



Article

The Effect of Work Motivation, Compensation and Work Discipline on Employee Performance through Job Satisfaction at Batam University, Indonesia

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Abstract: In the globalisation era, the advanced world of education makes educational organisations strive to improve the quality of education and produce student's quality who are supported by the quality of management. The development of free trade in Batam City is currently a challenge for industry and trade with high competitiveness and efficiency in work. The purpose of this study is to determine the effect of motivation, compensation, and discipline on employee performance through job satisfaction. This quantitative study is conducted at Batam University, Riau Island, Indonesia. A total of 103 respondents were participated in this study and collected using simple random sampling. The data was analysed using Structural Equation Modelling – Analysis of Moments Structure (SEM-AMOS). The study result found that compensation has a significant positive effect on job performance. Besides that, motivation and discipline have no significant effect on job performance. Also, this study indicated that job satisfaction mediates the relationship between motivation and job performance. In conclusion, this study has identified that compensation has a significant positive effect on job performance. Besides that, motivation and discipline have no significant effect on job performance. Also, this study has examined the mediating role of job satisfaction and found that job satisfaction mediates the relationship between motivation and job performance. In addition, job satisfaction does not mediate the relationship between discipline and job performance. This study indicated that leadership's motivation and organisation's compensation and discipline are needed to increase job satisfaction so that employee performance will be increased. Thus, Batam University should optimise regulation and supervision of discipline of its employees because the research results were not significant on job satisfaction and employee performance.

Keywords: motivation; compensation; discipline; job satisfaction; employee performance.



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1. Introduction

The increasingly advanced world of education makes educational organisations strive to improve the quality of education and produce student's quality who are supported by the quality of management (Darling-Hammond et al., 2017; Liker, 2004; Schleicher, 2012). Also, the development of globalisation and free trade in Batam City is currently a challenge for industry and trade, which is getting tougher and demands high competitiveness and efficiency in work. Human resources as the main capital factor will be an urgent need to determine and become a priority on a national and international scale. For this reason, effective and efficient management is needed and has high-tech facilities and infrastructure as a priority that deserves attention. Besides that, most of the education sector, especially universities, are not ready and have not been trained to work mentally or technically in dealing with these challenges. To anticipate the development trends and demands for future human resource capabilities, especially for the Indonesian nation, Batam must create capabilities relevant to changing needs and employment opportunities. Batam is an integrated and special development area. It is expected to be a region that can compete with the outside world and surrounding areas in all fields, as a leading region with the international world requires a variety of human facilities and resources that have a personal and technical vision and capabilities to anticipate global developments. Batam should be able to become an industry area, goods, services, and international tourism equivalent to Singapore and other neighbouring countries.

Decreased human resource performance in organisations is often caused by an organisation's lack of attention to employees, especially in motivating employees, providing compensation, and enforcing discipline. Then, the employees will find it difficult to get job satisfaction, so employee performance decreases (Berliana et al., 2018; Cascio & Boudreau, 2010; Jackson & Schuler, 1990). Batam University is one of the leading colleges in Batam City, and educational organisations must strive to optimise their performance. Besides that, they must also pay attention to the quality of management. One of the problems that often occur is motivation. Based on the observations, many employees are corrupt time during working hours. It certainly greatly affects the organisation's activities and is a fact that occurs in the field. The organisation must pay attention to these problems because it concerns the quality of the organisation's management. The effects of motivation, compensation and disciplinary problems result in employee dissatisfaction at work and decreased employee performance in the organisation, where the employee's responses are slow in dealing with problems, resulting in the value of the work being neglected and resulting in bad work. These complex problems will be solved from the point of view of employee job satisfaction. On the basis of observations in the field, many employees are not satisfied with working; this study observed or reflected that the behaviour of the heart, speech behaviour and members' behaviour does not coincide and agree. Employee dissatisfaction at work affects employee performance and can cause losses for the organisation due to decreased employee performance.

