



Research article

The Influence of Compensation on Employee's Work Productivity at a Retail Company in Sidoarjo, Indonesia

Mohammad Nurus Huda and Lilik Indayani

Universitas Muhammadiyah Sidoarjo, Sidoarjo, Indonesia

ORCID

Lilik Indayani: https://orcid.org/0000-0002-5098-7232

Abstract.

The current study determines the effect of leadership, work discipline, and compensation on employee productivity at PT. Trans Retail Indonesia. The study was conducted using a quantitative survey with explanations. The survey was conducted on 65 employees as a sample of the entire population. The instruments used were questionnaires, interviews, and documentation that have been declared valid and reliable. The results were analyzed using multiple analysis with classical assumption test and supported by hypothesis testing using partial *t*-test, simultaneous *f*-test, multiple analysis, and multiple determination analysis. The results show that leadership, work discipline, and compensation have a simultaneous and partial effect on work productivity, however, the magnitude varies depending upon the level of the variables.

Keywords: compensation, leadership, productivity, work discipline

1. Introduction

Indonesia's current national economy cannot be separated from the era of globalization which is very large and has an effect on industry, both within and outside the country. Each industry tries to find a competitive advantage, while competitors also do the same thing in order to compete with other industries. This situation is a consequence of the growing globalization in the business world which makes competition very tight, dynamic, unpredictable and uncertain. Changes that occur very quickly require organizations to be able to adapt quickly and swiftly, to gain a competitive advantage. Organizations need a new strategy that is in accordance with the current internal and external conditions of the organization [1].

Human resources are the most important assets of the company. Utilizing efficient and effective human resources, the company hopes to survive the current global challenges in a very tight competitor area to be able to make the conditions of the company more advanced and get profit which is the company's main goal. Of course, every

Corresponding Author: Mohammad Nurus Huda; email: nurushuda20@gmail.com

Published: 01 August 2022

Publishing services provided by Knowledge E

© Mohammad Nurus Huda and Lilik Indayani. This article is distributed under the terms of the Creative Commons

Attribution License, which permits unrestricted use and redistribution provided that the original author and source are credited.

Selection and Peer-review under the responsibility of the VCOSPILED 2021 Conference Committee.





company wants to achieve absolute success, but to achieve success it is not just turning the palm of the hand. However, there must be effort and hard work and cooperation between all divisions in order to be able to run the company's operations better. Ariyani further stated that competitive advantage depends on the productivity of employees in the company [2]. All members of the organization need to be included and play an active role in achieving the company's success. Productivity is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given by his company [3]. There are several factors that affect productivity, including leadership, compensation, and work discipline.

Leadership is important for achieving company goals, because effective leadership can provide good direction for all work in achieving organizational goals. Leadership is a process of directing and influencing members in terms of various activities that must be carried out. As a process, leadership is focused on what leaders do use its influence to clarify organizational goals for employees, subordinates or those they lead, motivate them to achieve these goals, and help create a productive culture within the organization. As for the attributes, leadership is a collection of characteristics that must be possessed by a leader. Therefore, a leader can be defined as someone who has the ability to influence the behavior of others without using force, so that the people they lead accept themselves as worthy of leading them.

In the era of globalization, the role of leadership is becoming increasingly important in carrying out company activities. A good leader must know the strengths and weaknesses of the team. In his writing for a Regional Media magazine entitled "Practical Leadership Tips" Freddy Liong stated that the difficulty faced by many leaders is how to make others respect and follow their leadership [4].

Effective leaders have styles that vary with the readiness of their followers. The nature of leadership is good and wise, then a company will run well without the risk of injustice between leaders and employees. Meanwhile, according to Wayan, leaders can affect employee productivity, because a leader can influence employees by providing support directions so as to create work motivation that can increase work productivity which directly increases employee productivity [5].

Another factor that affects employee productivity is work discipline. Work discipline is a form of HR management that must be pursued to support the quality of human resources oriented to customer satisfaction and increase customer loyalty. Discipline is a form of employee self-control and regular implementation and shows the level of sincerity of employees in the company. Work discipline reflects a person's sense of responsibility towards the tasks given by the company as well as the demands of the



tasks contained in the work [6]. In addition, awareness is also the attitude of someone who voluntarily obeys all regulations and is aware of his duties and responsibilities. Good employee discipline will accelerate the company's goals, while declining discipline will become a barrier and slow down the achievement of company goals.

