

EMPLOYEE ENGAGEMENT, COMPENSATION, AND WORK DISCIPLINE ON EMPLOYEE PERFORMANCE

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Abstract: The issue addressed in this research focuses on the declining employee performance, which is indicated by factors such as employee engagement, compensation, and work discipline. The research was conducted at CV. Asia Paramitha, a company engaged in the distribution of agricultural pharmaceutical products in Kediri Regency. The population consisted of 89 respondents, and a sample of 53 individuals who met the criteria was obtained using purposive sampling. Data collection was conducted through a survey with a questionnaire as the primary instrument. The data were analyzed using inferential statistical methods, specifically multiple linear regression analysis to test hypotheses. The research results indicate that employee engagement has a partial, positive, and significant influence on employee performance. Compensation, on the other hand, has no significant influence on employee performance when considered separately. Work discipline, when examined separately, has a partial, positive, and significant influence on employee performance. Simultaneously, employee engagement, compensation, and work discipline have a positive and significant impact on employee performance at CV. Asia Paramitha.

Key words: *Employee Engagement*, Compensation, Dicipline, Performance

1. Introduction

The issue of human resources has become a concern for companies aiming to survive, especially in the face of competitive competition. Companies are required to acquire, develop, and retain high-quality human resources because they play a significant role in driving organizational success. Human resources are one of the most crucial factors of production within a company, even though it is usually the company itself that determines the strategy for achieving its goals. Human resource factors (HR) are more critical in a company compared to other factors. If an organization fails to achieve its goals, human factors can be a contributing factor (Hasibuan, 2017:10). Therefore, there is a need for training and development to motivate employees to perform better, resulting in improved job performance. Given the importance of people in achieving organizational goals, there is a need for management to manage these human resources through training and development programs to maximize employee performance.

The first factor that a company considers in its human resource operations is giving special attention to employee engagement. According to Suratmiati (2020:7) Employee engagement is a factor that affects employee performance positively when employees exhibit positive behavior in carrying out their tasks and responsibilities.

Another crucial consideration is the compensation policy provided by the company to its employees. Compensation in a job is seen as a factor that can stimulate improved employee performance. "Compensation is also an important factor in human resource management because it directly relates to the well-being of employees while working for the company and meeting their needs" (Handoko, 2014:67). "Compensation is also essential because if it is provided correctly, it will determine whether employees feel comfortable and produce good performance for the company or not" (Hutagalung et al., 2020:6).

Another fundamental factor in improving employee performance is work discipline. Discipline enforcement should not only be about obeying orders but also about attitudes and behaviors that comply with established rules Maddinsyah & Wahyudi (2017:7) Discipline is reflected in the level of job responsibility given to employees (Edy et al., 2016). Hendri & Yunita (2019:9) Sagita et al., (2018:6) Research has shown that discipline has a significant and real impact on employee performance.

This research was conducted at CV. Asia Paramitha, which is involved in providing agricultural products such as liquid fertilizers, vegetable medicines, and agricultural commodity seeds. The issues observed at the research location include compensation not matching the workload, particularly overtime pay not aligning with the actual hours worked by employees. Some employees who work extra hours or even exceed standard working hours receive the same compensation as those whose work does not require as much time and adheres to the company's standard working hours. Another issue is the declining level of work discipline among employees, indicated by inefficient and ineffective use of working hours, such as tardiness in arriving at the office. There are also problems related to the work environment, with employees feeling uncomfortable, and there is a lack of harmonious relationships among individuals. Although the company provides adequate facilities in the workplace, there is a discrepancy in the quality of work produced by individual employees

2. Literature Review

Employee Engagement

Employee engagement refers to the emotional commitment of employees towards an organization and the actions they take to ensure the organization's success (Tiwari & Lenka, 2020:17). Employees who are engaged with the company demonstrate care, dedication, enthusiasm, accountability, and a focus on outcomes. According to Robbins (2015:77) employee engagement encompasses an employee's involvement, individual engagement, satisfaction, and enthusiasm for their work. We may ask employees whether they have access to resources and opportunities to learn new skills, whether they find their work meaningful and significant, and whether their interactions with colleagues are appreciated. Based on the opinions of various experts mentioned above, it can be concluded that employee engagement is an attitude of employees within an organization that enables them to act beyond what is expected of them by the organization. Engaged employees are characterized by their care, dedication, enthusiasm, accountability, and focus. This leads to individual engagement, satisfaction, and enthusiasm for the work they do. Therefore, the research draws upon these conclusions as a reference for employee engagement in this study.