2. Literature Review

Motivation is a force from within the individual that affects the level, direction and persistence in showing work effort (Wijayanto, 2012). Work motivation is an impulse that arises in a conscious person to act with a specific purpose or effort that can cause a certain person or group of people to move to do something because they want to achieve the desired goal or get satisfaction from the actions (Indonesian Grand Dictionary (KBBI) (Triyanto, 2014). (Sedarmayanti, 2009) stated that compensation is everything that employees receive as remuneration for their work. In an organisation, the issue of compensation is a very complex problem, but it is important for both the employee and the organisation itself. Compensation to employees must have a rational basis, but emotional and human factors should not be ignored. In providing compensation to employees, a work appraisal system is needed in the context of human resource development, which has an important meaning. In an organisation, several assumptions about human behaviour as a human resource underlie the importance of job performance assessment. According to Sedarmayanti (2009), these assumptions included the following:

- Everyone wants to have the opportunity to develop their work abilities to the maximum level.
- Everyone wants an award if they can carry out their duties properly.
- Everyone wants to know about the career that will be achieved if they can carry out their duties properly.
- Everyone wants to get objective treatment and assessment on the basis of his work performance.
- Everyone is willing to accept greater responsibility.
- Everyone, in general, does not only do routine activities.

Discipline is the mental attitude of a person or group who always wants to follow or obey all rules or decisions (Muchdarsyah, 2003). Discipline in work relationships is very closely related to work motivation. Discipline has different understandings, and it can be concluded in the following statement:

- The word "discipline" (terminology) derives from the Latin word: a discipline which means teaching, practice and so on (derived from the word disciples, i.e. a person who learns). So etymologically, there is an understanding relationship between discipline and disciple (English) which means student, follower, teaching or school.
- Exercises that develop self-control, character or order and efficiency.

- Compliance or obedience (obedience) to government rules and regulations or ethics, norms and rules that apply in society.
- Punishment is carried out through correction and practice to achieve controlled behavior.

According to Hasibuan (2010), work discipline is the awareness and willingness of a person to obey all company regulations and applicable norms. Mangkunegara & Octorend (2015), work discipline can be interpreted as implementing management to strengthen organisational guidelines. Also, Hasibuan (2010) added that several things reflect the behaviour of work discipline in organisations, namely:

- Comply regulations.
- Use time effectively.
- Responsibilities in work and duties.
- Attendance rate.

There are five theories of job satisfaction, among others (Mangkunegara & Octorend, 2015):

- Balance theory; This theory was forwarded by Wexley and Yukl, all the values received by employees that can support the implementation of work, for example, education, experience, skills, effort, personal equipment, and working hours.
- Difference theory was first pioneered by Proter who argued that measuring satisfaction can be measured by calculating the difference between what should be with the reality that employees felt. While Locke argued that employee job satisfaction depends on the difference between what is obtained and what is expected by the employee.
- Need fulfilment Theory; According to this theory, employee job satisfaction depends on whether or not the employee's needs are fulfilled. The employee will be satisfied if he gets what he needs. The greater the employees are fulfilled, the more satisfied employee. Likewise, if the employee's needs are not fulfilled, the employee will be dissatisfied.
- Group view theory; According to this theory, employee job satisfaction does not depend on meeting needs alone but depends heavily on the views and opinions of groups that employees consider to be a reference group. The reference group is used as a benchmark to assess himself and his environment. So, employees will be more satisfied if their work is following the interests and needs expected by the reference group.
- Two-factor theory; This theory was developed by Frederick Herzberg when he interviewed engineers and accountants. Each subject was asked to tell them the events that had happened, both pleasant and satisfying or unpleasant or unsatisfactory. Then it was analysed by content analysis to determine the factors that cause satisfaction or dissatisfaction. Job satisfaction is individuals' positive or negative attitude towards their jobs (Srivastav & Das, 2013). Job satisfaction is a person's thoughts, feelings, and actions that are a person's attitude toward work (Abdalkrim & Elhalim, 2017).

The performance comes from the word "job performance" or "actual performance" which means work or actual performance achieved by someone. Understanding performance (actual performance) is the result of work in quality and quantity achieved by an employee in carrying out its functions following the responsibilities given to him. Performance is the result or output of a process (Berliana et al., 2018). According to the behavioral approach in management, performance is the quantity or the quality of something produced or services provided by a person who works (Luthans, 2006). Gruman & Saks (2011) state that performance is what employees do or do not do. Performance management is the overall activities carried out to improve a company's or organisation's performance, including each performance.

3. Materials and Methods

3.1. Validity and Reliability

A questionnaire validity test (list of questions) was conducted to determine the ability of a list of questions to measure what should be measured. The questions used in the research have not yet known the level of validity and reliability. For this reason, it is necessary to test the validity of each question item and the reliability of the question list used in the research, as the unreliable or invalid measuring instrument will provide inaccurate information about the subject or individual who is subjected to the test. If the erroneous information is consciously or unconsciously used as a basis for consideration in drawing a conclusion and decision, then the conclusion and decision will not be right (Azwar, 2004). Meanwhile, to test the reliability of a list of questions from a research variable used in the Coefficient of Cronbach's Alpha. The magnitude of the Coefficient of Cronbach's Alpha indicates the level of reliability of a list of questions together. According to Khidzir et al. (2018), a constructed variable is said to be reliable if it has a value of Cronbach's $\alpha > 0.60$.

