

Effect of Compensation and Work Discipline on Employee Performance with Work Loyalty as a Variable Intervening in PT. Perkebunan Nusantara II Tanjung Morawa

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ABSTRACT

This study aims to examine and analyze the effect of compensation and work discipline on employee performance with work loyalty as an intervening variable at PT. Perkebunan Nusantara II Tanjung Morawa. This study is a descriptive statistic that has the aim of providing an overview or description of a data which includes the mean, median and standard deviation. This research model uses multiple linear regression analysis. Multiple linear analysis is used to determine the magnitude of the influence of the independent variable on the dependent variable. The population in this study used were employees of PT. Nusantara II Tanjung Morawa Plantation as many as 103 people. The variables in this study are Compensation, Work Discipline, Employee Performance and Work Loyalty. The results of the study show that 1. Compensation has a significant and significant effect on employee performance. 2. Work discipline has a significant and significant effect on employee performance. 3. Work loyalty has no significant effect on employee performance. 4. Compensation has no significant effect on job loyalty. 5. Work discipline has a significant and significant effect on work loyalty. 6. Compensation has no significant effect on employee performance through work loyalty. 7. Work discipline has no significant effect on employee performance through work loyalty.

Keywords: *Compensation, Work Discipline, Employee Performance and Work Loyalty*

INTRODUCTION

PT Perkebunan Nusantara II or commonly abbreviated as PTPN II is a subsidiary of PTPN III which is engaged in plantation agribusiness with its address at Jl. Tj. Morawa No. Km. 16, district. Tanjung Morawa, Deli Serdang Regency, North Sumatra 20362. The company was founded in 1996 as a result of a merger between PT Perkebunan II and PT Perkebunan IX. In 2014, the Government of Indonesia officially handed over the majority of the company's shares to PTPN III, as part of efforts to establish a BUMN holding in the plantation sector. PTPN II operates palm oil, sugar cane and tobacco commodities.

Companies and organizations will always face problems regarding performance, including PTPN II, therefore the management needs to know the factors that affect the performance of these employees will make the company management can take the necessary policies, so as to improve employee performance to match expectations. company.

Performance is a very important and interesting part because it has proven to be of very important benefits, an institution wants employees to work really according

to their abilities to achieve good work results, without good performance from all employees, then success in achieving goals will difficult to achieve. Performance basically includes mental attitude and behavior that always has the view that the work carried out today must be of higher quality than the implementation of past work, for the future it will be of higher quality than today. According to Mangkunegara (2004) employee performance is the result of performance in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him.

In an effort to raise employee awareness, an institutional leader should be aware of the needs of his employees, one of the efforts made is by providing motivation to employees in the form of rewards or remuneration to employees who have respected the level of discipline and work performance for the success of the institution. One form of reward that can be given is through compensation or compensation. This compensation is intended to meet the needs of employees and their families. The provision of compensation is one of the implementations of human resource management functions related to all types of individual awards as an exchange in carrying out organizational tasks. One form of compensation given to employees can be given in the form of additional employee income.

In its development, employee performance cannot be separated from the discipline of the employee itself, where by carrying out the main tasks and functions in a disciplined manner, the employee's performance will be achieved as expected. According to Hasibuan (2017), reveals that discipline is one of the most important operative functions in human resource management, because the better the employee discipline, the higher the work performance that can be achieved. Without good employee discipline, it is difficult for the organization to achieve optimal results. A person's

discipline can be influenced by various factors, both external and internal factors.

In addition, in an organization, in addition to employees realizing that work discipline is the key to success, it would be better if work discipline is balanced with good work loyalty. With good work discipline and loyalty, employees will be able to carry out their duties and responsibilities even though they are not supervised by the leadership. According to Jusuf (2010), loyalty is an attitude that arises as a result of the desire to be loyal and devoted to his work, group, superior or at work which causes a person to be willing to sacrifice to satisfy other parties or society.

Many factors make an employee loyal, including job satisfaction, compensation or incentives, effective communication, motivation provided by the company, comfortable work environment, career development, employee training and education, work participation, implementation of occupational health and safety and relationships. with other employees. According to Suwarno (2009), employees who have high loyalty to the company will have a willingness to work hard and a sense of pride in the company.

