The Influence of Compensation and Work Discipline on Employee Performance of PT. Ade Textile Industries

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ABSTRACT

The purpose of this case study is to examine how PT. Ade Textile Industries' remuneration and work discipline affect employee performance in the textile sector. A survey approach using a questionnaire methodology was used to gather data. Methods of descriptive and verifiable analysis were used to conduct the analysis. Compensation and work discipline significantly and positively affect employee performance, according to the study's findings, with compensation having an influence of 26.8% and discipline by 16.9%. Simultaneously, these two variables contribute 60.9% to employee performance. Therefore, companies in the Textile industry are advised to pay more attention to the compensation system and the implementation of discipline to increase employee productivity and job satisfaction.

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

1. INTRODUCTION

In an increasingly competitive business world, especially in the mass-production-oriented Textile industry, employee performance is a key factor in achieving operational efficiency and effectiveness. According to Robbins & Judge (2022), Employee performance is influenced by various factors, including the compensation system received and the level of discipline at work. Without the right strategy in human resource management, companies can experience a decrease in productivity and product quality.

PT. Ade Textile Industries as one of the companies in the Textile industry faces challenges in improving employee performance. Pay and workplace rules are major factors in influencing employee engagement and productivity, according to earlier studies (Dessler, 2021). Consequently, the purpose of this research is to determine how much of an impact monetary pay and workplace discipline have on textile workers' productivity.

Table 1. Employee Performance Assessment of PT. Ade Textile Industries Period January – December 2024

No	Assessment Aspects	Target	Realization	Information
1	Quality	100%	75%	Not Achieved
2	Quantity	100%	72%	Not Achieved
3	Responsibility	98%	72%	Not Achieved
4	Cooperation	98%	68%	Not Achieved
5	Discipline	98%	70%	Not Achieved
6	Leadership	98%	72%	Not Achieved
7	Appearance	95%	75%	Not Achieved
	Average	98%	72%	Not Achieved

Based on table 1.1 above, it is known that the performance data of PT Ade Textile Industries where the average value is 72% and there are still many who have not reached the expected target, this can be seen from various assessments, namely Quality with a score of 75, Quantity of Work with a score of 72, responsibility for work 72 then cooperation in work is very low, namely 68, discipline 70, leadership 72 and performance 75 where there is a gap or

deviation in realization with optimal performance targets. Thus, the data indicates that the existing performance of PT Ade Textile Industries is not optimal, which is due to the compensation factor at PT Ade Textile Industries which is not optimal.

2. LITERATURE REVIEW

According to Milkovich & Newman (2021), compensation is all forms of financial and nonfinancial rewards given to employees in exchange for their contributions to the organization. Competitive compensation can increase employee motivation and loyalty to the company (Noe et al., 2022).

Work discipline refers to the employee's compliance with the rules and procedures that apply in the workplace. According to Robbins & Judge (2022), high discipline reflects an individual's commitment to work and can improve the efficiency and effectiveness of an organization's operations.

Employee performance is defined as the work output of individuals that can be measured based on certain standards (Armstrong & Taylor, 2022). Factors that affect performance include compensation, motivation, work environment, and work discipline.
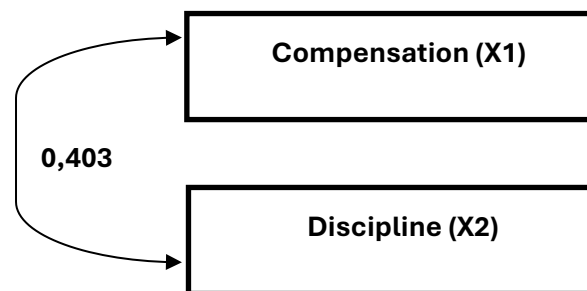

Figure 1. Variable Relationship Paradigm

3. RESEARCH METHODS

This study uses a quantitative approach with a survey method. The research sample consisted of 32 employees of PT. Ade Textile Industries was selected using the purposive sampling technique. Data were collected through questionnaires with a Likert scale and analyzed using multiple linear regression.

Quantitative research is a method used to research a specific population or sample with the aim of testing hypotheses using numerical data and statistical analysis. Sugiyono (2023) explained that this method emphasizes objectivity and strict measurement. Techniques that are often used in quantitative research include:

1. **Survey** (using questionnaires)
2. Experiments (experiments with controlled variables)
3. Descriptive and inferential statistical analysis

4. RESULT

According to **Sugiyono (2023), validity test** is a technique to measure the extent to which a research instrument can measure what should be measured accurately and consistently. The validity test aims to ensure that each item in the questionnaire or measuring tool has accuracy in capturing the concept being researched Every question item that has a Cronbach-Alpha of more than 0.300 then the question item is categorized as good, then it can be declared valid and can be processed for the next stage. The following are the results of the validity test processing on the research variables used by the author.

