Work Discipline and Financial Compensation Effect on Employees’ Performance in Library and Regional Archives of Ternate City

Nurlaila¹, Risdam Buamona²
Khairun University¹,²
Jalan Jusuf Abdulrahman Kampus Gambesi, Ternate
Correspondence Email: lelafekon04@gmail.com

ABSTRACT

This study aims to determine the work discipline and financial compensation effect on employee performance, partially and simultaneously, as well as the dominant variables that affect employee performance. Respondents used in this study were 40 people. The method of analysis uses multiple linear regression and to test the hypothesis using SPSS as a statistical test tool. The results showed that partially the work discipline variable (X1) and compensation variable (X2) had a positive and significant effect on employee performance, and simultaneously work discipline and financial compensation had a positive and significant effect on the Ternate City Regional Library and Archives employees’ performance.

Keywords: Employee Performance, Work Discipline, Financial Compensation

INTRODUCTION

Human Resources has a huge and strategic role to achieve organizational goals. For government agencies, it is a way of managing and utilizing employees to productively achieve the expected goals. It is necessary to make organizational efforts in encouraging employees to be the best. Good work results (employee performance) are also achieved by employees in doing their duties along with the responsibilities assigned.

Compensation is something that employees receive for their work. Every organization has a different compensation system, because they have different qualities. According to Simamora (2015: 33), compensation is thousands of times in the form of financial compensation (basic payments, performance fees, incentive payments, deferred payments, protection programs, out-of-hours payments, facilities), and Non-National Compensation (work, and work environment).

According to Mangkuprawira (2007: 21), work discipline greatly affects employee performance, because it is a training form of for employees in implementing company regulations. The stronger the discipline, the higher employee productivity and company performance. Work discipline refers to an orderly situation where a person or some people who are members of the organization intend to obey and implement written organizational rules and are not firm in behaving. High awareness in implementing organizational regulations will bring good results. In an agency often only demands high performance on employees, regardless of the factors that influence it. The main factors in supporting performance such as work discipline and compensation must also be considered to increase employee productivity. In the current era, service improvement
as well as community demands are conditions that cannot be avoided, this clearly demands professionalism in the bureaucracy.

The Regional Library and Archives Office of Ternate City is one of the offices in the Ternate City Government with the application of work discipline based on the regulations of the State Civil Apparatus (ASN), namely the Republic of Indonesia Government Regulation Number 53 of 2010 concerning discipline. Employees of the Ternate City Regional Library and Archives Service as state apparatus must be creative in creating innovations, so that work becomes more effective and efficient. In this case, an agency leader needs to improve employee work discipline and compensation, including financial compensation, so that the goals of the agency can be achieved.

Employee performance requires an optimal work improvement and is able to use the human resources potential possessed by the employees so that it can have an impact on improving organizational goals. In addition, organizations need to observe the factors that affect employee performance, including improving employee work discipline by providing appropriate compensation to encourage professional attitudes and actions in completing the work. Leaders at various levels must ensure that the performance of subordinates is appropriately rewarded, and not otherwise ignored and not rewarded positively for the performance of subordinates. Employee performance in the Ternate City Regional Library and Archives Service is certainly influenced by many factors including work discipline and compensation. Based on real conditions in the field, where there are still found employees, who come to the office not on time. This is clearly inversely proportional to the personnel attendance data obtained from the Ternate City Library and Archives Office, where almost all employees do not come to work and are without information.

The following is the Attendance Data of the Ternate City Regional Library and Archives Service Employees in 2018.

![Attendance Data and Number of Library Employees](image)

**Figure 1. Attendance Data and Number of Library Employees**
Work discipline is an attitude of respect and obedience to the applicable regulations, both written and unwritten and being able to explain them and not avoid accepting sanctions (Ardana et al., 2012: 134). This means that employee work discipline is the responsibility of all members of the organization or employees who work in the Ternate City Regional Library and Archives Service. In addition, the results of research by Suswardji, Hasbullah, Albatross (2012: 977) show that discipline partially is positively affect employee performance.