In carrying out the work, there are still employees who ignore work procedures and instructions. Improper work implementation ultimately has an impact on the final result which is still not optimal. Tasks that should be carried out by one employee, finally have to be carried out by two or more employees due to a buildup of work which has an impact on the final result that is less than perfect or even inappropriate. For example, the issue of Occupational Safety and Health (K3) is still often neglected. This is indicated by the high number of work accidents. This has an impact on awareness of the importance of safe behavior at work. This can also occur due to the low awareness of employees to comply with work procedures and instructions, such as: The habit of assuming or being overconfident (over-confident), most employees may still do this, assuming or

assuming that working conditions are safe and will not work. a problem occurs, so that no action is required, it is wrong and inappropriate behavior, old or new employees like to use work equipment that is not right for their work or use the right work equipment but use the wrong way, do not use personal protective equipment, and rush - rush to finish the job.

It is the duty of the Company's management to ensure that employees have high morale and work ethic and are tenacious in their work. Based on experience and other sources, usually employees who are satisfied with what they get from the company will provide more than what is expected and they will continue to try to improve their performance. On the other hand, employees with low job satisfaction tend to see work as tedious or boring, so that they work with compulsion and are less responsible. Employees usually feel that they work only because they really have to work, without any particular reason that encourages them to be loyal to the company, lack of a sense of responsibility and an attitude of not being able to love their work, and not completing their tasks on time, it is necessary to have work motivation which is expected to provide encouragement to employees to work better so as to provide self-satisfaction for employees.

This is certainly a challenge for the leadership of PT Perkebunan Nusantara II to restore or maintain the loyalty and work discipline of these officials. Employee compensation, employee discipline and employee work loyalty will greatly affect organizational performance. PT Perkebunan Nusantara II cannot run effectively and efficiently if the management of employees in terms of providing compensation, discipline and loyalty to work is not managed properly.

Based on the differences in the results of previous studies and the logical explanation

above, the authors are interested in conducting research with the title: "The Effect of Compensation and Work Discipline on Employee Performance with Work Loyalty as an Intervening Variable at PT Perkebunan Nusantara II Tanjung Morawa".

METHODS

Multiple Linear Regression Analysis

This research model uses multiple linear regression analysis. Multiple linear analysis is used to determine the magnitude of the influence of the independent variable on the dependent variable. The regression model used is as follows:

$$Y = a + b_1X_1 + b_2X_2 + e$$

Where:

Y	= Employee Performance
a	= Constant
X1	= Compensation Variable
X2	= Work Discipline Variable
b1,b2,b3,	= Regression coefficient
e	= Standard Error (error rate)
5%	

Coefficient of Determination Test

The coefficient of determination is how far the model's ability to explain the variation of the independent variables. The coefficient of determination test is carried out to measure how much the ability of variance and independent variables can explain the dependent variable.

The Adjust R Square value shows the proportion of the dependent variable explained by the independent variable. The higher the Adjust R Square, the better for the regression model because it indicates that the ability of the independent variable to explain the dependent variable is getting bigger. The greater the value of the coefficient of determination, the better the ability of the variance and the independent variable to explain the dependent variable.

RESULTS

Sub-Structure Regression Analysis Model I

Table 1.1 Significant Test of Partial Effect (Compensation and Work Discipline on Employee Performance)

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.050	.819		3.723	.000
	Compensation (X1)	.198	.053	.262	3.724	.000
	Work Discipline (X2)	.463	.052	.623	8.854	.000
Dependent Variable: Work Loyalty (Y)						

Based on Table 1.1, the equation of sub-structure I is obtained as follows:

$$Y = 0,198X1 + 0,463X2 + \epsilon 1$$

Partially, compensation has a positive effect on employee performance, the magnitude of the effect of compensation on employee performance is 0.262 or rounded up to 26.2%. Thus, the level of employee performance influenced by compensation is 26.2%, while the remaining 73.8% is explained by other factors outside the model.

Partially, work discipline has a positive effect on employee performance, the magnitude of the effect of work discipline on employee performance is 0.623 or rounded up to 62.3%. Thus, the level of employee performance influenced by work discipline is 62.3%, while the remaining

37.7% is explained by other factors outside the model. The results in Table 1.1, obtained the results:

1. The value of $t_{count} > t_{table}$ of compensation (X1) is $3.724 > 1.65$ and a significant value for compensation is $0.000 < 0.05$, so that the compensation variable (X1) affects employee performance (Y) thus the hypothesis is accepted.
2. The value of $t_{count} > t_{table}$ of work discipline (X2) is $8.854 > 1.65$ and a significant value for work discipline is $0.000 < 0.05$, so that the work discipline variable (X2) affects employee performance (Y) thus the hypothesis is accepted.

Table 1.2 Sub-Structure Termination Coefficient Test I

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.773 ^a	.598	.590	1.109	2.024
a. Predictors: (Constant), Compensation, Work Discipline					
b. Dependent Variable: Employee Performance					

Based on Table 1.2, it can be seen that the R Square value obtained is 0.598, meaning that 59.8% of the variation in employee performance variables can be explained by

independent variables (compensation and work discipline), while the remaining 40.2% is not examined in this case.