Compensation

One of the HR departments' strategies to improve employee performance is through compensation. Compensation encompasses everything that employees receive in return for their work. According to Mangkunegara (2016:86) compensation is the provision of wages as a reward, payment for the services rendered by employees. According to Handoko (2013:63) compensation is everything that employees receive as remuneration for their work..

According to Mathis et al., (2017:283) "compensation is the counterperformance for the use of labor or services provided by the workforce." Compensation is remuneration paid for the services of employees, workers, hourly employees, or non-managerial employees. Furthermore, according to (Hasibuan, 2017:83) compensation is all income in the form of money, direct or indirect goods received by employees as remuneration for the services provided to the company." Based on the definitions above, it can be elaborated that compensation represents an expenditure and cost for companies, with the expectation that the compensation paid will result in higher employee performance. Therefore, the value of employee performance should exceed the compensation paid by the company to ensure the company's profitability.

Work Discipline

According to Sitti (2020:67) work discipline is the level of compliance and obedience to existing rules and the willingness to accept sanctions or penalties if one violates the rules established within that discipline. On the other hand, Hasibuan (2017:193) states that discipline is the awareness and willingness of an individual to adhere to all company regulations and prevailing social norms. Sinambela (2016:175) defines work discipline as the awareness and willingness of employees to obey all organizational rules and prevailing social norms. Supomo & Nurhayati (2018:133) express that work discipline is the behavior of an individual that aligns with existing rules and work procedures. Zainal et al., (2018:533) state that work discipline is a tool used by managers to communicate with employees so that they are willing to change their behavior and as an effort to increase an individual's awareness and willingness to adhere to all company regulations and prevailing social norms. Based on the opinions above, it can be concluded that work discipline is an attitude or behavior that demonstrates an individual's or a group's loyalty and obedience to the rules established by an organization or a company

Work Performance

Performance is the quality and quantity of work results achieved by an employee in carrying out their tasks in accordance with the responsibilities assigned to them (Mangkunegara, 2016:31). Performance is a multidimensional and highly complex construct, with variations in meaning depending on who is evaluating it, how it is evaluated, and which aspects are being evaluated (Sedarmayanti, 2017:34). Armstrong (2013:54) defines performance as the results obtained by an organization, whether it is profit-oriented or non-profit-oriented, generated during a specific time period. Moekijat (2016:43) states that performance is the result of a work completion process. Selain itu Wibowo (2013:7) mentions that performance is about carrying out tasks and the outcomes achieved from those tasks. According to. Menurut (Supomo dan Ety Nurhayati, 2018) performance involves the actions of displaying or carrying out specific organizational or company activities. Based on the opinions of these experts, it can be concluded that employee performance is the activity of a workforce affiliated with a company to achieve specific goals, both in terms of targets and workload, within a given period. In performing their tasks, employee performance is shaped by motivation, effort, and opportunities for development provided to the employee.

3. Metode

The research type is quantitative descriptive, which aims to outline or describe the characteristics of a particular condition or research object through the collection and analysis of quantitative data as well as statistical testing. Descriptive research is a method that serves to describe or provide an overview of the researched object through collected data or samples as they are, without conducting analysis and making general conclusions (Sugiyono, 2018:7). he

population consists of 89 respondents, and a sample of 53 individuals who meet the criteria was obtained using purposive sampling. Data collection was carried out through a survey with a questionnaire instrument and primary data. The analysis techniques used include classical assumption tests, multiple linear regression tests, partial hypothesis tests, and F-tests.

