Determination on Improving Company Performance through Discipline, Training, and Compensation

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Abstract. This paper tries to explain and analyze the influence of discipline, training, and compensation on employee performance. In this study, the phenomenon was portrayed through the problems that occurred in the Pardic Jaya Chemicals Company, which experienced a decline in sales due to a reduction in production levels caused by the performance of its employees. This study uses quantitative methods by making employees as samples to measure the influence of independent variables (discipline, training, and compensation) on the dependent variable (performance). The results of this study found discipline, training, and compensation have an effect on performance, it's just that the effect of compensation on performance is very small and means an increase in compensation does not necessarily directly impact performance.

1. Introduction

The term management has the meaning as a collection of knowledge about how to manage human resources [1]–[3]. More specifically, Human Resource Management can be interpreted as a series of activities in planning, procuring, developing, maintaining, and using Human Resources (HR) to achieve goals both individually and organizationally [4]. The developments in HRM have resulted in studies in this field to have a significant impact on the development of an organization, policy and practice in determining human aspects in management positions, including recruiting, filtering, training, rewarding and evaluating [5].

In facing increasingly competitive competition, companies are required to make improvements in every field, especially in terms of human resources which are the driving factors in the implementation of corporate activities so that the company achieves its objectives [3]. It is also a challenge for Pardic Jaya Chemicals Company. In the last four years (2012-2016) sales targets and profits from this company were not met the target, which expressed indirectly on employee performance.

As listed in Table 1, shows that actual production achievement is largely below the target. This failure is sure have a contributing factor, especially the performance in the production section, while the sales target
from January to April 2017 results in more than the target, this is an indication of a performance that has not been maximized which will affect the company's profitability.

Table 1. Production and Sales in 2017

| No | Month   | Production target (%) | Actual production (%) | Sales Target (%) | Actual Sales (%) |
|----|---------|-----------------------|-----------------------|-----------------|-----------------|
| 1  | January | 100 %                 | 91.05 %               | 100 %           | 101 %           |
| 2  | February| 100 %                 | 104.23 %              | 100 %           | 97 %            |
| 3  | March   | 100 %                 | 85.95 %               | 100 %           | 94 %            |
| 4  | April   | 100 %                 | 87.44%                | 100 %           | 95 %            |

The data shows the performance (results of work) that have not been maximized, which is generally caused by HR factors. Therefore, the HR factor needs to be evaluated, both in terms of discipline, training, compensation, leadership etc. Pardic Jaya Chemicals Company has a target of training hours for each employee, which is 20 hours of training each year. However, the obstacle found was that every employee who had been scheduled to take part in the training could not attend the training, with this conditions there could be employees who have very many training hours but there are also employees whose training hours are lacking.

This article tries to find out from the perspective of HR management the problems experienced by Pardic Jaya Chemical Company as using a disciplined, training, and compensation as an approach, which is considered to affect the company's performance. It is expected with the results of this study, that the management of Pardic Jaya Chemical Company can take appropriate steps to solve the problem so that the targets that have been determined can be achieved.

2. Literature Review

2.1 Theoretical Framework: Factors affecting Performance Management.

Performance is the result of work that has a strong relationship with the organization's strategic goals, customer satisfaction and economic contribution. Based on Abdullah's, performance can be seen based on work results [6]. The argument indirectly means performance as an illustration of the level of achievement on activity-program-policy in realizing the goals, objectives, mission and vision of the organization that contained in the strategic formulation of an organization [7]. Implementation of performance can be viewed from many things depending on the perspective used in the measurement [8]–[10]. Hafied [11] in his research argues, if compensation and discipline in working together have a significant positive influence on job performance. Training has been considered as an effort to improve the quality of human resources which leads to its influence on performance [10],[12]. Saks, A. M. and Burke Smalley, L. A [13] arguing that if the transfer of knowledge through training is positively related to company performance. Based on the literature above, this paper tries to reveal more about the relationship between discipline (X₁), training (X₂), and compensation (X₃) with employee performance that is indirectly related to the company's productivity.