Table 2. Results of Validity Test of All Variables

No Items	Shoes			R Critical	Category
	X1	X2	And		

1	0.577	0.680	0.565	0.300	Valid
2	0.577	0.639	0.467	0.300	Valid
3	0.597	0.549	0.480	0.300	Valid
4	0.586	0.663	0.676	0.300	Valid
5	0.660	0.517	0.422	0.300	Valid
6	0.614	0.493	0.605	0.300	Valid
7	0.677	0.548	0.614	0.300	Valid
8	0.661	0.420	0.661	0.300	Valid
9	0.579	0.431	0.417	0.300	Valid
10	0.659	0.700	0.512	0.300	Valid
11	0.697	0.752	0.640	0.300	Valid
12	0.575	0.533	0.694	0.300	Valid
13	0.650	0.566	0.604	0.300	Valid
14	0.458	0.561	0.472	0.300	Valid
15	0.692	0.476	0.474	0.300	Valid
16	0.610			0.300	Valid

Based on table 2 above, it can be seen that the validity index value of all Compensation and Discipline variable questionnaire items on the performance of PT Ade Textile Industries employees is greater than 0.300. Thus, it can be concluded that all statements in the questionnaire of each research variable are valid and can be used for further analysis. Descriptive Analysis

Table 3 Descriptive Statistics

	N		Minimum	Maximum	Mean	Std. Deviation
Compensation		32	23	65	45.28	10.158
Discipline		32	32	72	48.72	9.689
Performance		32	24	67	40.97	9.327
Valid N (listwise)		32				

Multiple linear regression shows that compensation has a significant effect on employee performance with a regression coefficient value of 0.268, while work discipline has a regression coefficient of 0.169. An R-squared value of 0.609 indicates that compensation and work discipline simultaneously contribute 60.9% to employee performance.

Tabel 4. Coefficients[a]

Model	Unstandardized Coefficients			Standardized Coefficients	t	Sig.
	B	Std. Error	Beta			
1 (Constant)	.156	6.250			.025	.980
Compensation	.476	.117	.518		4.082	.000
Discipline	.396	.122	.411		3.238	.003

a. Dependent Variable: Performance

From table 4.61, it is known that the partial influence between the independent variable X1 (Compensation) on the bound variable Y (Performance) can be stated to have a significant effect because the value of Sig. 0.000 < 0.05 with an influence of 0.518 ($\rho yx1$=0.518).

The Coefficient of Determination (square Multi Corelation), is a coefficient used to determine the amount of contribution of the free variable to the change of the bound variable.

Table 5. Coefficient Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.780a	0,609	0,582	6,030

From table 5 and the calculations in the path analysis, it can be seen that the simultaneous influence of Compensation (X1) and Discipline (X2) on Performance (Y) together on Performance is 60.9% and the remaining 39.1% is influenced by other variables that are not studied.

5. DISCUSSION

The results of this study confirm the importance of a competitive compensation system and the consistent implementation of work discipline in improving employee performance in the Textile industry. Compensation and work discipline positively affect employee performance, according to the study's findings, which is in line with Robbins & Judge's (2022) theory that financial well-being and clear work rules increase productivity. Milkovich & Newman (2021) also emphasized that fair compensation increases work motivation, which is evident in this study. Dessler (2021) revealed that strong work discipline helps improve operational efficiency, in accordance with research results that show discipline has a significant influence on performance. This research is consistent with previous studies that found that compensation and work discipline play an important role in improving employee productivity. However, the study also found that compensation has a greater influence than work discipline, which may be in contrast to some studies that state that work discipline is more dominant in some industries. Textile company managers can improve their performance-based compensation systems to be more competitive in attracting and retaining workers. The implementation of a stricter reward and punishment system can improve employee discipline, so that they are more motivated to work well. This discussion explains how the results of the research can be applied in the real world and how the results compare to existing theories.

6. CONCLUSION

Based on the Simultaneous Tests that have been carried out on the Compensation variable, it has an influence on the Performance variable in PT Ade Textile Industries Employees by 0.268 or 26.8% overall. So that the hypothesis proposed earlier, namely that there is an effect of Compensation on the performance of PT Ade Textile Industries employees, can be accepted. Thus, it can be proven that compensation has an effect on employee performance

Based on the Simultaneous Tests that have been carried out on the Discipline variable, it has an influence on the Performance variable in PT Ade Textile Industries Employees by 0.169 or 16.9% overall. So that the hypothesis proposed earlier, namely that there is an influence of Discipline on the performance of PT Ade Textile Industries employees, can be accepted. Thus, it can be proven that compensation has an effect on employee performance

Based on the Simultaneous Test of Compensation (X1) and Discipline (X2) has an effect on the dependent variable, namely Performance (Y) in PT Ade Textile Industries Employees by 0.609 or 60.9%. Meanwhile, the lan factors that were not studied and also affected were shown by the values $\rho y \varepsilon$ = 0.391 or 39.1%. Other variables in question are the work environment, work culture and so on.

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