The compensation variable also influences the employee performance. Compensation is a human resource management function that deals with each type of individual reward received in exchange for performing organizational tasks (Ivancevich, 2010: 294). Ivancevich (2010) further explained that direct compensation consists of the wages of one employee received in the form of base pay, and Indirect financial compensation, or benefits, which consists of all awards financial where this type of compensation is not included in direct financial compensation. The results of research by Yamoah (2013: 113) and Odunlami and Matthew (2014: 113-115) have shown that compensation has a positive and significant effect on employee performance.

Suswardji, Hasbullah, Albatross (2012: 977) argue that discipline and compensation variable have a positive effect on employee performance. Furthermore, direct compensation or wages from one employee received in the form of basic salary, and financial compensation provided indirectly, in the form of allowances, namely financial awards that are not available in direct financial companies. The Ternate Library and Archives Office conducts performance evaluations every 6 months.

Based on the explanation above, the important issues raised in this study are: (1) Does work discipline have a positive and significant effect on employee performance at the Ternate City Library and Archives Office? (2) Does financial compensation have a positive and significant effect on employee performance at PT Ternate City Library and Archives Office? (3) Do work discipline and financial compensation have a positive and significant effect on the performance of Library and Archives employees: Kota Ternate? This study intents to provide a summary whether or not the influence of work discipline on performance, the effect of financial compensation on employee performance, and the effect of work discipline and employee financial compensation at the Office of Library and Archives of Ternate City.

Theoretical Framework

Work Discipline
Hasibuan (2008: 190) work discipline is: "A person's awareness and willingness to obey all company regulations and prevailing social norms". Awareness here is the attitude of someone who voluntarily obeys all the rules and is aware of their duties and responsibilities. Singodimenjo in Sitrisono (2011: 86) states that: "Discipline is an attitude of a person's willingness and willingness to obey and obey the prevailing regulatory norms around him".

According to Handoko (2008; 208), there are three types of discipline including preventive discipline, corrective discipline and progressive discipline. Preventive
discipline, namely the goal of preventing employees from violating existing rules and standards. This encourages employees to apply discipline because of their awareness as employees and not because of compulsion. Corrective discipline is the discipline that deals with violations, and rules. corrective discipline is often in the form of punishment and is called disciplinary action.

Progressive discipline: Progressive discipline means that repetition of offenses is subject to more severe penalties. The goal is to provide opportunities for employees to improve themselves before being exposed to more serious penalties. Progressive discipline also provides time for leaders to work with employees to correct mistakes made, such as being absent without justifiable reasons.

Regarding discipline, Rivai and Basri, (2005; 444), work discipline can be measured using indicators of compliance with regulations, compliance with work standards, a high level of vigilance, and work ethics. Attendance is the basis for measuring employee discipline. Every employee who has low work discipline can be seen from the results of work that are always late.

Compliance with Regulations: Employees who obey work regulations will not neglect work procedures and will always follow the company’s guidelines.

Adherence to Work Standards: This can be seen through the amount of the employees’ responsibility in doing the work.

High Level of Vigilance: Employees who have high alertness will always be careful, calculating, loyal, and always use something in an effective and efficient way.

Ethical Work: Some employees engage in inappropriate behavior. This is a form of disciplinary action, so, it can be concluded that ethical work is a manifestation of employee work discipline.

Based on the opinion above, it can be seen that work discipline is the awareness and willingness of an individual employee to the both written and unwritten applicable regulations, and has the ability to carry it out.

Compensation
Compensation is an important factor that influences how and why people choose to work in one organization rather than another. Better compensation system can improve company performance. This is in line with Bernardin (2010: 295) that, research on high performance work systems show that the characteristics of the company’s compensation system are closely related to the company's financial performance. It implies that the organization in providing or designing compensation must be appropriate or connected with the tasks performed by an employee.

According to Ivancevich (2010: 294), that the reason why most individuals seek employment is related to compensation, labor trade and employee loyalty for financial and non-financial compensation (salary, benefits, services, recognition). According to Dessler (2011: 392) 'Financial rewards are paid to workers whose production exceeds some predetermined standards '. This means that financial compensation or financial rewards are payments to workers whose work or production exceeds the specified standards.
Non-Financial Compensation
It includes work-at-work-related compensation, and work environment. Work-at-work related compensation is usually in the form of interesting and challenging tasks, assigning responsibilities, praise and appreciation, recognition and achievement. Work environment compensation is related to various policies that support managers and subordinates who have competencies, partners/teammates who are cooperative and comfortable in the work environment. Compensation has a variety of objectives. In general, the conversion is as a remuneration for the sacrifice given by employees to the company.