2.2 Discipline.

In general, employee discipline always affects the level of productivity. This is in line with Belohav [14], which emphasizes that making and keeping people productive is a function of the disciplinary process. Hadi Handoko [15], dividing work discipline into 3 types: preventive discipline, corrective discipline, and progressive discipline. These three variables are based on prevention, handling, and punishment as a way to guard against the creation of employee discipline that can support employee performance. P1. An efforts to create a positive company work environment, can have a positive effect on company performance.
2.3 Training.
The training of company employees is considered as a knowledge sharing to unite the orientation of the company and employees to improve performance [13], [16]. Another definitions expressed by Widodo [17], training is a series of individual activities in improving skills and knowledge systematically so that they are able to have professional performance in their fields. Mangkunegara arguing, training is a short-term education process that uses systematic and organized procedures where non-managerial employees learn technical knowledge and skills in limited purposes [18].

P2. The quality of the training method, implementation, and objectives has an impact on employee performance.

2.4 Compensation
Argument by Wibowo, believes compensation is a counter-achievement against the use of labor or services that have been provided by the workforce or the number of packages offered by the organization to workers in return or the use of their workforce [19]. Forms of compensation can be divided into 2 types, direct and indirect. According to Riva's [20], direct compensation is the one directly perceived by the recipient, such as salary, wages, incentives; whereas indirect compensation is indirectly felt by employees, or additional benefits and services or compensation such as insurance, pension benefits, health benefits and leave opportunities. P3. The form of compensation to employees has an impact on the company employees performance.

3. Research Method
This research was conducted by using quantitative methods, in other words to see the effect of independent variables (discipline, training, and compensation) on the dependent variable (performance). Population is carried out on permanent employees of Pardic Jaya Chemicals Company, with a sample of 85 people.

4. Data Results and Analysis
From Table 2, the DW test value generated from the regression model is 2.396. While the table value from DW test with 0.05 significance and number of data (n) = 85 and k = 3, obtained dL value of 1.4741 and dU value of 1.6334. Because the DW test value (2.396) is between the dU value (1.6334) and the 4-dU value (2.3667), the hypothesis \( H_0 \) is accepted which means that compensation, training, discipline, and performance have relevance in building a company. So that companies can evaluate their systems in training compensation, discipline, and performance applied, to be better and more advanced.

Based on the results of the above analysis it appears that there is a positive influence between Work Discipline \((X_1)\), Training \((X_2)\), and Compensation \((X_3)\) on Employee Performance \((\hat{Y})\). Correlation coefficient (R) of 0.860 means that there is a strong correlation between the variables of Work Discipline, Training, and Compensation for the Performance variable. This means that the three variables support each other to improve performance at Pardic Jaya Chemicals Company.
The coefficient of determination is 70.4%. This means that 70.4% increase in Employee Performance is influenced by Work Discipline, Training, and Compensation together, while the remaining 29.6% is influenced by other variables not measured in this study.

### Table 3. F Test Data (X1, X2, and X3 against Ŷ )

| Model       | Sum of Squares | df  | Mean Square | F     | Sig.   |
|-------------|----------------|-----|-------------|-------|--------|
| Regression  | 761.829        | 3   | 253.943     | 11.687| 0.000* |
| Residual    | 1759.982       | 81  | 21.728      |       |        |
| Total       | 2521.812       | 84  |             |       |        |

a. Dependent Variable: Performance  
b. Predictors: (Constant), Compensation, Training, Discipline

Determining F table, using 95% confidence level, $\alpha = 5\%$, the results obtained for F table are 3.13. Ho testing criteria are accepted if $F_{count} < F_{table}$ or $H_0$ is rejected if $F_{count} > F_{table}$. If you look at the data above by comparing $F_{count}$ with $F_{table}$, if $F_{count} > F_{table}$ (11.688 > 3.13), then $H_0$ is rejected. This means that there is a positive and significant influence between Work Discipline, Training, and Compensation together on Employee Performance. So, from this study it can be concluded that Work Discipline, Training and Compensation jointly influence positively and significantly on Employee Performance at Pardic Jaya Chemicals Company.

**H1. An efforts to create a positive corporate work environment can have a positive effect on company performance.**

From the equation of the regression line on Table 4, it can be explained, that a constant of 42.067 means that if the Work Discipline is 0, then the employee's performance is 42.067. The regression coefficient of the variable Work Discipline is 0.297, meaning that if the Work Discipline experiences a one-unit increase, then the Work Discipline will experience an increase of 0.297 units and so on.

