

# The Effect of Compensation, Work Motivation and Work Discipline on the Performance of PT. Khong Guan

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## Keywords

*Effect, Compensation, Work  
Motivation, Work Discipline,  
Performance.*

## ABSTRACT

This research aimed to analyze the impact of compensation factors, work motivation, and work discipline on employee performance through quantitative methods, employing primary data from 141 distributed questionnaires. The study employed descriptive and inferential analyses, encompassing instrument test analysis, model feasibility test, multiple linear regression correlation analysis, and hypothesis tests. The regression analysis revealed a positive influence on performance, as indicated by the equation  $\text{Performance} = 0.361 K + 0.226 M.K + 0.273 D.K$ . The feasibility test affirmed the model's significance ( $p\text{-value} = 0.000$ ), signifying that all independent variables significantly influence performance. Hypothesis testing demonstrated significant values for compensation (0.000), work motivation (0.002), and work discipline (0.000), supporting the acceptance of hypotheses. Management is advised to prioritize the compensation factor with the greatest contribution to PT Khong Guan employees' performance. Addressing employees' perceptions and fostering motivation and discipline can enhance overall company goals. Including a sentence about potential areas for future research based on the findings would provide a forward-looking perspective.

## INTRODUCTION

Facing competition in the era of globalization, the absolute need for strong human resources cannot be denied in the face of this new century, where in this era of globalization, which has also entered the era of the industrial revolution 4.0, industrial developments in many fields require companies to be able to maximize the performance of their employees. The organization or company will meet a very complex form of competition with variations, intensity and scope that may not have been encountered before, so the organization needs people who are tough, can adapt quickly to every thing that happens, who are able to work in new ways through their skills and tasks, work performance has elements of ability, ability, work discipline and accuracy so that it can provide work results that are better or stand out. Because work performance is a systematic evaluation of the work that has been done by employees and is aimed at development (Mangkunegara, 2015).

Because an organizational activity of a company will not run without the involvement of human elements in it, the element of control is in humans, so that in the end compared to other factors, humans are the element that most determines the success or failure of a company in carrying out various activities in order to achieve the goals and objectives of the company. Therefore, quality employees are employees who carry out their work and are able to provide good work results or have high work performance needed by the company to achieve goals, because the higher the work of its employees will have an impact on the high performance of the company.

With the existence of human resources in a company that plays an important role, therefore the potential of every human resource in the company must be utilized properly in order to be able to provide optimal output. The achievement of the company's goals does not only depend on modern equipment, complete facilities and infrastructure, but rather depends more on the people who carry out the work. Wake Up (2012: 230) It also defines that "performance is a dependent variable that is influenced by many factors that have meaning in the delivery of organizational goals". That is, errors in the management of independent variables will result in performance, both negatively and positively. In facing competition, human resources in the company are not just a tool to achieve company targets, but human resources (HR) are organizational assets that must be maintained and developed.

In supporting the achievement of the desired goals, a series of activities known as management processes are needed, consisting of planning, organizing, actuating and controlling actions, which are carried out to determine and achieve predetermined goals through the use of human resources and other resources. These actions are interrelated and it is the task of management to organize the people in it to carry out various jobs in order to achieve the company's goals.

Some characteristics of employees who perform well include being fast in completing the tasks given to them, being responsible and always showing their morale. In addition, companies must also think about how to improve the performance of their employees in order to achieve company goals well, because the performance of engineers is a very important thing in the sustainability of a company, one way is through performance appraisal or performance management. To achieve good performance, the most dominant element is human resources, although the planning has been arranged well and neatly but if the person or personnel who carry out it is not qualified and does not have high morale, then the planning that has been prepared will be in vain.

Today, the food business covers a wide range of topics, for example is the development of the biscuit industry in Indonesia which is growing rapidly. The number of new business actors who develop their business in the food industry (biscuit) further tightens competition in the industry. With such fierce competition between companies in the biscuit industry today, it is expected that companies must be able to survive and can continue to grow. The number of players in the biscuit industry lately is quite large, such as PT. Khong Guan Biscuit Factory Indonesia, PT Mayora Indah Tbk., PT Kraft Food Indonesia, PT Arnott's Indonesia, Orang Tua Group and Garuda Food are major companies in the industry as well as major players. Researchers are interested in further observing PT. Khong Guan Biscuit Factory Indonesia because apart from being one of the old players in the biscuit industry that strives to grow and develop, PT. Khong Guan Biscuit Factory Indonesia also has to face competitors who are trying to take its market share. PT. Khong Guan Biscuit Factory Indonesia runs a multi-brand strategy with ownership of a number of brands, namely: Khong Guan, Nissin, Monde, Serena, Kogen and Jacobis.