Handoko divides the purpose of compensation into 6 objectives. They are:
a. To get competent and qualified employees
Determining the appropriate amount of compensation will be attractive to prospective employees who will apply at the company to compete with each other. Determination of high salary/wage levels will be an attractive attraction for prospective applicants.
b. To maintain employee loyalty
Determining the appropriate compensation will affect not only the company's external conditions but also the internal circumstances, especially employees. Compensation that competes with other companies can prevent stepping stones or employees who enter and leave the company due to lack of compensation.
c. To uphold justice
Justice is a balance between internal consistency and external consistency. This consideration must be a compensation indicator and be a concern in determining compensation.
d. To apply government regulation
In terms of human resource management, a compensation must be done as it is dilated by the regulations issued by the government. Company's compensation regulations mean that it applies the legality regulations of the government.

Employee Performance
Performance is always an actual issue in any organization, because employee performance is the most important part of an organization's success. Apart from that, performance is also a human resource that must be properly planned, managed and evaluated. According to Armstrong (2009: 31) performance is the result of work that has a strong relationship with organizational goals, customer satisfaction and economic contribution. This definition sees performance as a result, while performance needs to be seen as an individual behavior, because the quality and quantity produced by an individual is the interaction of various personal factors that support the achievement of a work result.

Performance as a result and behavior is also suggested by Campbell JP (1990: 33), performance as a result, but performance is also a behavior that needs to be distinguished, because results and work behavior can be influenced by factors of organizational systems. Another opinion that supports this statement is expressed by Brumbach in Armstrong (2009: 31) as follows: Performance means behavior and results. Behavior originates from the actor and transforms performance from abstraction into action. Not only are instruments for outcomes, behavior is also an outcome in its own right - the product of mental and physical effort applied to a task - and can be judged regardless of the outcome.
The above statement contended that performance is behavior and results. Behavior from an individual psychological and physical action to produce a result (performance). To measure or assess employee performance in terms of results and behavior, each organization needs to determine performance standards or measures. According to Ivanovich (2010: 261) performance indicators consist of quality, quantity and knowledge of job. Quality of work is related the volume of work accepted under normal conditions. Quantity is related to neatness, and accuracy of work. Knowledge of job is related ability.

Based on what is written above, it can be seen that performance is the results and behavior of employees that have an impact on organizational goals with the indicators: work quality, work quantity, personal quality work knowledge, cooperation, responsibility, and initiative.

**Work Discipline’s Effect on Employee Performance**

Hasibuan (2008: 190) work discipline is: A person's awareness and willingness to obey all company regulations and applicable social norms. While Handoko (2008: 208) discipline is a management activity to carry out organizational standards. Based on these two opinions, it can be argued that work discipline is related to various attitudes and work behaviors of employees within the organization. This means that employees who have high work discipline will affect all their work results which in turn have an impact on organizational goals.

The explanation above shows that, employees who have work discipline in accordance with the applicable regulations within the organization will produce work results that contribute to organizational performance. In other words, employee performance can be improved or generated in accordance with organizational goals if employees work in accordance with existing standards or regulations. It shows that the work discipline is related to employee performance or employee attitudes and behavior.

According to Campbell JP (1990: 33), performance is a behavior that needs to be distinguished, because the results and work behavior can be influenced by organizational system factors. Based on the description above, it is obvious that the work discipline variable has an influence on employee performance. Previous research conducted by Suswardji, Hasbullah, Albatross (2012: 977); Hidayat and Taufiq (2012: 94); and Dapu (2015: 352), found the same thing, that there was a positive and significant influence of work discipline variables on employee performance variables.

**The Effect of Financial Compensation on Employee Performance**

Compensation is one of those variables that directly affects employee performance, since the initial motivation of people joining or looking for work is compensation, for example, for get a salary to make ends meet. Compensation refers to all forms of financial rewards and tangible benefits which employees receive as part of an employment (financial) relationship (Bernardin, 2010: 296).

