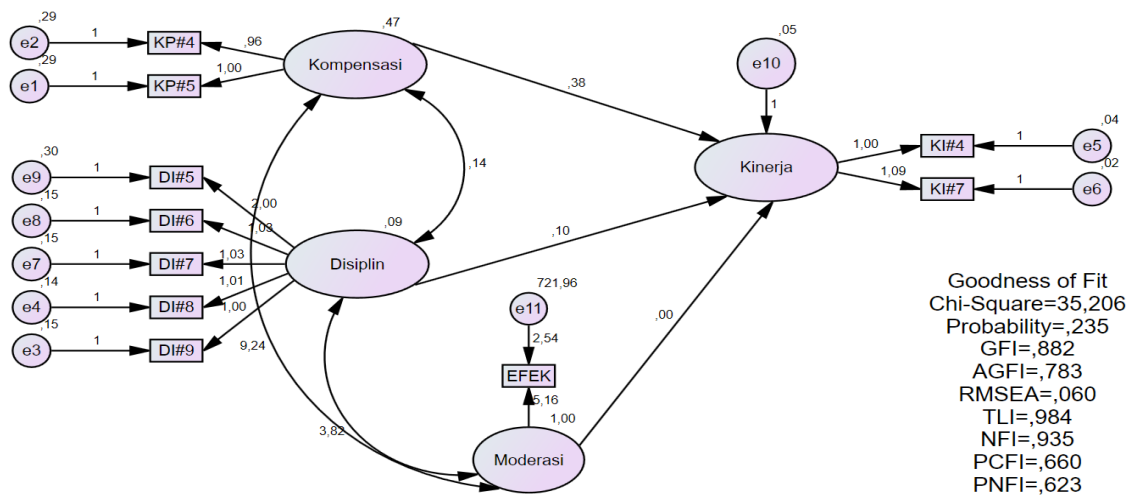
At this stage a reliability test will be carried out on the variables to be tested where the variables of Compensation, Work Discipline and Employee Performance are declared Reliable with CR and AVE values as shown in the table below.

**Table 7. Reliability Test**

Variabel	CR	AVE
Compensation	0.758	0.612
Discipline	0.796	0.440
Performance	0.923	0.858

**Test Moderation**

In this study, the compensation variable is used as a moderating variable to see whether employee work discipline has an influence on employee performance, which is affected by compensation. The model in the Moderation test is shown in the image below.



**Figure 3. Model Uji Moderasi**

**Hypothesis Test**

From the results of the AMOS SEM test it was concluded that compensation has an effect on employee performance while work discipline has no effect on employee performance. However, when there is a Compensation variable as a moderating variable, Work Discipline will affect employee performance so that Compensation will strengthen the relationship between Work Discipline and Employee Performance.

**Table 8. Hypothesis Testing**

Variable	Estimate	S.E.	C.R.	P	Label
Performance <--- Compensation	0,381	0,12	3,184	0,001	
Performance <--- Discipline	0,101	0,262	0,387	0,698	
Performance <--- Moderation	0,004	0,001	3,116	0,002	

### Goodness of Fit

At this stage a model suitability test will be carried out against the model being developed, from the results of the Goodness of Fit test it is found that most of the criteria have been declared Fit as shown in the table below.

**Table 9.** Goodness of Fit

Criteria	Test Value	Information
Chi-Square	35.206	FIT
Probability	0.235	FIT
GFI	0.882	FIT
AGFI	0.783	NOT FIT
RMSEA	0.060	NOT FIT
TLI	0.984	FIT
NFI	0.935	FIT
PCFI	0.660	FIT
PNFI	0.623	FIT

From the table above it can be seen that 1) Chi-Square has a value of 35,206 and this value is not too large so that it can be said to be FIT; 2) the Probability value is 0.235 which is greater than the commonly used values, namely 1%, 5% and 10%; 3) GFI has a value of 0.882 where the value is close to 0.9 so that it can be said to be FIT; 4) AGFI has a value of 0.783 where the value is below 0.9 so it is said to be Not FIT; 5) RMSEA has a value of 0.06 where the value is above 0.05 so it is said to be Not FIT; 6) TLI has a value of 0.984 where the value is  $> 0.9$  so it is said to be FIT; 7) NFI has a value of 0.935 where the value is  $> 0.9$  so it is said to be FIT; 8) PCFI has a value of 0.660 where the value is  $> 0$  so it is said to be FIT; and 9) PNFI has a value of 0.623 where the value is  $> 0$  so it is said to be FIT.

## CONCLUSION

Based on the results of the above research it can be concluded that Work Discipline can affect Employee Performance when there is Compensation as a moderating variable that strengthens the relationship between the two variables with the relationship of each variable as follows : Ho1 is accepted where The Work Discipline Variable has no effect on Employee Performance with a p-value of 0.698; Ho2 is accepted where Compensation Variable affects Employee Performance with a p-value of 0.001; Ho3 is rejected where The Compensation Variable as a moderating variable strengthens the relationship between Work Discipline and Employee Performance so that Work Discipline influences Employee Performance with a p-value of 0.002.

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