PT Khong Guan, as we already know Khong Guan Biscuit Factory Indonesia is a national-scale company engaged in the food industry, especially Biscuit, Wafer and Waferstik products. PT Khong Guan annual sales growth of Khong Guan Group averages 10 to 15%. Although the last two years of macroeconomic conditions have not been good, Khong Guan Group can still record double-digit growth. Khong Guan Group's market share in Indonesia is 28-30% of the total biscuit market in Indonesia.

One of the benchmarks in the success of the goals set by management is to assess the achievement of overall performance whether it has been achieved or has not been realized, because if it has not achieved what has been set by the management of a company, it can be perceived that there is a problem or certain problems that become obstacles in realizing what is the agenda and goals of the company. The results of observations made at PT Khong Guan Jakarta, have not realized the overall target that has become the agenda and target set by management.

Achievement of employee performance is important to produce maximum performance and how to maintain existing performance. To achieve the success of increasing employee productivity in a company, it must have a good work system between management and employees. As shown in the 2019

annual report data of PT Khong Guan, where the performance of karaywan at PT Khong Guan showed a decrease in performance in the last 2 years which was shown in the final assessment results of the evaluation in 2018 of 78.8% and there was a decrease in performance in the following year, namely 2019 76.4%.

Many factors can cause a decrease in performance, such as in this study which reviewed several factors such as those specifically on compensation factors, work motivation and work discipline. Of the three factors to be analyzed, which factor is the biggest in influencing performance both in terms of employees and management, which may be able to help in achieving the goals set by PT Khong Guan management.

In order for employees to work hard with high morale, one of the factors that can influence the performance of an employee that is quite crucial is the compensation factor he receives. Compensation is not the only factor that affects employee performance, but compensation is still recognized as one of the determining factors in order to improve employee performance. The compensation factor is indeed something that can motivate employees, where by paying attention to the provision of wages or salaries in accordance with UMR standards, providing benefits, accident insurance and intensive for employees. If wages or salaries and benefits and others are ignored by the company, it will cause various problems for the company. But on the contrary, if the company has wages or salaries and pays attention to the welfare of its employees, it can motivate them to be able to increase work productivity which will also have an impact on what is the goal of the company. This is as Sunyoto (2012: 29) said that "compensation is a network of various subprocesses to provide remuneration to employees for the implementation of work and to motivate employees to achieve the desired level of achievement". Compensation is said to be very influential on the performance of an employee. This is proven in research conducted by Novita and Suryalena (2017), in the results of their research it was proven that compensation has a positive effect on performance in employees of Giant Ekstra Nagka Pekanbaru.

The following factors that also support a performance that is no less important that is thought to affect employee performance is work motivation. Motivation is a need, desire or drive in a person. This can be interpreted as a process or action of inspiring people to try with all their strength so that their work can succeed as well as possible in achieving their desired goals. As Rebin Sumardi (2015: 29) said, said that; "Motivation is a state in a person's person that drives his desire to perform certain activities in order to achieve a goal".

Motivation in a person that causes the person to act, which is the background of the individual in doing to achieve a certain goal or can be said motive is a driver in achieving a certain goal. So work motivation is quite influential on the results of an employee's performance, because with this motivation can provide enthusiasm or encouragement for someone to work. This is evidenced in research conducted by Jasman and Rina (2017), which proves that motivation has a significant effect on the performance of PT. KAMASINDO.

In addition to the two compensation and motivation factors mentioned above, there are other factors that can affect performance, namely work discipline. With good or bad discipline in workers will automatically affect one's performance, because discipline is a trait that respects, appreciates, obeys and obeys applicable regulations both written and unwritten and is able to carry out which is not evasive if the members of the organization concerned violate the duties and authorities given to them. 193) which states that "discipline is the awareness and willingness of a person to obey all company rules and prevailing social norms".

