The Effect of Compensation, Motivation, and Work Discipline on Employee Performance at PT. Agro Artha Surya with Job Satisfaction as an Intervening Variable

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ABSTRACT

The aim of this research is to determine the relationship between the variables of compensation, motivation, and work discipline on the variables of job satisfaction and performance. Data collection methods include observation, questionnaires, and documentation. Using PLS analytical tools, the research results indicate that: 1) Compensation does not have a significant effect on employee performance, 2) Motivation has a positive and significant effect on employee performance, 3) Work discipline does not have a significant effect on employee performance, 4) Job satisfaction has a positive and significant effect on employee performance, 5) Compensation has a positive and significant effect on job satisfaction, 6) Motivation has a positive and significant effect on job satisfaction, 7) Work discipline has a positive and significant effect on job satisfaction, 8) Job satisfaction can mediate the effect of compensation on employee performance, 9) Job satisfaction can mediate the effect of motivation on employee performance, 10) Job satisfaction can mediate the effect of work discipline on employee performance.

INTRODUCTION

In today’s global competition, the workforce urgently needs employees who think progressively, are intelligent, innovative, and capable of working with high enthusiasm in facing the advancements of the times. High-performing employees are a dream for every organization (Saleh et al., 2023). Various organizations strive to improve the performance of all elements within the organization to achieve organizational sustainability. Currently, organizational performance is not only expected at the top manager level but also at the middle manager and subordinate levels (Mooduto et al., 2022). Achieving the company’s goals does not only depend on modern equipment, complete facilities, and infrastructure, but more importantly, on the people who perform the tasks.
The success of a company is greatly influenced by the performance of its individual employees. Every company will always strive to improve employee performance, with the hope that the company's goals will be achieved. To enhance employee performance, companies undertake various methods such as education, training, providing adequate compensation, creating a conducive work environment, offering motivation, and implementing work discipline. Through these processes, employees are expected to maximize their responsibilities for their work because they have been equipped with education and training relevant to their job implementation. Meanwhile, providing compensation, motivation, and work discipline are essentially the rights of employees and the company's obligation to support their contributions in order to achieve the predetermined goals.

In relation to this, every organization or company will always strive to improve employee performance, with the hope that the organization's goals will be achieved. Various methods will be undertaken to enhance employee performance, such as providing education, training, adequate compensation, motivation, and the implementation of work discipline, as these factors will influence employee performance.

One of the aspects that affect employee performance is job satisfaction. Job satisfaction refers to the contentment employees feel in their jobs, which is derived from their work outcomes, job placement, treatment, equipment, and a positive work environment (Pakaya et al., 2023). Job satisfaction is a primary motivator that is directly related to the job itself (Abas et al., 2022), This means that with a high level of job satisfaction, employees usually deliver good performance. Conversely, when employees do not experience satisfaction, the performance they provide is not optimal. This is where the role of leadership at PT. Agro Arta Surya comes into play in implementing various steps aimed at increasing employee job satisfaction. Another factor that influences how and why people choose to work at one organization over another is compensation. Providing compensation as a reward for employees' contributions is one way to meet their living needs and improve their standard of living. Compensation is important for employees because the amount of compensation reflects their perceived value among themselves, their families, and the community.

To work optimally with high performance, individual motivation is also required. Motivation is understood as a process of stimulating people to undertake activities in an effort to achieve desired goals or objectives effectively and efficiently (Adisasmita, 2011). Motivation can drive individuals to carry out activities to achieve the best results. Therefore, it is not surprising that employees with high work motivation usually also have high performance. According to
(Suaiba et al., 2021) one factor that supports employee performance improvement is motivation. Additionally, the factor of work discipline also significantly influences performance because, according to (Malanuwa et al., 2023) work discipline is the employees' adherence to rules or regulations in a company or organization based on awareness and understanding, not coercion.