4. Result and Discussion

Based on the descriptive statistics, it was found that the respondents were 15 males, accounting for 45.5%, and 18 females, accounting for 54.5%. Therefore, it can be concluded that the majority of respondents in this study were female employees. These findings demonstrate that PT. Asia Paramitha has a higher number of female employees, as they are typically placed in positions that require precision, while male employees dominate in security, IT, and sanitation roles. In this study, respondents aged between 21-30 years were 21 individuals or 63.6%. Respondents aged between 31 and 40 years were 8 individuals or 24.2%. Respondents aged between 41 and 50 years were 4 individuals or 12.1%. It can be said that the majority of respondents in this study were employees aged between 21 and 30 years. This suggests that employees at PT. Asia Paramitha are mostly young, with a high level of enthusiasm and digital literacy, as the organization generally expects its employees to understand digital technology developments. Employees over 30 years of age tend to work in leadership or managerial roles. Looking at the statistical test of item correlation with a significance level of < 0.05 , it can be concluded that the statement items are valid. Overall, it can be explained that each item of the questionnaire for the variables of employee engagement has a significance level < 0.05 , so all 6 items of the employee engagement variable can be categorized as valid. Each item of the compensation variable has a significance level < 0.05 , so all 6 items of the compensation variable can be categorized as valid. Each item of the work discipline variable has a significance level < 0.05 , so all 10 items of the work discipline variable can be categorized as valid. Each item of the employee performance variable has a significance level < 0.05 , so all 5 items of the employee performance variable can be categorized as valid. The reliability test for each item between the variables Employee Engagement (X1) had a value of 0.864. The reliability value for the compensation variable (X2) is 0.894. The reliability test for the work discipline variable (X3) is 0.850, and for employee performance (Y) is 0.825. Based on the criteria, it can be concluded that the reliability is > 0.60 . This means that the data from the questionnaire for all research variables have good reliability, or in other words, the data from the questionnaire is reliable.

The normality test of data showed significance values of Asymp. Sig. for Employee engagement was 0.607, for Compensation was 0.553, for Work discipline was 0.264, and for Performance was 0.409. Based on the criteria that the significance value is > 0.05 , it can be concluded that the data for all variables in the study are normally distributed. The tolerance values for the independent variables, including employee engagement (X1) with a tolerance of 0.828, compensation (X2) with a tolerance of 0.432, and work discipline (X3) with a tolerance of 0.3822, all have tolerance values > 0.10 . Meanwhile, the VIF values for these variables are 1.208 for X1, 2.314 for X2, and 2.620 for X3, indicating that all variables have VIF values < 10.0 . Therefore, there is no multicollinearity present in the overall data for both independent and dependent variables.

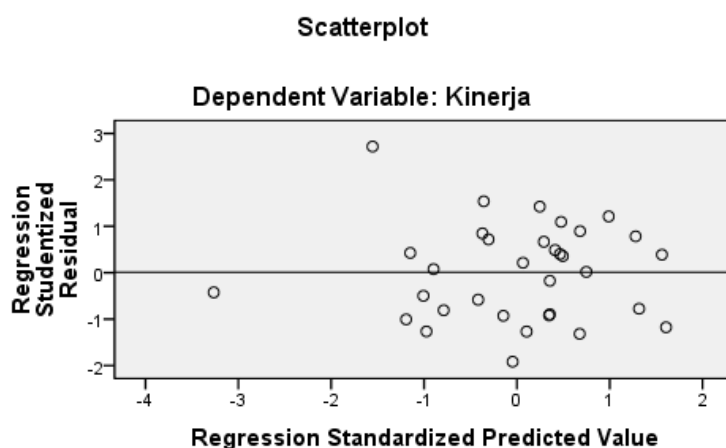


Figure 1. Heteroskedastisitas Result Test
 Source : Data Processed, 2023

The scatter plot results from the questionnaire instrument distribution in a research study indicate that the data is scattered around the axis line, both above and below it. This suggests that the data used does not exhibit homoscedasticity, meaning there is no equal variance of data. Consequently, it can be concluded that there is heteroskedasticity present in the data. Therefore, the data for the variables of employee engagement, compensation, and work discipline can be continued for further analysis to predict performance