3.2. Data Collection Techniques

Data collection techniques are the most strategic step in the research since the main purpose of this research is to obtain data. Data collection techniques can be performed with several techniques, namely observation (observation), a questionnaire (questionnaire), documentation, literature study and a combination of the four.

3.3. Data Analysis

To prove the hypothesis in this research, the data analysis used was the approach of variance-based or component-based analysis of moment structure (AMOS). Based on the built research framework, this study used SEM. The data collected were analysed with the hypothesis testing tools used in this study, Structural Equation Modeling (SEM). Structural Equation Modeling (SEM) is a set of statistical techniques that allows testing of a related series that is relatively "complex" simultaneously (Waluyo, 2011). Data analysis was carried out using the method of the structure of the Model (SEM). The software used for structural analysis is AMOS 22, and explains the analysis using SPSS 22. Seven steps must be performed in the SEM model, namely:

- Theory-based model development
- Path diagram
- Convert the diagram into a series of structural equations
- The input materials and estimation techniques
- Assessing the possible identification problems
- The evaluation criteria of the goodness of fit
- Interpretation and modification of the model

4. Results

This section reports the result of the validity and reliability of measurement scales used in this study. The results can be seen in Table 1 below:

Table 1. Result of the Validity and Reliability

Variable	Code	Corrected item-total correlation	Cronbach's alpha if item deleted	Variable	Code	Corrected item-total correlation	Cronbach's alpha if item deleted
Motivation	MTV_1	0.416	0.821	Satisfaction	DCP_7	0.772	0.863
	MTV_2	0.745	0.772		DCP_8	0.429	0.897
	MTV_3	0.537	0.802		STF_1	0.390	0.829
	MTV_4	0.564	0.798		STF_2	0.551	0.802
	MTV_5	0.724	0.770		STF_3	0.657	0.789
	MTV_6	0.431	0.815		STF_4	0.763	0.776
	MTV_7	0.400	0.819		STF_5	0.641	0.793
	MTV_8	0.588	0.796		STF_6	0.760	0.770
Compensation	CMP_1	0.421	0.797		STF_7	0.343	0.826
	CMP_2	0.442	0.794		STF_8	0.360	0.832
	CMP_3	0.606	0.761	PRF_1	0.708	0.909	
	CMP_4	0.756	0.716	PRF_2	0.950	0.898	
	CMP_5	0.745	0.717	PRF_3	0.875	0.901	
	CMP_6	0.425	0.795	PRF_4	0.817	0.904	
Discipline	DCP_1	0.818	0.862	Performance	PRF_5	0.646	0.915
	DCP_2	0.577	0.882		PRF_6	0.816	0.904
	DCP_3	0.769	0.865		PRF_7	0.630	0.912
	DCP_4	0.885	0.854		PRF_8	0.788	0.906
	DCP_5	0.788	0.865		PRF_9	0.387	0.920
	DCP_6	0.442	0.902		PRF_10	0.346	0.922

Table 1 captures the result of the validity and reliability of measurement instruments. This study uses five variables: motivation, compensation, discipline, satisfaction and performance. According to Hair et al., 2014, validity items can statistically identify through the value of corrected item-total correlation. Also, they suggested that the instruments are

categorised as valid when the corrected item-total correlation is higher than and equal to 0.30. For reliability, the measurement scale is larger than 0.60. Table 1 indicated that the overall value of corrected item-total correlation achieved the suggested threshold. The minimum value of the corrected item-total correlation is 0.343 with Cronbach's alpha if the item deleted is 0.826, and the highest value is 0.950 with Cronbach's alpha if the item deleted is 0.898. Thus, this study concludes that the items and measurement scale used are valid and reliable. Further, this study conducts normality testing. It aims to ensure that the data is normally distributed or can represent the population of this study. The result of normality testing can be seen in Table 2 as follows:

Table 2. Result of Normality Testing

Variable	Code	Skew	Kurtosis	Variable	Code	Skew	Kurtosis
Motivation	MTV_1	-0.315	0.038	Satisfaction	DCP_7	-0.537	0.815
	MTV_2	-0.186	-0.347		DCP_8	-0.779	1.345
	MTV_3	-0.246	-0.075		STF_1	0.000	0.219
	MTV_4	-0.222	-0.320		STF_2	0.052	0.671
	MTV_5	-0.064	-0.470		STF_3	-0.163	1.251
	MTV_6	-0.051	-0.398		STF_4	0.122	0.374
	MTV_7	-0.026	-0.226		STF_5	-0.337	1.094
	MTV_8	-0.026	-0.226		STF_6	0.249	-0.054
Compensation	CMP_1	-0.878	-0.367		STF_7	0.082	0.286
	CMP_2	-0.763	1.251		STF_8	-1.111	1.250
	CMP_3	0.052	0.671	PRF_1	-0.357	0.076	
	CMP_4	-0.301	1.361	PRF_2	-0.438	0.007	
	CMP_5	-0.283	0.987	PRF_3	-0.353	0.175	
	CMP_6	0.462	0.996	PRF_4	-0.301	1.361	
Discipline	DCP_1	-0.125	-0.298	Performance	PRF_5	-0.803	1.305
	DCP_2	-0.417	0.399		PRF_6	-0.731	0.866
	DCP_3	-0.433	0.676		PRF_7	-0.116	0.783
	DCP_4	0.000	-0.425		PRF_8	-0.067	1.112
	DCP_5	-0.015	-0.135		PRF_9	-0.581	1.231
	DCP_6	-0.393	0.487		PRF_10	-0.225	1.216

Table 2 displays the result of normality testing. Using univariate normality testing, this study applies the suggested threshold proposed by (Chua, 2011). He stated that the data categorised as normal when the value of skewness and kurtosis were ranged from -2 to +2. Thus, this study concludes that the data in this study are normally distributed.

Table 3. Result of Hypothesis Testing (Direct Effect)

Path Analysis	Standardised Estimate	C.R	Sig.
Motivation --> Job Performance	0.051	0.405	0.686
Compensation --> Job Performance	0.385	2.385	0.010
Discipline --> Job Performance	0.034	0.324	0.746

Table 3 displays the result of hypothesis testing with direct effect. The result indicated that compensation has a significant positive effect on job performance. Besides that, motivation and discipline have no significant effect on job performance. The standardised estimate is 0.385; the critical ratio is 2.385 and significant at 5 percent ($p < 0.05$). It means that by increasing the compensation by 1 percent, the job performance will increase as much as 38.5 percent. Due to motivation and discipline having no significant effect on job performance, this study uses job satisfaction as mediating variable. The result of mediating effect is seen in Table 4 as below:

Table 4. Result of Hypothesis Testing (Mediating Effect)

Path Analysis	Standardised Estimate	C.R	Sig.
Motivation --> Job Satisfaction --> Job Performance	0.196	4.897	0.000
Discipline --> Job Satisfaction --> Job Performance	0.009	0.612	0.541

Table 4 shows the result of mediating effect. The result indicated that job satisfaction mediates the relationship between motivation and job performance. The standardised estimate of its relationship is 0.196; the critical ratio is 4.897 and significant at the level 1 percent ($p < 0.01$). In addition, this study found that job satisfaction does not mediate the relationship between discipline and job performance. Further, this study employed the goodness of fit test. The result can be seen in Table 5 below:

Table 5. Result of Goodness of Fit Analysis

Goodness of Fit Index	Thresholds	Result	Decision
Chi-square (χ^2)	Expected small	1419.643	Poor
Relative Chi-square (χ^2/df)	≤ 3.00	1.94*	Good
Probability	> 0.05	0.000	Poor
RMSEA	≤ 0.08	0.076+	Marginal
GFI	≥ 0.90	0.623+	Poor
AGFI	≥ 0.90	0.576+	Poor
TLI	≥ 0.94	0.600+	Marginal
CFI	> 0.94	0.626+	Marginal

Table 5 captures the result of the goodness of fit index. This study found that all the thresholds are achieved. It means the data are fitted.

5. Conclusions

In conclusion, this study has identified that compensation significantly positively affects job performance. Besides that, motivation and discipline have no significant effect on job performance. Also, this study has examined the mediating role of job satisfaction and found that job satisfaction mediates the relationship between motivation and job performance. In addition, job satisfaction does not mediate the relationship between discipline and job performance. This study indicated that leadership's motivation and organisation's compensation and discipline are needed to increase job satisfaction so that employee performance will be increased. Thus, Batam University should optimise regulation and supervision of discipline of its employees because the research results were not significant on job satisfaction and employee performance.

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