This study aims to investigate the effect of compensation, work motivation, and work discipline on employee performance at PT. Khong Guan Jakarta. The formulation of the problem includes questions regarding the positive and significant influence of compensation, work motivation, and work discipline on the performance of company employees. The purpose of the study is to analyze the impact of each independent variable on the dependent variable, namely employee performance. The benefits

of this research are expected to contribute to the management of PT. Khong Guan in designing policies related to compensation, work motivation, and work discipline to improve employee performance. In addition, this research can be a reference for future studies related to these factors in the industrial world.

## **RESEARCH METHODS**

This study uses quantitative research design with the aim to analyze the effect of compensation, work motivation, and work discipline on employee performance at PT. Khong Guan Jakarta. The population in this study involved all employees of PT. Khong Guan Jakarta, while the sample was taken using probability sampling technique, namely simple random sampling. The number of samples taken was 141 respondents from the total employee population. The instrument used in data collection is the questionnaire. This questionnaire is designed to measure research variables, namely compensation, work motivation, work discipline, and employee performance. The Likert scale is used as a measurement tool, where respondents are asked to give an assessment of the statements composed.

The process of data analysis involves certain steps. First, descriptive analysis is carried out to describe the characteristics of the data that has been collected. Second, inferential analysis is used to generalize results from a sample to a population. Inferential analysis methods involve estimating future observations, modeling regression correlation relationships, as well as hypothesis testing. As a hypothesis test, this study uses multiple linear regression analysis to evaluate the effect of independent variables (compensation, work motivation, and work discipline) on the dependent variable (employee performance). The multiple linear regression equation used in this study is  $Y = B_1X_1 + B_2X_2 + B_3X_3$ , where Y is employee performance, and X1, X2, X3 are compensation, work motivation, and work discipline, respectively. Regression coefficients B1, B2, and B3 are used to determine how much influence each independent variable has on the dependent variable.

After regression analysis, a model feasibility test was carried out by looking at the Significance value in the Anova table. If the Significance value is less than 0.05, then the hypothesis on this test is considered significant and acceptable, indicating that all independent variables are worthy of explaining the dependent variable. The coefficient of determination (R<sup>2</sup>) is also used to measure how much the model is able to explain the variation of the dependent variable. Furthermore, validity and reliability tests are carried out to ensure that the instruments used are reliable. Classical assumption tests, such as normality tests, multicollinearity tests, autocorrelation tests, and heteroscedasticity tests, are also performed to verify assumptions in multiple linear regression analysis.

## **RESULTS**

This research includes an analysis of respondents' profiles based on gender, age, education level, and length of work at PT. Khong Guan Jakarta. The results showed that the majority of respondents were male (64.3%), with most under 25 years old (35%), high school education (36.4%), and working less than 3 years (40%). Meanwhile, descriptive analysis of research variable perception data revealed that respondents had positive perceptions of compensation, work motivation, work discipline, and employee performance in the company.

Instrument tests include validity and reliability tests, with the result that all questionnaires on each variable are declared valid and reliable. Inferential analysis to determine the influence of independent and bound variables is carried out through hypothesis tests. The results show that the variables of compensation, work motivation, and work discipline have a positive effect on employee performance at PT. Khong Guan Jakarta. Thus, these findings provide a deeper understanding of respondent profiles, perceptions of research variables, validity and reliability of instruments, and the influence of variables in the context of employee performance in the company.

**Classical Assumption Deviation Test**

In this study, classical assumption tests were carried out with tests, namely normality tests, multicollinearity tests and heteroscedasticity tests.

**Normality Test**

The Normality Test is used to determine the distribution of the population, whether it follows the distribution theoretically (normal, poisson or uniform), which aims to test whether in the regression model, the dependent variable and the independent variable both have a normal distribution. The distribution data is said to be normal if the significance value level is  $> 0.05$  and if the opposite is  $< 0.05$  then it is said to be abnormal. Normality test in this study with *One Sample Kolmogorov-Smirnov Test*. The following are the results of the Normality test in this study shown in table 1:

**Table 1. One-sample kolmogorov-Smirnov test**

		Unstandardized Residual
N		141
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	2.86640122
Most Extreme Differences	Absolute	.055
	Positive	.047
	Negative	-.055
Test Statistic		.055
Asymp. Sig. (2-tailed)		.200 <sup>c,d</sup>
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Sumber: Output SPSS. Data diolah 2022.

Based on the results shown in table 1, the Sig value is 0.200, which is interpreted in the formulation of the hypothesis in this study, if the Significance value is  $< 0.05$ , then  $H_0$  is rejected and if the Sig value is  $> 0.05$ , then  $H_0$  is accepted.