PT. Agro Artha Surya is a company engaged in the plantation industry. Employees play a crucial role in all activities, including plantation, production, distribution, and others. The reason behind choosing this company for research is the issues faced by the company, such as employees frequently complaining about delayed salary/compensation payments. This results in employees being undisciplined and often late, ultimately leading to suboptimal work performance and the company's targets not being met. Employees also complain about the heavy workload as processing increases, and the company provides insufficient motivation, compensation, and no salary increases for long-term employees, leading to dissatisfaction with their jobs.

This research aims to identify the influence of compensation, motivation, and work discipline on the performance of employees at PT. Agro Artha Surya, with job satisfaction as an intervening variable.

RESEARCH METHODE
The population of this study consists of all employees of PT. Agro Artha Surya, and the researcher decided to take a sample of all 110 employees. The analytical method used is path analysis. In this study, data processing is conducted using the partial least squares (PLS) method because this analysis calculates both direct and indirect effects, including intervening variables. The path analysis model used in this study is formulated as follows:
First Structure:
\[ Y1 = PY1 X1 + PY1 X2 + PY1 X3 + \varepsilon \]
Second Structure:
\[ Y2 = PY2 X1 + PY2 X2 + PY2 X3 + PY1 + \varepsilon \]
Where:
- \( Y1 \) = Job Satisfaction
- \( Y2 \) = Employee Performance
- \( X1 \) = Compensation
- \( X2 \) = Motivation
- \( X3 \) = Work Discipline
- \( \varepsilon \) = Epsilon value/residual value
RESULT AND DISCUSSION
Hypothesis Testing

Hypothesis testing is a decision-making method based on data analysis. Hypothesis testing in this study is based on the results of path coefficients using the SmartPLS application. The results of hypothesis testing using SmartPLS can be seen in the following figure:

![Hypothesis Testing Path Coefficients](image)

**Figure 1. Hypothesis Testing Path Coefficients**

In this analysis, we will examine the direct and indirect effects of path coefficients.

**Direct Effect**

Direct effect occurs when one variable directly influences another variable without involving intermediary variables. The criteria for this test are as follows: if the path coefficient value is positive, then the influence of one variable on another is unidirectional, meaning that if the value of an exogenous variable increases, the value of the endogenous variable will also increase. Then, if the probability/significance value (P-Value) < 0.05, the influence is significant, whereas if (P-Value) > 0.05, the influence is not significant.
Table 2.  
**Direct Effect**

<table>
<thead>
<tr>
<th></th>
<th>Original Sample</th>
<th>Sample Mean</th>
<th>Standard Deviation</th>
<th>T Statistic</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work discipline -&gt; job satisfaction</td>
<td>0.208</td>
<td>0.208</td>
<td>0.086</td>
<td>2.412</td>
<td>0.016</td>
</tr>
<tr>
<td>Work discipline -&gt; performance</td>
<td>-0.056</td>
<td>-0.050</td>
<td>0.047</td>
<td>1.185</td>
<td>0.236</td>
</tr>
<tr>
<td>Job satisfaction -&gt; performance</td>
<td>0.245</td>
<td>0.235</td>
<td>0.082</td>
<td>2.998</td>
<td>0.003</td>
</tr>
<tr>
<td>Compensation -&gt; job satisfaction</td>
<td>0.418</td>
<td>0.408</td>
<td>0.087</td>
<td>4.824</td>
<td>0.000</td>
</tr>
<tr>
<td>Compensation -&gt; performance</td>
<td>-0.086</td>
<td>-0.084</td>
<td>0.044</td>
<td>1.941</td>
<td>0.053</td>
</tr>
<tr>
<td>Motivation -&gt; job satisfaction</td>
<td>0.392</td>
<td>0.407</td>
<td>0.086</td>
<td>4.584</td>
<td>0.000</td>
</tr>
<tr>
<td>Motivation -&gt; performance</td>
<td>0.866</td>
<td>0.870</td>
<td>0.036</td>
<td>24.100</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source: Data processed, 2024.