PT. Trans Retail Indonesia is a company engaged in the retail of goods. Management strives to increase employee productivity by holding employee gatherings every two years. This activity aims to build their cohesiveness at work. The benefits of these activities are to establish openness and good communication between superiors and subordinates. In this activity the company wants to increase employee productivity. Because this activity can build togetherness between superiors and subordinates who can refresh themselves and build their cohesiveness in working better. The compensation provided by PT Trans Retail Indonesia is also quite feasible in terms of the company's financial capacity.

Based on the results of observations obtained information on the existence of gaps and problems in the company where the employee's work discipline has not been maximized. The employee absentee rate during 2019 fluctuated with the lowest attendance percentage in the last three months, namely 0.93% October, 1.04% November, and 1.21% December. the average absenteeism rate from January to December 2019 was 0.75%. This indicates that the work productivity of employees has decreased. Therefore, the researchers are interested in conducting research with the title **"The Influence of Leadership, Work Discipline and Compensation on Employee Work Productivity at PT. Trans Retail Indonesia in Sidoarjo".**

2. Reserch and Method

This research is a quantitative research with an explanatory research design. This research was conducted at P Trans Retail Indonesia JI. Major General Sungkono Pagerwojo, Buduran Sidoarjo. This research is causal because this research tries to analyze the effect of 4 (four) independent variables on 1 (one) dependent variable. The independent variables in this study were Leadership (X1), Work Discipline (X2), and Compensation (X3) variables. The dependent variable is Employee Work Productivity (Y). The influence between the independent and dependent variables is carried out partially and simultaneously. The sampling technique used is total sampling where the entire population is used as the research subject. The number is 65 employees. The type of data used is quantitative data sourced from the results of the use of questionnaire



research instruments. Questionnaires are made based on indicators for each variable which can be seen in table 1 and table 2

Variabel	Indikator Variabel	Tingkat Pengukuran
Leadership (X1)	Sifat dan kepribadian Mewujudkan tujuan (visi dan misi perusahaan) Memberi Inspirasi Berani menghadapi resiko Mendorong bawahan untuk tanggung jawab dalam bekerja	
Disiplin Kerja (X2)	Kehadiran. Ketaatan pada per- aturan kerja. Ketaatan pada standar kerja. Tingkat kewas- padaan tinggi. Bekerja etis.	Interval

TABLE 1: Variables, Indicators and Measurement Scales [7], [8].

TABLE 2: Variables, Indicators and Measurement Scales (Continued)[9], [10].

Variabel	Indikator Variabel	Tingkat Pengukuran
Kompensasi (X3)	Upah Gaji Bonus Fasilitas	Interval
Produktivitas Kerja Karyawan (Y)	Tingkat absensi Tingkat per- olehan hasil. Kualitas yang dihasilkan Tingkat kesalahan. Waktu yang dibutuhkan	

In addition, this research is also supported by the results of research in the use of interview and documentation instruments. All instruments used have been declared valid and reliable. The results will be analyzed using multiple linear regression analysis techniques that have passed the classical assumption test in the form of normality test, linearity test, multicollinearity test, autocorrelation test, and heteroscedasticity test and also supported by multiple regression analysis test and hypothesis testing. The hypothesis test used includes partial t test, simultaneous f test, multiple correlation coefficient test and multiple determination coefficient test.

3. Results and Discussion

3.1. Results and Data Analysis

1. (a) Multiple Linear Regression Analysis

3.1.1. Coefficients^a

Based on the table above, multiple regression equations can be made as follows:



TABLE 3: Regression Coefficient [11]

Model Unstandard ized Coefficients B				ffi- Collir g.t Toler	,		atistics
		ΤΑΕ	BLE 4				
1 (Constant)	.465	.122		3.802	.017		
X1(Leadership)	.325	.072	.345	4.525	.000	.135	7.391
X2(Disiplin Kerja)	.293	.071	.316	4.143	800.	.135	7.426
X3(Kompensasi)	.300	.068	.337	4.377	.004	.133	7.543