The contextual or theoretical contribution of employees, in general, is employee performance. Compensation is given due to the performance or results of work in accordance with organizational goals. Compensation can also affect employee performance, because it is the work quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities assigned to him (Mangkunegara, 2000: 67).
The indication of the explanation shows that, employees or employees who work and the results make a positive contribution to the organization, namely the achievement of organizational goals, the organization will give awards in the form of compensation, both direct and indirect compensation. This indicates that direct compensation consists of employee wages received as basic salary and non-permanent income, and financial compensation provided indirectly such as: holidays, insurance and child care services. Yamoah's research (2013: 113) shows that compensation has a positive effect on employee performance productivity of Commercial Banks in Ghana. The results of the research by Odunlami and Matthew (2014: 113-115) show that compensation has a positive effect on employee performance, and on increasing employee productivity. The results of research by Makulu and Gachunga (2014: 13-14) show that compensation has a positive effect on employee performance at Commercial Banks in Kenya.

The following is a concept image of the research framework based on the discussion of previous research:

**Picture 1. Research Concept Framework**

\[
\begin{align*}
\text{Diskiplin Kerja} (X_1) & \quad \text{Kompensasi Finansial} (X_2) \\
& \quad \text{H_1} \\
& \quad \text{H_2} \\
& \quad \text{H_3} \\
& \quad \text{Kinerja Pagawai (Y)}
\end{align*}
\]

**Hypothesis**

Based on the research concept framework above, it can be formulated as follows:
1. Work discipline has a positive influence on the employee performance of the Ternate City Regional Library and Archives Service.
2. Financial compensation has a positive influence on employee performance at the Ternate City Regional Library and Archives Service.
3. Work discipline and financial compensation have a positive influence on employee performance at the Ternate City Regional Library and Archives Service.

**RESEARCH METHOD**

**Table 1. Questionnaire Returns Detail**

<table>
<thead>
<tr>
<th>No</th>
<th>Information</th>
<th>Number Of Question</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Amount distributed</td>
<td>44</td>
<td>100%</td>
</tr>
</tbody>
</table>
Multiple Linear Regression Analysis

Multiple linear regression is used as the analytical method in this study with the aim to determine the magnitude of the influence between work discipline and financial compensation on the performance of employees at the Regional Office of Library and Archives Ternate City. With SPSS processing, the following regression results are obtained:

Table 2. Multiple Linear Regression Analysis Results

<table>
<thead>
<tr>
<th>Research Variable</th>
<th>Multiple Regression</th>
<th>Std. Error</th>
<th>t-value</th>
<th>Sig. t (P)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A contant</td>
<td>1.987</td>
<td>0.594</td>
<td>3.344</td>
<td>0.002</td>
</tr>
<tr>
<td>X1</td>
<td>0.400</td>
<td>0.141</td>
<td>2.837</td>
<td>0.007</td>
</tr>
<tr>
<td>X2</td>
<td>0.165</td>
<td>0.062</td>
<td>2.658</td>
<td>0.012</td>
</tr>
</tbody>
</table>

Source: Processed Statistical (2019)

From the multiple linear regression equation above, then:

\[ Y = 1.987 + 0.400X1 + 0.165X2 + e \]

From the multiple linear regression equation above, then:

1. Work discipline regression coefficient of 0.400 indicates that work discipline has a positive effect (t = 2.837) with a significant level (0.000) on employee performance. It can be concluded that if the work discipline variable is 1 unit, the employee's performance will increase by 0.400, assuming the other independent variables remain constant.
2. The financial compensation coefficient of 0.165 indicates that the financial compensation environment has a positive effect (t = 2.658) with a significance level (0.000) on employee performance. It can be concluded that if the financial compensation variable increases by 1 unit, the employee's performance will increase by 0.165, assuming the other independent variables remain constant.
3. Simultaneous regression coefficient of 0.361 indicates that simultaneously work discipline, financial compensation has a positive effect (Fcount = 10.445) on employee performance with a significant level (0.000)

From the table above, it can be seen that the magnitude of the reflected coefficient or R2 (R Square) is corrected by 0.361 which shows that 36.1% of changes in employee performance are explained by independent variables consisting of work discipline (X1) and financial compensation (X2). Meanwhile, 63.9% are influenced by other variables that are not explained in this study. The value of the correlation coefficient (R) is generated at 0.601, this means that together all independent (independent) variables
consisting of work discipline and financial compensation variables have a close relationship with the dependent variable, namely employee performance (Y) with the correlation coefficient value. or the value of R which is equal to 0.601.