Based on the table above, the following conclusions can be drawn:

1) Compensation to Performance = -0.086 (negative), P Value 0.053 > 0.05 (Not Significant), thus H1 is rejected;
2) Motivation to Performance = 0.866 (positive), P Value 0.000 < 0.05 (Significant), thus H2 is accepted;
3) Work Discipline to Performance = -0.056 (negative), P Value 0.236 > 0.05 (Not Significant), thus H3 is rejected;
4) Job Satisfaction to Performance = 0.245 (positive), P Value 0.003 < 0.05 (Significant), thus H4 is accepted;
5) Compensation to Job Satisfaction = 0.418 (positive), P Value 0.000 < 0.05 (Significant), thus H5 is accepted;
6) Motivation to Job Satisfaction = 0.392 (positive), P Value 0.000 < 0.05 (Significant), thus H6 is accepted;
7) Work Discipline to Job Satisfaction = 0.208 (positive), P Value 0.016 < 0.05 (Significant), thus H7 is accepted.

**Indirect Effect**

Indirect effects occur when the influence of one variable on another involves one or more intermediary variables between them. The criteria for this test are as follows: if the probability/significance value (P-Value) < 0.05, then the effect is considered indirect, meaning that the mediating/intervening variable plays a role in mediating the relationship from the exogenous variable to the endogenous variable. On the other hand, if (P-Value) > 0.05, then the effect is considered direct, meaning that the mediating/intervening variable does not play a role in
mediating the relationship from the exogenous variable to the endogenous variable. The results of indirect relationships can be seen in the following table:

<table>
<thead>
<tr>
<th>Indirect Effect</th>
<th>Original Sample</th>
<th>Sample Mean</th>
<th>Standard Deviation</th>
<th>T Statistic</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work discipline -&gt; job satisfaction -&gt; performance</td>
<td>0.051</td>
<td>0.048</td>
<td>0.025</td>
<td>2.055</td>
<td>0.040</td>
</tr>
<tr>
<td>Compensation -&gt; job satisfaction -&gt; performance</td>
<td>0.103</td>
<td>0.098</td>
<td>0.046</td>
<td>2.253</td>
<td>0.025</td>
</tr>
<tr>
<td>Motivation -&gt; job satisfaction -&gt; performance</td>
<td>0.096</td>
<td>0.093</td>
<td>0.032</td>
<td>3.008</td>
<td>0.003</td>
</tr>
</tbody>
</table>

Source: Data processed, 2024.

Based on the table above, the following conclusions can be drawn:

1) The indirect effect of Compensation on performance through Job Satisfaction is 0.051 (positive) with P Values = 0.040 < 0.05 (significant), meaning that the Job Satisfaction variable mediates the relationship between the Compensation variable and employee performance.
2) The indirect effect of Motivation on performance through Job Satisfaction is 0.096 (positive) with P Values = 0.003 < 0.05 (significant), meaning that the Job Satisfaction variable mediates the relationship between the Motivation variable and employee performance.
3) The indirect effect of Work Discipline on performance through Job Satisfaction is 0.051 (positive) with P Values = 0.040 < 0.05 (significant), meaning that the Job Satisfaction variable mediates the relationship between the Work Discipline variable and employee performance.

Discussion

The Influence of Compensation on Performance

The research findings using Path Analysis showed a direct influence of Compensation on employee performance at -0.086 (negative), with a P value of 0.053 > 0.05 (not significant). Therefore, it can be concluded that there is a non-significant negative direct influence of compensation on performance. This result indicates that Compensation does not provide a positive and significant contribution to performance at PT. Agro Artha Surya.

The non-significant indirect relationship between compensation and performance indicates that there is no clear or strong correlation between the level of compensation received by individuals and how well employees perform their jobs. If there is a decrease in compensation, employee performance will also decrease. In this study, "indirect" indicates that there may be relationships, but they do not have a sufficiently large or consistent impact.

Although compensation is not the only factor influencing employee performance, it remains an important factor. Improving performance is not only
about increasing compensation but also involves other factors such as the work environment, leadership, and opportunities for development. So, compensation is not the sole factor affecting performance, but it still plays a significant role in motivating and increasing employee satisfaction.