### Table 4. t Test Data (X_i against Ŷ )

| Model       | Unstandardized Coefficients | Standardized Coefficients | t    | Sig. |
|-------------|-----------------------------|---------------------------|------|------|
|             | B                           | Std. Error                | Beta |      |
| (Constant)  | 42,067                      | 7,850                     | 5,359| .000 |
| Discipline  | .297                        | .117                      | .269 | 2.540| .013 |

a. Dependent Variable: Performance

Based on the analysis of the t test shows the value of $t_{count}$ is 2.540 while the $t_{table}$ is 1.9897. When compared, the value of $t_{count}$ is greater than $t_{table}$ (2.540 > 1.9897). It can be concluded that $H_0$ is rejected, meaning that there is a significant and positive influence between Work Discipline and Employee Performance at Pardic Jaya Chemicals Company.

In theory, work discipline will have an impact on performance, the better implementation of a company's on work discipline, the greater the effect on Employee Performance, because work discipline will make HR compliant with the rules set by the company so that it will encourage performance improvement.

**H2. The quality of the training method, implementation, and objectives has an impact on employee performance.**
From the equation of the regression line on Table 5, it can be explained, that a constant is 29.613, meaning that if the Training value is 0, then Employee Performance is worth 29.613. The regression coefficient of the Training variable is 0.496, meaning that if the Training has a one-unit increase, then the Training variable will experience an increase of 0.496 units and so on.

Table 5. t Test Data (X₁ against Ŷ)

| Model       | Unstandardized Coefficients | Standardized Coefficients | t   | Sig. |
|-------------|-----------------------------|---------------------------|-----|-----|
| (Constant)  | 29.613                      | 5.539                     | 5.346 | .000 |
| Training    | .496                        | .085                      | .541 | 5.863 | .000 |

Based on the analysis of the t test shows the value of t count is 5.863 while the t table is 1.9897. When compared, the t count of Training is greater than t table (5.863> 1.9897). It can be concluded that H₀ is rejected, meaning that partially there is a significant and positive influence between Training and Employee Performance at Pardic Jaya Chemicals Company. In theory the training program in the company will have an impact on performance, the better the training program, the greater the impact on employee performance because training will form reliable human resources that will drive performance improvement so that it will influence the improvement of performance appraisal.

H3. The form of compensation to employees has an impact on the performance of company employees.

Based on the results on Table 6 can be explained, that the constant is 54.674, meaning that if the Compensation value is 0, then Employee Performance value increases by 54.674. Compensation variable regression coefficient is 0.107, meaning that if Compensation increases one unit, the Compensation variable will increase by 0.107 units and so on. The test analysis shows the value of t count is 2.713 while the t table is 1.9897. When compared, the Compensation t count is greater than t table (2.713> 1.9897). It can be concluded that H₀ is rejected, meaning that partially there is an insignificant influence, because the value exceeds 0.05 between Compensation and Employee Performance at Pardic Jaya Chemicals Company. In theory, the better compensation in a company, the greater the effect on employee performance. But in fact the effect of compensation in this study is the smallest compared to other variables, which implicated “raising compensation will only increase the performance for a moment, after that the spirit of work will return to normal”.

Table 6. t Test Data (X₃ against Ŷ)

| Model       | Unstandardized Coefficients | Standardized Coefficients | t   | Sig. |
|-------------|-----------------------------|---------------------------|-----|-----|
| (Constant)  | 54.674                      | 10.226                    | 5.347 | .000 |
| Compensation| .107                        | .150                      | .078 | 2.713 | .478 |

5. Conclusion

The results of observations, calculations, and analysis show that there is a good influence on the work discipline of 27.2%, the level of training on employee performance is 29.3%, compensation for employee performance is 10.6%. In total, 40.2% of work discipline, training and compensation have an influence on
the performance of employees of PT. Pardic Jaya Chemicals, the remaining around 59.8% by other factors not examined. To improve discipline, the totality and firmness of the management of Pardic Jaya Chemicals Company is in accordance with the HR department to provide better employee performance. Insignificant influence from training on the performance of employees of Pardic Jaya Chemicals Company amounted to 29.3% and there needed to be participants who received HR training not only pursuing the number of training hours, but there must be an evaluation of the training applied for actualization work at the place of work. The smallest influence in this study was obtained from compensation for the performance of employees of Pardic Jaya Chemicals Company is 10.6%. Compensation will only improve performance for a moment, after that the morale will return to normal. Indicators of Work Discipline, Training and Compensation together for Employee Performance PT. Pardic Jaya Chemicals is 40.2%. This mutual influence is greater than the variables that exist individually.

6. References

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