From these results, it can be said that the results of the normality test based on the significance value are  $(0.200 > 0.05)$ , then  $H_0$  is accepted, which concludes that the population distribution or employee performance results derived from compensation, work motivation and work discipline are normally distributed, at a significant level of 0.05.

**Multicollinearity Test**

Multicollinearity is a state in which between two or more independent variables in a regression model a perfect or near-perfect linear relationship occurs. The multicollinearity test aims to test whether the regression model found a correlation between independent variables. A good regression model should be multicollinearity-free or there should be no correlation among independent variables.

The following is a table of results from the multicollinearity test by looking at the results in the *Tolerance* and *VIF* columns below:

**Table 2. Multicollinearity Test Output**

		Coefficient	
		Collinearity Statistics	
Model		Tolerance	BRIGHT
1	Compensation	.963	1.039
	Work motivation	.941	1.063
	Work discipline	.915	1.093

a. *Dependent Variable:* Employee Performance

Source : Multicollinearity output data. Data processed 2022.

Based on the results of the Coefficient table above, the value of variance inflation factor (VIF) is below 10 for all variables X1, X2, and X3, namely at compensation of 1.039 then on the variable of work motivation of 1.063 and on the variable of labor discipline valued at 1.093.

While the results of tolerance values for all each variable, on the compensation variable (X1) = 0.963 > 0.10 then on the work motivation variable (X2) = 0.941 > 0.10 and for the work discipline variable (X3) = 0.915 > 0.10.

Based on these results, it can be concluded that the regression equation model between independent variables does not have multicollinearity.

**Heteroscedasticity Test**

A good regression model is one in which homokedasticity or heterokedasticity does not occur. The heteroscedasticity test aims to show whether in the regression model there is an inequality of variance from the residual of one observation to another observation that is fixed then it is called homokedasticity, and if different it is called heterokedasticity. In this study, the authors used a heteroscedasticity test with the Spearman's rho correlation method.

The results of heterokedasticity testing with Spearman's rho are presented in table 3 as follows:

**Table 3. Heterokedasticity Test**

		Correlations				
		Unstandardized Residual	K.T (X1)	M. I (X2)	Towards (X3)	
Spearman's pulled up	Unstandardized Residual	Correlation Coefficient	1.000	.108	-.012	.078
		Sig. (2-tailed)	.	.202	.883	.356
		N	141	141	141	141
	Compensation	Correlation Coefficient	.108	1.000	.094	.191*
	Sig. (2-tailed)	.202	.	.269	.023	
	N	141	141	141	141	
Work motivation	Work motivation	Correlation Coefficient	-.012	.094	1.000	.316*
		Sig. (2-tailed)	.883	.269	.	.000
		N	141	141	141	141
	Work discipline	Correlation Coefficient	.078	.191*	.316*	1.000
	Sig. (2-tailed)	.356	.023	.000	.	
	N	141	141	141	141	

\*. Correlation is significant at the 0.05 level (2-tailed).

Sumber : Output SPSS. Data diolah 2022.

Based on the results of the table above, it is interpreted that *the correlation between compensation variables and unstandardized residuals obtained a significance value of more than 0.05, which is 0.202, then the correlation between work motivation and unstandardized residuals, the significance value is also more than 0.5, namely at 0.883 and the correlation between work discipline variables and unstandardized residuals* The result of the signification figure is also more than 0.05, which is 0.356.

Based on the results shown in the table above, it can be concluded that there is no heterokedasticity problem.

**Multiple Linear Regression Analysis**

Multiple linear regression analysis is a form of analysis that discusses the extent of the influence of the independent variable (X) on the dependent variable (Y), which for the independent variable is compensation (X1), work motivation (X2) and work discipline (X3) and the dependent variable is performance (Y).

The calculation of the regression coefficient in this study using SPSS software, the *output* results are as follows:

**Table 4. Output Coefficients on the Effect of Compensation, Work Motivation and Work Discipline on Performance**

Model	Coefficient					
	Unstandardized Coefficients		Standardized Coefficients		t	Say.
	B	Std. Error	Beta			
1 (Constant)	7.135	3.416			2.089	.039
Compensation	.448	.088	.361		5.087	.000
Work Motivation	.178	.056	.226		3.158	.002
Work Discipline	.242	.064	.273		3.760	.000

a. Dependent Variable: Kinerja

Sumber : Output SPSS. Coefficients, linear regression. Diolah 2022

The results shown in the *coefficients table* above, then the regression equation is Performance = 0.361 B<sub>1K</sub> + 0.226 B<sub>2M. K</sub> + 0.273 B<sub>3D.K</sub>

From the results of the multiple linear regression equation above, it is interpreted that:

The result of the positive compensation variable regression coefficient value of 0.361 means that if work motivation and work discipline are assumed to be fixed values, then every increase of 1 (one) point value in compensation, affects the increase in performance value by 0.361.