Y = 0.465 + 0.325 X1 + 0.293 X2 + 0.300 X3

From the results of these equations, it can be interpreted that:

- (a) i. The constant value is 0.465. This means that without the influence of the independent variables, namely Leadership (X1), Work Discipline (X2) and Compensation (X3), the value of the dependent variable, namely Productivity (Y) remains constant at 0.465 or 46.5%.
 - ii. The regression coefficient value of Individual Characteristics (X1) is 0.325.
 This means that every one unit increase in the Leadership variable (X1), will result in an increase in the Productivity variable (Y) of 0.325 units or 32.5% with the assumption that other factors are constant or fixed.
 - iii. The regression coefficient value of Work Discipline (X2) is 0.293. This means that every one unit increase in the Work Discipline variable (X2), will result in an increase in the Employee Productivity (Y) variable of 0.293 units or 29.3% with the assumption that other factors are constant or constant.
 - iv. The regression coefficient value of Compensation (X3) is 0.300. This means that every one unit increase in the Compensation variable (X3), will result in an increase in the Employee Productivity (Y) variable of 0.300 units or 30.0% with the assumption that other factors are constant or constant.
- 1. (a) Partial t-test

3.1.2. Coefficients^a

From the table above it can be explained that:

1. (a) i. Leadership Variable (X1)



Unstandardized Coeffi	Standardiz	ed Coeff	icients	Collinearity Statistics			
TABLE 6							
Model	в	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	.465	.122		3.802	.017		
X1(Leadership)	.325	.072	.345	4.525	.000	.135	7.391
X2(Disiplin Kerja)	.293	.071	.316	4.143	.008	.135	7.426
X3(Kompensasi)	.300	.068	.337	4.377	.004	.133	7.543

TABLE 5: T test (Pasial Test) [11].

In accordance with the results of the t-test calculations carried out with the help of the SPSS program above, the Leadership variable (X1) obtained a t-count value of 4.525. So that the t-count value is greater than the t-table value, which is 1.999. The significance value obtained is 0.000. So, this significance value is smaller than the value of which is 0.05. Because (t count > t table = 4.525 > 1.999) and (sig < = 0.000 < 0.05) then Ho is rejected and Ha is accepted, meaning that the independent variable, namely Leadership (X1) partially affects the dependent variable, namely Productivity (Y) at PT. Trans Retail Indonesia.

1. (a) i. Work Discipline Variable (X2)

In accordance with the results of the t-test calculations carried out with the help of the SPSS program above, the Work Discipline variable (X2) obtained a t-count value of 4.413. So that the t-count value is greater than the t-table value, which is 1.999. The significance value obtained is 0.008. So, this significance value is smaller than the value of which is 0.05. Because (t arithmetic > t table = 4.413 > 1.999) and (sig

< = 0.008 < 0.050) then Ho is rejected and Ha is accepted, meaning that the independent variable, namely Work Discipline (X2) partially affects the dependent variable, namely Employee Productivity (Y) at PT. Trans Retail Indonesia.

1. (a) i. Compensation Variable (X3)

In accordance with the results of the t-test calculations carried out with the help of the SPSS program above, the Compensation variable (X3) obtained a t-count value of 4.377. So that the t-count value is greater than the t-table value, which is 1.999. The significance value obtained is 0.004. So, this significance value is smaller than the value of which is 0.05. Because (t arithmetic > t table = 4.377 > 1.999) and (sig < = 0.004



<0.05) then Ho is rejected and Ha is accepted, meaning that the independent variable, namely Compensation (X3) partially affects the dependent variable, namely Employee Work Productivity (Y) at PT. Trans Retail Indonesia in Sidoarjo.

1. (a) Simultaneous F-Test

3.2. ANOVA^{*b*}

Model	Sum of Df Squares		Mean Square F	Sig.
1 Regression	38.928	3	12.976 397.169	.000 ^a
Residual	2.712	61	.033	
Total	41.640	64		

TABLE 7: F Test (Simultaneous Test) [11].