**Hypothesis Test**

**T statistical test (partial)**
This study uses the t-test to test the independent variable (independent) one by one whether or not there is an influence on the dependent variable (dependent) or variable Y. From the coefficient table, it is known that the t-count value of each variable is $X_1 = 0.400$ and $X_2 = 0.165$, while for the t-table it is known from $Df$ (Degree of freedom) = $n-k-1$ or $40-2-1 = 37$ or 2.021 (t table). Of the two independent variables included in the regression model, it can be explained by the following interpretations:

1. Effect of Variables $X_1$ on Variables Y
   In the partial test table, it can be seen that the work discipline variable ($X_1$) has a t-count value of 2.837, greater than the t table, which is 2.021 with a significance value of 0.007. This value turns out to be smaller than $\alpha = 5\%$ (0.05), for that statistically $H_a$ is accepted and $H_0$ is rejected, meaning that the hypothesis which states that work discipline has a positive and significant effect on employee performance is proven true so that the hypothesis can be received.

2. Effect of Variables $X_2$ on Variables Y
   In the partial test table, it can be seen that the financial compensation variable has t-value of 2.658, which is greater than the t table of 2.021 with significance value of 0.012. This value turns out to be smaller than $\alpha = 5\%$ (0.05), for that statistically $H_a$ is accepted and $H_0$ is rejected, meaning that the hypothesis that financial compensation has positive and significant effect on employee performance can be verified so that the hypothesis can be accepted.

**F Statistical Test (Simultaneous)**
Statistical F Test (Simultaneous) The F test was conducted to determine the significance level of work discipline variables and financial compensation on the performance of the Ternate Library and Archives Office employees. To test the hypothesis of the effect of the independent variables simultaneously is to compare the results of the calculation of the F value with Alpha ($\alpha$). If $F_c > F_{table}$ at alpha level ($\alpha = 0.05$) it is declared significant and vice versa if $F_c < F_{table}$ at the negligent level ($\alpha = 0.05$), then it is declared insignificant (Ghozali, 2011: 45). So the ANOVA test or F test results are 10.445 greater than F table 3.23 with a significance value of 0.000. Because the significant level is smaller than 0.05, work discipline and financial compensation simultaneously affect employee performance. Thus, the model can be used to predict employee performance.

**RESULTS AND DISCUSSION**

The analysis and hypothesis test are basically an effort to solve the problems in this study with a statistical approach. Therefore, it is necessary to interpret the statistical results in the form of descriptions.
The Problem under Study the of ‘work Discipline on employee performance in Ternate City.

This study finds that the work discipline variable has a positive effect on the performance of the employees of Ternate Library and Archive Office. The average score on the variable X1 is in good category. However, the better the work disciplines, the better the employee performance.

This is in line with Suswardji, et al, (2012; 977) concerning work competence and discipline on the performance of education staff at Singaperbangsa Krawang University, with competency research variables, work discipline and employee performance having a positive influence on employee performance. Zainul and (2012; 94) studying the influence of the work environment and work discipline as well as work motivation on the performance of Lumajang Regional Water Company (PDAM) employees argues work discipline research variables, work motivation and employee performance have positive influence and significant effect on employee performance and its influence is more dominant than other variables.

The results of this study are also supported by Dapu and Angelina (2015; 352), the influence of work discipline, leadership and motivation on employee performance at PT. Trakindo Utema Manado, with research variables work discipline, leadership, motivation and employee performance that have a positive and significant effect on employee performance, while motivation has a positive but not significant effect on employee performance.

According to the theory by Siangian (2006; 278), work discipline is an attitude of respect, and obedience to the applicable regulations, both written and unwritten and able to carry out and not evade the sanctions if he violates the duties and authorities given to him. So, it can be seen that the 40 respondents on average answered agree with the questions submitted through a questionnaire based on indicators of attendance, adherence to regulations, adherence to work standards, high levels of vigilance and ethical work, (Rivai, Basri: 2005; 444). The average employee or respondent gives a positive response to the items of the work discipline variable statement, it can be assumed that the work discipline variable statement is at a good level, this is indicated by the average respondent agrees and strongly agrees in working in accordance with work standards and in charge of work. On the other hand, it can be seen that there is a difference when compared to the employee attendance list, where there are still absences of employees during working hours and delays when entering the office. The results of this study are able to answer the hypothesis that work discipline has a positive effect on the performance of the employees of the Ternate City Regional Library and Archives Service.