Table 1.3 Sub-Structure Multicollinearity Test I

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Compensation	.813	1.231
	Work Discipline	.813	1.231
a. Dependent Variable: Employee Performance			

Based on table 1.3 the VIF value of the compensation variable is 1.231, the VIF value of the work discipline variable is 1.231. Because each VIF value is less than

10, and the tolerance value for the compensation variable is 0.813, the tolerance value for the work discipline variable is 0.813, which indicates a

tolerance value greater than 0.1, so it can be concluded that the sub-structure test I has no symptoms of multicollinearity. heavy one.

Sub-Structure Regression Analysis Model II

Table 1.4 Significant Test of Partial Effect (Compensation, Work Discipline, Employee Performance on Work Loyalty)

Coefficients ^a		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	4.615	2.100		2.197	.030
	Compensation	.068	.137	.037	.501	.617
	Work Discipline	1.318	.168	.727	7.849	.000
	Employee Performance	.123	.240	.050	.512	.610

a. Dependent Variable: Work Loyalty

Based on Table 1.4, the equation for sub-structure II is obtained as follows:

$$Z = 0,501X_1 + 7,849X_2 + 0,512Y + \epsilon_2$$

Partially, compensation has a positive effect on work loyalty, the magnitude of the effect of compensation on work loyalty is 0.037 or rounded up to 3.7%. Thus, the level of work loyalty influenced by compensation is 3.7%, while the remaining 96.3% is explained by other factors outside the model.

Partially, work discipline has a positive effect on work loyalty, the magnitude of the effect of work discipline on work loyalty is 0.727 or rounded up to 72.7%. Thus, the level of work loyalty influenced by work discipline is 72.7%, while the remaining 27.3% is explained by other factors outside the model. The results in Table 1.4, obtained the results:

1. The value of $t_{count} > t_{table}$ of compensation (X1) is $0.501 < 1.65$ and a significant value for compensation is $0.617 > 0.05$, so that the compensation variable (X1) affects work loyalty (Z) thus the hypothesis is rejected.
2. The value of $t_{count} > t_{table}$ of work discipline (X2) is $7.849 > 1.65$ and a significant value for work discipline of $0.000 < 0.05$, so that the work discipline variable (X2) affects work loyalty (Z) thus the hypothesis is accepted.
3. The value of $t_{count} > t_{table}$ of employee performance (Y) is $0.512 < 1.65$ and a significant value for work discipline is $0.610 > 0.05$, so the employee performance variable (Y) affects work loyalty (Z) thus the hypothesis is rejected.

Table 1.5 Sub-structure II. Termination Coefficient Test

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.783 ^a	.613	.601	2.664	1.475

a. Predictors: (Constant), Compensation, Work Discipline, Employee Performance
b. Dependent Variable: Work Loyalty

Based on Table 1.5, it can be seen that the R Square value obtained is 0.613, meaning that 61.3% of the variation in the work loyalty variable can be explained by

independent variables (compensation, work discipline and employee performance), while the remaining 38.7% is not examined in this case.

Table 1.6 Sub-Structure II Multicollinearity Test

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Compensation	.714	1.401
	Work Discipline	.456	2.195
	Employee Performance	.402	2.487

a. Dependent Variable: Work Loyalty

Based on table 1.6 the VIF value of the compensation variable is 1.401, the VIF value of the work discipline variable is 2.195, the VIF value of the employee performance variable is 2.487. Because each VIF value is smaller than 10, and the tolerance value for the compensation variable is 0.714, the tolerance value for the work discipline variable is 0.456, the tolerance value for the employee performance variable is 0.402 which indicates a tolerance value greater than 0.1, it can be concluded that if the test sub-structure II there are no severe multicollinearity symptoms.

Path Analysis Sub-Structure Test Results Direct Effect

To calculate the direct effect or DE, the following formula is used:

1. Effect of compensation variable on employee performance $X1 \rightarrow Y = 0,262$

2. The influence of work discipline variable on employee performance $X2 \rightarrow Y = 0.623$.
3. The effect of compensation variable on work loyalty $X1 \rightarrow Z = 0.037$.
4. The influence of work discipline variable on work loyalty $X2 \rightarrow Z = 0.727$.
5. The effect of work loyalty variable on employee performance $Z \rightarrow Y = 0.050$.