While "not significant," this is because the compensation provided in the form of allowances and incentives by the company is not perceived as fair by employees and does not meet the expectations of PT. Agro Artha Surya's employees. Although the compensation provided to employees increases, the workload given to employees also increases, resulting in performance not improving.

These research findings are consistent with the study conducted by (Nurrahmawati, 2019), which showed that there is no significant simultaneous influence of compensation on employee performance at Bank BRI Syariah KC Semarang.

The Influence of Motivation on Performance

The research findings using Path Analysis showed a direct influence of Motivation on employee performance at 0.866 (positive), with a P value of 0.000 < 0.05 (significant). Therefore, it can be explained that there is a positive and significant direct influence of Motivation on performance. This result indicates that Motivation provides a positive and significant contribution to performance at PT. Agro Artha Surya. Thus, it can be concluded that Motivation is an important aspect in employee performance.

The positive and significant relationship between motivation and performance is due to the clear linkage between these two factors in the context of the work environment. When employees feel motivated, they tend to show higher levels of performance. This is because internal motivation drives individuals to strive towards their goals more diligently and efficiently. Motivation provides a psychological boost that makes individuals more enthusiastic in carrying out their tasks. When employees feel motivated, they are more committed to organizational goals and more focused in facing challenges at work. This results in increased productivity and overall performance quality.

Furthermore, high motivation also affects individuals' perceptions of the tasks they face. They tend to see these tasks as opportunities for growth and success, rather than burdens to be avoided. This leads to a more proactive attitude and solution-oriented approach in solving arising problems.

Therefore, investing in improving employee motivation can be a highly effective strategy for organizations to enhance their overall performance. This may include approaches such as recognizing achievements, providing career development opportunities, clarifying organizational goals, and creating a supportive and motivating work environment. Thus, the positive and significant relationship between motivation and performance creates a strong foundation for organizational success in achieving their goals.

These research findings are in line with a study conducted by (Hidayat, 2021), which showed a positive and significant influence of the motivation
variable on employee performance at the General Hospital of Muhammadiyah University of Malang.

**The Influence of Work Discipline on Performance**

The research findings using Path Analysis showed a direct influence of Work Discipline on employee performance at \(-0.056\) (negative), with a P value of \(0.236 > 0.05\) (not significant). Therefore, it can be explained that there is a negative and non-significant direct influence of Work Discipline on performance. This result indicates that work discipline does not provide a positive and significant contribution to performance at PT Agro Artha Surya.

The non-significant indirect relationship between work discipline and performance can occur when there are other factors that dominantly influence employee performance in the workplace than their level of work discipline. In this study, "indirect" means that there is no directly visible relationship between the two variables. Although good work discipline can contribute positively to performance, there are situations where factors such as intrinsic motivation, support from supervisors, a pleasant work environment, and other external factors may have a greater impact, while "not significant" employees with good discipline tend to meet deadlines, follow procedures correctly, and take responsibility for their tasks. Lack of discipline can lead to disorderliness, lack of focus, and overall performance decline.

These research findings are consistent with a study conducted by (Lumentut & Dotulong, 2015) which showed that work discipline does not have a significant influence on the performance of Bank SULUT Branch Airmadidi.

**The Influence of Job Satisfaction on Employee Performance**

The research findings using Path Analysis showed a direct influence of job satisfaction on performance at \(0.245\) (positive), with a P value of \(0.003 < 0.05\) (significant), indicating a positive and significant impact of job satisfaction on performance. This result indicates that job satisfaction provides a positive and significant contribution to performance at PT Agro Artha Surya. Therefore, it can be concluded that job satisfaction is an important aspect of employee performance.

The direct and significant relationship between job satisfaction and performance refers to the positive correlation between the level of satisfaction perceived by employees with their job and the level of performance demonstrated by them in carrying out their tasks and responsibilities in the workplace. When someone is satisfied with their job, they tend to be more motivated, committed, and enthusiastic about performing their tasks well. This can lead to increased productivity and quality of work by employees.