Table 1. Result Of Multiple Regression

Variable	B	T _{hitung}	Sig. t	Decision
<i>Employee engagement</i>	0.470	4.581	0.000	H1 accepted
Compensation	0.096	0.658	0.516	H2 Not Accepted
Dicipline	0.204	3.889	0.019	H3 Accepted
Konstanta (a)				4,435
R				0,808
R Square (R²)				0,653
Adjusted R²				0,617
F_{hitung}				18,167
Sig. F_{hitung}				0,000

Source : Data Processed, 2023

The constant value (a) of 4.435 can be interpreted as follows: if the independent variables, including employee engagement, compensation, and work discipline, do not change by 1 unit (remain constant), then the level of employee performance is 4.435. The regression coefficient for the employee engagement variable of 0.470 can be interpreted as follows: if employee engagement increases positively by 1 unit, while compensation and work discipline remain unchanged, then performance will increase by 0.470. The regression coefficient for the compensation variable of 0.096 can be interpreted as follows: if compensation increases positively by 1 unit, while employee engagement and work discipline remain unchanged, then performance will increase by 0.096. The regression coefficient for the work discipline variable of 0.204 can be interpreted as follows: if work discipline increases positively by 1 unit, while employee engagement and compensation remain unchanged, then performance will increase by 0.204.

Table 2. Determinant Coefficient (R²)

Correlation Value (R)	Value of R ²	Description
0,808	0,653	X1, X2, and X3 collectively have an influence of 65.3% on employee performance

Source : Data Processed, 2023

his means that the combination of employee engagement (X1), compensation (X2), and work discipline (X3) accounts for 65.3% of the variability in employee performance. The remaining percentage may be attributed to other factors or variables that were not included in the analysis or could be due to measurement error.

Table 3. Hypothesis Test Result

Hypothesis	Data Analysis
suspected that employee engagement (X1) has a partial and significant impact on performance (Y)	Signifikan. $t(0,000) < 0,05$
suspected that compensation (X2) has a partial and significant impact on performance (Y).	Signifikan. $t(0,516) > 0,05$
suspected that work discipline (X3) has a partial and significant impact on performance (Y).	Signifikan. $t(0,019) < 0,05$

Source : Data by Processed, 2023

The calculation results show that the significance value, $t(0.000)$, is less than 0.05, which means that there is a positive and significant partial influence of Employee Engagement on employee performance at PT. Asia Paramitha. The calculation results show that the significance value, $t(0.516)$, is greater than 0.05, which means that there is no significant partial influence of compensation on employee performance at PT. Asia Paramitha. The calculation results show that the significance value, $t(0.019)$, is less than 0.05, which means that there is a positive and significant partial influence of work discipline on employee performance

Tabel 4. Hasil Uji Hipotesis Simultan (F)

Hypothesis	Description Analysis
Suspected that employee engagement (X1), compensation (X2) and work discipline (X3) has a simultan and significant impact on performance (Y).	F_{hitung} values of 18,167 > F_{tabel} value 2,810 and Signifikan F value 0,010 < sig. 0,05

Source : Data by Processed, 2023

Based on the calculation results above, the calculation of F_{tabel} with $df1 = k - 1$ ($3 - 1 = 2$) and $df2 = n - k$ ($33 - 3 = 30$) yields a F_{tabel} value of 2.810. The research results indicate that the calculated F-value (F_{hitung}) of 18.167 is greater than the F_{tabel} value of 2.810, and the significance value (Sig. F) of 0.000 is less than 0.05. Therefore, it can be explained that H_a (alternative hypothesis) is accepted, and H_o (null hypothesis) is rejected. It can be concluded that there is a simultaneous influence of Employee Engagement (X1), Compensation (X2), and work discipline (X3) on employee performance at PT. Asia Paramitha