The regression coefficient of the work motivation variable is positive value of 0.226 which means that if the value of work discipline and compensation is assumed to be fixed, then any change or increase in the value of work motivation will affect the increase in performance value by 0.226.

The coefficient of regression of work discipline is 0.273 which means that if the value of the variables compensation and work motivation is assumed to have no change in value, then any increase in value in work discipline will affect the increase in performance by 0.273.

Of all the independent variables studied, namely compensation, work motivation and work discipline have a positive relationship with employee performance. The largest contribution is found in the compensation factor shown in the Standardized Coefficient Beta value column of 0.361. Which means that the compensation factor is given more attention and other factors in this study to be maintained to achieve the main goals of the company.

**Test Model Eligibility**

In analyzing the effect between the three independent variables (compensation, work motivation and work discipline) has a significant influence on performance assuming to see the results of significance values in the ANOVA table. Test results with an alpha limit of 5%, obtained the results shown in table 5 as follows:

**Table 5. Model Qualification Test Results**

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	585.611	3	195.204	23.249	.000b
	Residual	1150.276	137	8.396		
	Total	1735.887	140			
a. Dependent Variable: Employee Performance						
b. Predictors: (Constant), Discipline, Compensation, Motivation						

Based on the SPSS output results, a significance value is obtained below the 5% alpha limit or the error limit used, which is 0.000. This means that the results obtained are declared to have a significant effect based on the results obtained below the limit of the 5% alpha value used (0.000 < 0.05). So the interpresentation on the feasibility test for the model in this study is accepted based on the results of the significance value obtained smaller than alpha 5%.

So it is said that in this study the model is declared feasible to predict the dependent variable and is used in this study based on the significance value obtained, meaning that all independent variables can explain any change in the value of the dependent variable because it has a significant influence.

**Coefficient of Determination R<sup>2</sup>**

The coefficient of determination to analyze how strong the relationship and influence of variables in this study are shown in the table below;

**Table 6. Test Results of Coefficient of Determination R<sup>2</sup>**

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.581a	.337	.323	2.898
a. Predictors: (Constant), Work discipline, Compensation, Work motivation				
b. Dependent Variable: Performance				

Based on the results in the *Model Summary table* which shows the value of the R correlation coefficient of 0.581, this means that the relationship between the independent variable and the dependent can be concluded that the relationship between the independent variable and the dependent is not too strong, because it is still far from the value number 1 (one).

While the results shown in the *R Square* column of 0.337, the results of the statistical calculation mean that the ability of the independent variable to explain any variation in changes in the dependent variable is only 33.7%, while the remaining 66.3% is explained by other factors and variables outside the regression model analyzed in this study.

**Uji Hypoplant**

This test is used to determine whether or not the influence of the independent variable partially or individually on the dependent variable. This influence can be seen from the significant value obtained. To find out whether compensation (X<sub>1</sub>), work motivation (X<sub>2</sub>) and work discipline (X<sub>3</sub>) have a significant influence on employee



performance (Y), presented in the test results in the following table 7:

**Table 7. Hypothesis Test Results**

Model	<i>Coefficient</i>			
	<i>Standardized Coefficients</i>			
	<i>Beta</i>	T	Say.	
Compensation	.361	5.087	.000	
Work motivation	.226	3.158	.002	
Work discipline	.273	3.760	.000	

a. *Dependent Variable:* Kinerja

*Sumber : Output SPSS. Data diolah 2022.*

Based on the results of the research obtained, which are shown in table 7, it is concluded that the results of partial hypothesis testing (t-test) are as follows:

**a. Partial hypothesis of the coefficient of compensation to employee performance.**

The result of the significance value obtained is 0.000, meaning that the effect of compensation variables on employee performance seen based on the significance value obtained is smaller than  $\alpha$  5%, which is  $0.000 < 0.005$ . So it means partially that compensation has a significant influence on the performance of PT employees. KHONG GUAN.