Indirect Effect

To calculate the indirect effect or IDE, the following formula is used:

1. Effect of compensation variable through work loyalty on employee performance $X1 \rightarrow Z \rightarrow Y = (0.037 \times 0.050) = 0.00185$
2. The influence of work discipline variables through work loyalty on employee performance $X2 \rightarrow Z \rightarrow Y = (0.727 \times 0.050) = 0.03635$

Table 1.7 Hypothesis Testing Results

Variable Effect	Value Significance	Information	Hypothesis
Compensation for employee performance	0,000 < 0,05	Significant effect	Received
Work discipline on employee performance	0,000 < 0,05	Significant effect	Received
Work loyalty to employee performance	0,610 > 0,05	Insignificant effect	Rejected
Work loyalty to employee performance	0,617 > 0,05	Insignificant effect	Rejected
Work discipline on work loyalty	0,000 < 0,05	Significant effect	Received
Compensation for employee performance through work loyalty	0,312 > 0,05	Insignificant effect	Rejected
Work discipline on employee performance through work loyalty	0,673 > 0,05	Insignificant effect	Rejected

DISCUSSION

The Effect of Compensation on Employee Performance

The results of the study prove that compensation has a significant effect on employee performance. The significance level for the compensation variable is $0.000 < 0.05$, so the results of the study indicate that the hypothesis of the effect of compensation on employee performance is accepted. The results of this study indicate that the higher the compensation, the higher the employee's performance, it can be seen from the value of the significant results of compensation on the employee's performance obtained.

The Effect of Work Discipline on Employee Performance

The results of the study prove that work discipline has a significant effect on employee performance. The significance level for the work discipline variable is $0.000 < 0.05$, so the results of the study indicate that the hypothesis of the effect of work discipline on employee performance is accepted. The results of this study indicate that the better the work discipline, the higher the employee's performance, it can be seen from the value of the significant results of work discipline on the employee's performance obtained.

The Effect of Work Loyalty on Employee Performance

The results of this study prove that work loyalty has no significant effect on employee performance. The significance level for the work loyalty variable is $0.610 >$

0.05, so the results of the study indicate that the hypothesis of the effect of work loyalty on employee performance is rejected. The results of this study indicate that the higher work loyalty will not make the employee's performance higher, it can be seen from the value of the significant results of work loyalty on employee performance obtained.

The Effect of Compensation on Work Loyalty

The results of the study prove that partially compensation has no significant effect on work loyalty. The significance level for the compensation variable is $0.617 > 0.05$, so the results of the study indicate that the hypothesis of the effect of compensation on job loyalty is rejected. The results of this study indicate that the higher the compensation has no effect on the high work loyalty, it can be seen from the value of the significant results of compensation on work loyalty obtained. Based on the results of the study, the researchers concluded that compensation had no significant effect on job loyalty.

The Effect of Work Discipline on Work Loyalty

The results of the study prove that partially work discipline has a significant effect on work loyalty. The significance level for the work discipline variable is $0.000 < 0.05$, so the results of the study indicate that the hypothesis of the effect of work discipline on work loyalty is accepted. The results of this study indicate that the better work discipline has an effect on the high work loyalty, it can be seen from the value of the significant results of work discipline on work loyalty obtained. Based on the results of the study, the researchers concluded that work discipline had a significant effect on work loyalty.

The Effect of Compensation on Employee Performance Through Work Loyalty

The results of the study prove that partially compensation for employee performance has no significant effect through work

loyalty. The significance level for the compensation variable on employee performance through work loyalty is $0.312 > 0.05$, so the research results show that the hypothesis of the effect of compensation on employee performance through work loyalty is rejected. The results of this study indicate that work loyalty is not able to mediate compensation on employee performance. Based on the results of the study, the researchers concluded that compensation on employee performance had no significant effect through work loyalty.

The Influence of Work Discipline on Employee Performance Through Work Loyalty

The results of the study prove that partially work discipline on employee performance has no significant effect through work loyalty. The significance level for the work discipline variable on employee performance through work loyalty is $0.673 > 0.05$, so the results of the study indicate that the hypothesis of the effect of work discipline on employee performance through work loyalty is rejected. The results of this study indicate that work loyalty is not able to mediate work discipline on employee performance. Based on the results of the study, the researchers concluded that work discipline on employee performance had no significant effect through work loyalty.

CONCLUSION

Based on the results of research and discussion through proving the hypothesis on the issues raised regarding the effect of compensation and work discipline on employee performance with work loyalty as an intervening variable, they are as follows: Compensation has an effect and is significant on employee performance. Work discipline has a significant and significant effect on employee performance. Work loyalty has a significant and insignificant effect on employee performance. Compensation has no significant effect on job loyalty. Work discipline has a

significant and significant effect on work loyalty. Compensation has no significant effect on employee performance through work loyalty. Work discipline has a significant and insignificant effect on employee performance through work loyalty.

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