In accordance with the results of the F test calculations carried out with the help of the SPSS program above, the calculated F value is 397.169. So the calculated F value is greater than the table F value, which is 2.760. The significance value obtained is 0.000, so this significance value is smaller than the value of , which is 0.05. Because (F count > F table = (397.169 > 2.760) and (sig < = 0.00 < 0.05) then Ho is rejected and Ha is accepted, meaning that the independent variables are Leadership (X1), Work Discipline, (X2) and Compensation simultaneously affects the dependent variable, namely Employee Work Productivity (Y) at PT Trans Retail Indonesia in Sidoarjo.

1. (a) Koefesien Korelasi Parsial

To find out which independent variables have the most significant influence consisting of Leadership (X1), Work Discipline (X2) and Compensation (X3) on the dependent variable, namely Employee Work Productivity (Y), it is done by looking at the value of the partial correlation coefficient of each variable. free[12]. The variable that has the highest t value or the smallest significance value is one of the independent variables (X) that has the most significant effect on the dependent variable (Y).

The results of calculations by SPSS which are presented in the table show that the highest t-count value is 4.525, namely the Leadership variable (X1) compared to other independent variables. Therefore, it can be said that the Leadership variable (X1) is the independent variable that has the most significant effect on the dependent variable, namely employee work productivity (Y).

1. (a) Multiple Correlation Analysis (R)

3.2.1. Model Summary^b

TABLE 8: Correlation Coefficient and Simultaneous Determination [11]						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin- Watson	
1	.867 ^a	.835	.833	.18075	2.154	

In the table above, it is known that the correlation coefficient (R) is 0.967 or close to 1. This means that there is a strong and unidirectional relationship between the independent variables which include Leadership (X1), Work Discipline (X2) and Compensation (X3) on the dependent variable, namely Productivity (Y), meaning that if the independent variables which include Leadership (X1), Work Discipline (X2) and Compensation (X3) are increased, then the dependent variable, namely Employee Work Productivity (Y) will also increase, and vice versa.

1. (a) Multiple Determination Analysis (R²)

Used to calculate the ability of the regression model to explain changes in dependent variables due to variations in independent variables. If R2 is getting closer to 1 or 100%, it means that the regression model is getting better at explaining the variability of the dependent variable.

The percentage of the influence of the independent variable on the dependent variable is indicated by the coefficient of simultaneous determination (RSquare). According to Santoso, for independent variables with more than 2 variables, Adjudted R Square is used as the coefficient of determination [13]. Adjusted R Squared means adjusted R squared. In this study the magnitude of the Adjusted R Square is 0.833. This means that the rise and fall of the dependent variable, namely Employee Work Productivity (Y) is influenced by the independent variable, namely Leadership, Work Discipline and Compensation by 83.3%. While the remaining 16.7% is influenced by other variables outside of this study.

4. Discussion

Based on the results of the analysis and testing carried out using research data adapted from previous research, it can be explained as follows:



4.1. First Hypothesis: Leadership, work discipline, and compensation partially affect employee productivity

The results of this study prove that Leadership, Work Discipline, and Compensation partially affect employee productivity. The relationship of the independent variable to the dependent variable is positive, meaning that if each research variable is increased, productivity will increase. Each partial effect will be explained as follows

4.1.1. Leadership affects employee work productivity

The results of this study indicate that Leadership has a significant positive effect on Productivity. Thus it can be stated that the better the leadership, the better the work productivity of employees. Leadership contributes positively to productivity so that it can be said that the greater the contribution of leadership can have a positive impact on employee productivity.

Leadership has an effect on Employee Work Productivity at PT. Trans Retail Indonesia in Sidoarjo because the leader inspires employees so that their work is done well smoothly as well as functioning as a controller and encouragement for someone to do his job better and make decisions for a policy.

Robbins said that in order to achieve effective results, these employees must be stimulated by the leader so that in carrying out their work they can be better and enthusiastic [14].

The results of this study support the research conducted by Husna Purnama which results in that leadership has an effect on productivity. it can be concluded that good leadership will support the implementation of work, so that employees have obedience at work and ultimately have an impact on increasing the level of employee productivity [15].

4.1.2. Work Discipline Affects Employee Work Productivity

The results of data analysis prove that work discipline has a significant positive effect on productivity, thus it can be stated that the better a work discipline, the better productivity. Work discipline contributes positively to productivity, so it can be said that the greater the contribution of work discipline can have a positive impact on productivity.