**b. Partial hypothesis of the coefficient of work motivation on employee performance.**

Based on the results shown in table 4.20, it can be explained that the effect of work motivation variables on employee performance as seen from the significance value obtained by 0.002 which is smaller than 0.05, it is partially interpreted that work motivation has a significant effect on employee performance.

**c. Partial hypothesis of the coefficient of labor discipline on employee performance.**

Based on the results of the partial hypothesis on work discipline shown in table 4.20 with a significance value of 0.000, it is interpreted in this study that it is proven in the third hypothesis that work discipline has a significant influence on employee performance.

**Discussion**

***There is a significant positive effect of compensation on the performance of PT. KHONG GUAN.***

Based on the results of *coefficients* and testing hypotheses in this study, a regression coefficient of 0.361 was obtained with a significance value obtained smaller than the set alpha probability limit of 5% ( $0.000 < 0.05$ ). This means that compensation variables have a significant positive influence on the performance of PT employees. KHONG GUAN. This positive influence means that the better the compensation for employees will make their work better in the work environment of employees at PT KHONG GUAN.

The findings of this study are as mentioned in the theory that leadership is a set of characteristics used by leaders to influence subordinates so that organizational goals are achieved or it can also be said that leadership style is a pattern of behavior and strategy that is preferred and often applied by a leader". (Rivai, 2012).

In addition, the results of this study also strengthen the results of the research conducted (Ujang, 2015) with the findings in his research that compensation has a significant influence on the performance of employees of KJKS BMT Tamziz Bandung.

***There is a Significant Positive Influence of Work Motivation on the Performance of PT. KHONG GUAN.***

Based on the results of analysis in several tests in this study, the results obtained a significant value smaller than the probability limit of the error rate used, namely ( $0.002 < 0.05$ ), and the value of a positive regression coefficient of 0.226. So it is interpreted that the variable of work motivation has a significant positive effect on employee performance. This positive influence can be interpreted if employees have high motivation at work, it can affect the improvement of the performance of PT employees. KHONG GUAN.

The results of this study have similarities in Herzberg's theory of motivation, motivational factors are things that encourage achievement that are intrinsic, which means they originate in a person (Luthans, 2011).

In addition, the results of this study also strengthen the results of the research conducted (Abdul, 2018), which states in the results of his research that work motivation has a significant effect on the performance of PT Permata Finance Banjarmasin.

***There is a significant positive influence of work discipline on performance.***

Based on the results of hypothesis testing shown in the coefficients table in this study, the results of the regression coefficient of 0.273 were obtained with a significance value obtained below the 5% alpha probability limit of  $0.000 < 0.05$  which means that work discipline has a significant positive influence on performance. This positive influence indicates that if the provision of work discipline to employees is getting better and can be felt by employees to be appropriate and sufficient, it will be able to bring employees in a positive direction, then it is likely to be able to achieve common goals in order to maintain and improve the performance of PT employees. KHONG GUAN.

The findings of this study are reinforced in the similarity of theories and previous research results. It is said that work discipline is a network of various subprocesses to provide remuneration to employees for the implementation of work and to motivate employees to achieve the desired level of achievement (Sunyoto, 2012: 29).

The results of this study also strengthen the research conducted Rifky. Silvia and Yantje (2016) who said in the results of his research that work discipline has a significant influence on employee performance at the BPBD Sul-Sel office.

## **CONCLUSION**

Based on the results of research and discussion in the previous chapter accompanied by theories and concepts that support this study entitled the effect of compensation, work motivation and work discipline on the performance of PT employees. KHONGGUAN. So in this study the author draws the conclusion that, compensation has a significant positive effect on employee performance at PT. KHONG GUAN. Compensation is proven to have a significant influence on employee performance shown in the results of the hypothesis test. Work motivation has a significant positive effect on the performance of PT. KHONG GUAN. Work motivation is proven to have a significant influence on the performance shown in the results of the hypothesis test. And work discipline has a significant positive influence on the performance of PT employees. KHONG GUAN. Work discipline is proven to have a significant influence on employee performance as shown in the results of the hypothesis test. The researcher suggests that PT. KHONG GUAN management should enhance compensation strategies by providing additional bonuses to diligent employees, foster employee motivation by aligning with their preferences, and improve work discipline with additional incentives, aiming to boost overall employee performance.

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International Journal of Social Service and Research (IJSSR)

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