These research findings are consistent with a study conducted by (Rahmawati, 2019) which showed that there is a positive and significant influence of job satisfaction on employee performance at Bank BRI Syariah KC Semarang.

**The Influence of Compensation on Job Satisfaction**

The research findings using Path Analysis showed a direct positive influence of compensation on job satisfaction, with a result of \(0.418\) (positive), and a P Value of \(0.000 < 0.05\) (Significant). This indicates a significant and positive
impact of compensation directly on job satisfaction. These results demonstrate that compensation contributes positively and significantly to job satisfaction at PT Agro Artha Surya. Thus, it can be concluded that compensation is an essential aspect of job satisfaction.

The positive and significant relationship between compensation and job satisfaction implies that when one variable increases, the other tends to increase as well. In this study, when compensation levels increase, job satisfaction tends to increase as well. This suggests that employees are likely to be more satisfied with their jobs when they receive better compensation. The significant relationship between compensation and job satisfaction is not random; there is a consistent correlation between the two. Therefore, the positive and significant relationship between compensation and job satisfaction indicates that adequate and fair compensation can positively influence the level of employee job satisfaction.

These research findings are consistent with a study conducted by (Hidayat, 2021) which demonstrated a positive and significant influence of compensation on employee job satisfaction at the General Hospital of Muhammadiyah University of Malang.

**The Influence of Motivation on Job Satisfaction**

The research findings using Path Analysis revealed a direct positive influence of motivation on job satisfaction, with a result of 0.392 (positive), and a P Value of 0.000 < 0.05 (Significant). This indicates a significant and positive impact of motivation directly on job satisfaction. These results demonstrate that motivation contributes positively and significantly to job satisfaction at PT Agro Artha Surya. Therefore, it can be concluded that motivation is an essential aspect of job satisfaction.

The positive and significant relationship between motivation and job satisfaction means that when one variable increases, the other tends to increase as well. In this study, when motivation increases, job satisfaction tends to increase as well. This suggests that employees are likely to be more satisfied with their jobs when they experience high levels of work motivation. The significant relationship between motivation and job satisfaction is not random; there is a consistent correlation between the two. Thus, the positive and significant relationship between motivation and job satisfaction indicates that good and high motivation can positively influence the level of employee job satisfaction.

These research findings are consistent with studies conducted by (Nitasari & Lataruva, 2012) which showed a significant simultaneous influence of work motivation on job satisfaction at Bank Central Asia Tbk. Kudus Branch. Similarly, research by (Hanafi & Yohana, 2017) demonstrated that the results of work motivation have a positive and significant impact on job satisfaction in improving performance at PT BNI Lifeinsurance.

**The Influence of Work Discipline on Job Satisfaction**

The research findings using Path Analysis revealed a direct positive influence of work discipline on job satisfaction, with a result of 0.208 (positive), and a P Value of 0.016 < 0.05 (Significant). This indicates a significant and positive
impact of work discipline directly on job satisfaction. These results demonstrate that work discipline contributes positively and significantly to job satisfaction at PT Agro Artha Surya. Therefore, it can be concluded that work discipline is an important aspect of job satisfaction.

The positive and significant relationship between work discipline and job satisfaction means that when one variable increases, the other tends to increase as well. In this study, if work discipline increases, job satisfaction tends to increase as well. This indicates that good work discipline often results in higher productivity. Employees who are disciplined in carrying out their tasks tend to feel more satisfied because they can feel the achievement and contribution to their work. Thus, employees with higher levels of work discipline, for example, in terms of adherence to work schedules, timely task completion, or efficient use of time, tend to have higher levels of job satisfaction.

These research findings are also supported by previous studies conducted by (Djaria & Sitepu, 2017) which found that discipline has a positive and significant influence on the job satisfaction of employees at the Semarang Polytechnic of Marine Sciences.