Discipline must be enforced in a company organization, because without the support of good employee discipline, it is difficult for the company to realize its goals [16]. Work



discipline makes employees work diligently in accordance with company regulations and minimizes the risk of work errors. If employees are disciplined at work, of course time is very well considered from the time they start work so that the target time is completed so that performance will be maximized.

The results of this study support the research conducted by Fitri Afriyani Christian showing that there is a significant influence between work discipline and work productivity [17].

4.1.3. Compensation Affects Employee Productivity

The results of data analysis prove that compensation has a significant positive effect on productivity. Thus it can be stated that the higher the compensation, the better the productivity. compensation contributes positively to productivity so that it can be said that the better the contribution of compensation, the more positive impact it has on productivity.

Compensation can affect employee productivity at PT. Trans Retail Indonesia because employees will be motivated to work with enthusiasm if there are attractive rewards from the company. Attractive compensation can make it easy for employees to achieve economic prosperity so that they can meet the needs of personal and family life. In addition, attractive compensation can make employees free from economic problems so that no matter how difficult the work, if there is attractive compensation, employees can compete in producing maximum productivity.

Rivai said that what employees receive as a substitute for their service contribution to the company. Compensation is increasingly being realized that something compensation can clearly increase or decrease Productivity, Productivity, and Work Leadership. The provision of compensation is one of the HR functions that deals with all types of individual awards as an exchange for carrying out organizational tasks. By being given compensation (incentives) employees will be able to meet the needs of physical needs, and social status so as to obtain the productivity of their position [8].

The results of this study support research with Budiono's research that compensation has a positive relationship to employee productivity [18].



4.2. Second Hypothesis: Leadership, work discipline, and compen-sation have a simultaneous effect on employee productivity

Second Hypothesis: Leadership, work discipline, and compensation have a simultaneous effect on employee productivity

Leadership, work discipline and compensation have a simultaneous effect on productivity at PT. Trans Retail Indonesia because Leadership can control the company's operations. In addition, Leadership at PT. Trans Retail Indonesia also allows employees to work in a focused manner because the decision maker will be a work problem. These results support research conducted by Husna Purnama which results in that leadership has an effect on productivity [15]. This is in accordance with Robbins' research that leadership can affect all activities and habits carried out by employees [14].

In addition, work discipline makes employees regular and obedient in their work so as to minimize work errors and result in the achievement of company targets. These results support the research conducted by lis Puspika Dewi Nur Aeni which shows that the object of this research has a significant influence between work discipline and productivity [19]. Siagian stated that employees who care about work discipline will produce work according to company targets and standards [20].

In terms of compensation, management always improves compensation by providing attractive benefits and incentives to motivate employees to work hard. This variable relationship is supported by Budiono's research that compensation has a positive relationship to work productivity [18]. According to Rivai, compensation is something that employees receive as a substitute for their service contribution to the company [8]. According to Mangkunegara said that productivity achievements in a company need to be seriously considered for achieving the targets and work goals of each individual employee [3].

Employee productivity at PT. Trans Retail Indonesia is very much needed for employees to measure productivity capabilities and results so that they know what they have achieved, Productivity Assessment can be a benchmark for employees how much their productivity has been. The existence of an assessment in productivity makes employees compete to increase their productivity.

5. Conclusion

Based on the results of the analysis, the researchers can conclude that:



- 1. Leadership, Work Discipline, and Compensation partially affect the work productivity of employees at PT. Trans Retail Indonesia. The better the Leadership, Work Discipline, and Compensation, the productivity of employees will increase. The partial effect of each will be explained as follows:
 - (a) Based on the results of this study, it shows that leadership has a significant positive effect on productivity. Thus, it can be stated that the better the leadership, the better the work productivity of employees. The results of this study are relevant to the results of research conducted by Purnama (2012) which results in that leadership has an effect on productivity.
 - (b) Based on the results of data analysis proves that work discipline has a significant positive effect on productivity, thus it can be stated that the better a work discipline, the better the productivity. The results of this study are relevant to research conducted by Christian (2016) showing that there is a significant influence between work discipline and work productivity.
 - (c) Based on the results of data analysis proves that compensation has a significant positive effect on productivity. Thus it can be stated that the higher the compensation, the better the productivity. The results of this study are relevant to Budiono's (2015) research that compensation has a positive relationship to employee productivity.
- 2. Based on the results of the test, it proves that Leadership, Work

Discipline, and Compensation have a simultaneous effect on employee productivity at PT. Trans Retail Indonesia. This means that the better Leadership, Work Discipline, and Compensation have a positive relationship with Productivity.