Discussion

The Influence of Employee Engagement on Employee Performance at PT. Asia Paramitha

Based on the results of the data analysis conducted, it can be concluded that there is a positive and significant partial influence of employee engagement on employee performance at PT. Asia Paramitha. This is supported by statistical evidence, where the significance value, t

(0.000) < 0.05, indicating that H_0 (null hypothesis) is rejected, and H_a (alternative hypothesis) is accepted. In other words, the first hypothesis can be empirically proven. These findings are also consistent with previous research indicating that employee engagement has a positive impact on employee performance (Suratmiati, 2020; Hendri & Yunita, 2019).

The Influence of Compensation on Employee Performance at PT. Asia Paramitha

Based on the data analysis results, it can be concluded that there is no positive and significant partial influence of compensation on employee performance at PT. Asia Paramitha. The statistical evidence shows that the significance value, $t (0.516) > 0.05$, indicating that H_0 is accepted, and H_a is rejected. This suggests that the second hypothesis is not empirically supported. The findings indicate that compensation at PT. Asia Paramitha is perceived as meeting employees' expectations in carrying out their work. Some employees mentioned that they value gaining new experiences and knowledge related to their job more than just monetary compensation. Therefore, compensation is not the sole motivator for their performance. These results are in contrast to some previous studies (Suratmiati, 2020; Maddiansyah & Wahyudi, 2017) that found a positive and significant impact of compensation on employee performance.

The Influence of Work Discipline on Employee Performance at PT. Asia Paramitha

Based on the data analysis results, it can be concluded that there is a positive and significant partial influence of work discipline on employee performance at PT. Asia Paramitha. The statistical evidence shows that the significance value, $t (0.019) < 0.05$, indicating that H_0 is rejected, and H_a is accepted. This means that the third hypothesis can be empirically proven. The research directly indicates that discipline is an important aspect for the sustainability of human resource performance at PT. Asia Paramitha. While overall, respondents perceived that discipline was implemented well, there were still some issues, such as employees' punctuality, and the lack of caution in performing their tasks. These results are consistent with previous research (Nurkocim & Nurlaila, 2016; Irawan et al., 2021) that found a positive and significant impact of work discipline on employee performance.

The Influence of Employee Engagement, Compensation, and Work Discipline on Employee Performance at PT. Asia Paramitha

Based on the research results, it can be concluded that the calculated F-value (Fhitung) of 18.167 is greater than the Ftable value of 2.810, and the significance value (Sig. F) of 0.000 is less than 0.05. Therefore, H_a is accepted, and H_0 is rejected. This implies that there is a simultaneous influence of Employee Engagement (X1), Compensation (X2), and work discipline (X3) on employee performance at PT. Asia Paramitha. These findings are in line with previous research (Hendri & Yunita, 2019; Akmaludin & Bunga, 2021; Aditya & Anwar, 2021) that also found a positive and significant simultaneous impact of compensation, work discipline, and employee engagement on employee performance.

5. Conclusion

In conclusion, the findings of this research indicate that the presence of employee engagement (X1) has a positive and significant partial influence on employee performance at PT. Asia Paramitha, as evidenced by the significant t-value of 0.000, which is below the threshold of < 0.05. On the other hand, compensation (X2) does not have a significant influence on employee performance at PT. Asia Paramitha, as evidenced by the t-value of 0.516, which is above the threshold of > 0.05. Lastly, work discipline (X3) has a positive and significant partial influence on employee performance at PT. Asia Paramitha, as evidenced by the significant t-value of 0.019, which is below the threshold of < 0.05. Furthermore, employee engagement,

compensation, and work discipline simultaneously have a positive and significant influence on employee performance at PT. Asia Paramitha, as evidenced by the significant F-value of 0.000, which is below the threshold of < 0.05 .

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