The Influence of Compensation on Performance Through Job Satisfaction

The research findings, utilizing Path Analysis, revealed an indirect positive influence of compensation on employee performance through job satisfaction, with a result of 0.051 (positive) and a P-value of 0.040<0.05 (significant). This indicates that there is a positive and significant effect of compensation on employee performance through job satisfaction. These results demonstrate that job satisfaction successfully mediates the relationship between compensation and employee performance significantly at PT Agro Artha Surya. Therefore, it can be concluded that compensation, including salary, allowances, bonuses, and other benefits, is considered one of the crucial factors influencing how employees evaluate their jobs and the organizations they work for. Employees who feel they are fairly compensated and appreciated for their contributions tend to have higher levels of job satisfaction. Employees who are satisfied with their jobs are more motivated, committed, and enthusiastic about performing well, thus indirectly improving employee performance and organizational productivity overall. Thus, high compensation can trigger increased job satisfaction, which in turn has a positive impact on performance. Therefore, it is important for organizational leaders to understand the complex relationship between compensation, job satisfaction, and employee performance in order to create a productive work environment.

These research findings are consistent with a study conducted by (Purwanto et al., 2024) which indicates that the variable of job satisfaction can moderate by strengthening the influence of the motivation variable on employee performance.

The Influence of Motivation on Performance Through Job Satisfaction

The research findings, utilizing Path Analysis, showed an indirect positive influence of motivation on employee performance through job satisfaction, with a result of 0.096 (positive) and a P-value of 0.003<0.05 (significant). This indicates
that there is a positive and significant effect of motivation on employee performance through job satisfaction. These results demonstrate that job satisfaction successfully mediates the relationship between motivation and employee performance significantly at PT Agro Artha Surya. Therefore, it can be concluded that high motivation also contributes to higher levels of job satisfaction. When employees feel motivated and enthusiastic about their work, they tend to be more satisfied with their jobs. High motivation can help employees feel more engaged, meaning they perceive their work to have meaning and value, which in turn enhances their satisfaction with the job. Employees who are satisfied with their jobs are more motivated, committed, and enthusiastic about performing well, thus indirectly improving employee performance and organizational productivity overall. Thus, high motivation can trigger increased job satisfaction, which in turn has a positive impact on performance. Therefore, it is important for organizational leaders to enhance work motivation among employees.

These research findings are consistent with a study conducted by (Purwanto et al., 2024) indicating that job satisfaction variables are capable of moderating by strengthening the influence of motivation variables on employee performance.

**The Influence of Work Discipline on Performance Through Job Satisfaction**

The research findings, utilizing Path Analysis, revealed an indirect positive influence of work discipline on employee performance through job satisfaction, with a result of 0.051 (positive) and a P-value of 0.040<0.05 (significant). This indicates that there is a positive and significant effect of work discipline on employee performance through job satisfaction. These results demonstrate that job satisfaction successfully mediates the relationship between work discipline and employee performance significantly at PT Agro Artha Surya. Therefore, it can be concluded that employees who demonstrate high levels of work discipline tend to have higher levels of job satisfaction. When employees perform their tasks with discipline and punctuality, they can feel a sense of achievement and recognition for their contributions, which in turn enhances their job satisfaction. Employees who are satisfied with their jobs are more motivated, committed, and enthusiastic about performing well, thus indirectly improving employee performance and organizational productivity overall. Thus, high discipline can trigger increased job satisfaction, which in turn has a positive impact on performance. Therefore, it is important for organizational leaders to enhance work motivation among employees.

These research findings are consistent with a study conducted by (Sari, 2023) indicating that job satisfaction is capable of mediating the relationship between work discipline and employee performance.

**CONCLUSION**

Based on research conducted at PT Agro Artha Surya, compensation does not have a significant effect on employee performance, but motivation has a
positive and significant effect, whereas work discipline does not have a significant effect. Job satisfaction has a positive impact on performance. Compensation, motivation, and work discipline all have a positive effect on job satisfaction. Job satisfaction also mediates the effects of compensation, motivation, and work discipline on employee performance. In other words, high job satisfaction can enhance employee performance, especially when influenced by adequate compensation, high motivation, and good work discipline.

REFERENCES