6. Thank-You Note

This research can be completed properly with the help and guidance of various parties. Therefore, the authors would like to thank those who have helped and guided the author in completing the preparation of this thesis, including PT. Trans Retail Indonesia in Sidoarjo which has provided the opportunity to conduct research in that place. Hopefully this simple research can add new knowledge and may be useful for readers.



References

- Widyaningsih W. Manajemen sumber daya manusia. Jakarta: Kencana Prenada Media; 2013.
- [2] Ariyani AHM. Perilaku petani bawang merah dalam mereduksi risiko sebagai upaya untuk meningkatkan produktivitas usahatani; Rekayasa; 2012;5(2); 78-86.
- [3] Mangkunegara APA. Manajemen sumber daya manusia. Bandung: Remaja Rosadakarya; 2012.
- [4] Liong F. Tips kepemimpinan praktis. Gaya kepemimpinan; 04 09 2010. Available from: http://www.GayaKepemimpinan.com
- [5] Dunie W. Pengaruh pengarahan terhadap produktivitas kerja karyawan pada pt. telkom belitang oku timur. Jurnal Aktual STIE Trisna Negara. 2018;16(2):107–116.
- [6] Simamora H. Manajemen sumber daya manusia. Yogyakarta; Sekolah Tinggi Ilmu Ekonomi Yayasan Keluarga Pahlawan Negara; 2012.
- [7] Kartono K. Indikator. Gaya kepeminpinan; 01 01 2014. Available from: http://www.GayaKepemimpinan.com
- [8] Rivai V. Manajemen sumber daya manusia untuk perusahaan: Dari teori ke praktik. Jakarta: PT. Raja Grafindo Persada; 2011.
- [9] Handoko TH. Manajemen. Yogyakarta: Badan Penerbit Fakultas Ekonomi Fakultas Ekonomi; 2014.
- [10] Sutrisno E. Manajemen sumber daya manusia. Jakarta: Kencana; 2011.
- [11] SPSS. SPSS Inc.; United States of America; 2009.
- [12] Tampi BJ. Pengaruh gaya kepemimpinan dan motivasi terrhadap kinerja karyawan pada Pt. bank negara Indonesia, Tbk (regional sales manado). Acta Diurna Komunikasi. 2014;3(4);1-20.
- [13] Santoso S. Structural equation modeling. Jakarta: Elex Media Komputindo; 2011.
- [14] Robbins SP, Timothy T. Perilaku organisasi. 12th ed. Jakarta: Salemba Empat; 2014.
- [15] Purnama H. Pengaruh lingkungan kerja terhadap motivasi kerja pegawai dinas bina marga dan bina konstruksi provinsi lampung. Ekombis Sains: Jurnal Ekonomi, Keuangan, dan Bisnis; 2012;5(1); 11-20.
- [16] Malayu H, Hasibuan SP. Manajemen sumber daya manusia. Jakarta: Bumi Aksara; 2011.
- [17] Christian FA. Pengaruh disiplin kerja terhadap produktivitas karyawan bagian distribusi pabrik kelapa sawit (Pks) PT perkebunan nusantara V sei rokan kec. Pagaran tapah Darussalam kab. Rokan Hulu. EJournal Adm. Reform. 2016;2(1); 1-15.



- [18] Budiono B, Erlyn E. Pengaruh kompensasi terhadap produktivitas karyawan pada PT pos indonesia cabang sidoarjo [Skripsi]. Universitas Muhammadiyah Sidoarjo; Sidoarjo; 2015.
- [19] Dewi IP, Nuraeni N. Pengaruh disiplin kerja terhadap produktivitas pegawai pada rutan klas 1 di bandar lampung. Jurnal Organisasi dan Manajemen; 2012; 2(2); 85-95
- [20] Siagian S. Manajemen sumber daya manusia. Jakarta: Bumi Aksara; 2013.