The Influence of Financial Compensation on Employee Performance of the Regional Office of Library and Archives Ternate City.

By using the multiple linear regression testing, it is known that financial compensation has a positive effect on the performance of the employees of the Ternate City Regional Library and Archives Service, where the better the financial compensation is applied, the better the employee's performance.

The results of this study are in line with Amirullah, Asriyanti (2012; 58) regarding the effect of financial and non-financial compensation on the performance of employees of PT. Bank Rakyat Indonesia (Persero) Tbk. Makassar region, with research variables financial compensation, non-financial compensation and employee performance, where
the results show that the two variables X, namely X1 and X2 respectively partially and simultaneously have a positive and significant effect on employee performance. et al. (2014; 56), with the title the effect of financial and non-financial compensation on employee motivation and performance (a study on employees of PT. AXA Financial Indonesia, Malang Branch, with research variables namely financial compensation, non-financial compensation and employee performance, where the results show each of the X variables, namely X1 and X2, partially and simultaneously have a positive and significant effect on the employee performance of PT. AXA Malang Branch.

Based on the theory put forward by Hariandja (2002: 224) and Ivancevich (2010: 294), financial compensation is compensation received in the form of money and can be cashed, which consists of direct compensation and indirect compensation, it is seen that 40 respondents on average answered agree with the questions that are conveyed through a questionnaire based on indicators of direct compensation and indirect compensation (Ivancevich; 2010). The average employee or respondent gives a positive response to the items of the financial compensation variable statement, it can be assumed that the financial compensation variable statement is at a good level, this is indicated by the average respondent agrees and strongly agrees that the salary provided meets the needs his life and the bonus given is in accordance with the employee's performance as well as the employees agree that in the Regional Library and Archives Office of Ternate City health insurance is also applied. The results of this study are able to answer the hypothesis that financial compensation has a positive effect on the performance of the employees of the Ternate City Regional Library and Archives Service.

**Work Discipline and Financial Compensation Effect on the staff of the Ternate City Regional Library and Archives Service Performance**

The F test shows that R Square and work discipline and financial compensation simultaneously affect employee performance. Work discipline and financial compensation show that the results have a significant effect on the Ternate City Regional Library and Archives Office employees’ performance. Usually, in a government agency, high performance is demanded by employees regardless of the influencing factors such as performance discipline and financial compensation. The basic factors of these two variables need to be considered to increase employee productivity in achieving performance.

The influence given by the variables of work discipline and financial compensation is positive, meaning that the better the work discipline applied to the Ternate Library and Archives Office, the better the employee's performance, as well as the implementation of good financial compensation, the better employee performance. The value of the coefficient (R) indicates the F test which shows the level of closeness between the independent variables (work discipline and financial compensation) and the dependent variable (employee performance) the Ternate Library and Archives Service.

**CONCLUSIONS**

From the explanation above, we can see that work discipline has a positive effect on employee performance Ternate City Library and Archives Office, which means the better work discipline applied by employees, the better the employee's performance. Financial compensation has a positive effect on employee performance The Regional Office of Library and Archives of Ternate City means that the better the financial compensation is
applied, the better the employee's performance. Work discipline has a positive effect on the performance of Ternate employees Libraries and Archives, which means that the better the work discipline applied by employees, the better the employee's performance. Work discipline and financial compensation simultaneously have a positive effect on the performance of the Ternate City Library and Archives Office, which means that these two variables have an influence on employee performance.

Leaders need to maintain employee work discipline, because it affects employee performance by increasing control and evaluation of employee performance. In addition, leaders need to maintain a good application of compensation, so that it can affect employee performance. Providing good compensation can encourage the professional attitudes and actions in doing the work of each employee. Future research needs to include other independent variables such as leadership style, organizational commitment, work culture and so on.

REFERENCES


Peraturan Aparatur Sipil Negara. Nomor 53 Tahun 2010 Tentang Disiplin

