

# The Effect of Competence and Compensation on Employee Performance at PT. Transfarma Medica Indah Jakarta with Work Discipline as Intervening Variable

Nadira Twindra Adzana, Dr. Active Nur Budiono, S. Sos, MM  
Master of Management Mercubuana University  
Jakarta, Indonesia

**Abstract:-** This research aims to determine the effect of Competence, Compensation mediated by Work Discipline on Employee Performance. The object of this research is employees working at PT. Transfarma Medica Indah Jakarta. The population studied was 100 employees who worked at PT. Transfarma Medica Indah Jakarta. Sampling technique using saturated sampling method (census). The variable measurements used in the study were designed in the form of Likert scales. The study used questionnaires and quantitative approaches with the analytical method used in the study is Structural Equation Modeling (SEM) with the help of SmartPLS software version 3.0. Based on the results of research shows that employee performance can be maximized by optimizing employee competence in accordance with their job desk, providing compensation in accordance with the responsibilities carried out and applying good work discipline, which affects the development of work.

**Keywords:-** Competence, Compensation, Work Discipline and Employee Performance.

## I. INTRODUCTION

One of the determinants of a company's success is human resources (HR). The importance of the role of HR for a company demands effective human resource management (HRM) ( Ermayanti & Heryanto, 2019) . One of the HRM operational functions is assessing and developing company human resources through employee performance appraisal (Sujana, 2020). This is because the achievement and performance of the company ( *corporate performance* ) is directly proportional to the performance of employees ( *individual performance* ).

PT. Transfarma Medica Indah is a pharmaceutical company from Italy which has branches throughout Indonesia. Even though it has various branch companies, the economic challenges and tight competition in the Indonesian pharmaceutical market are getting higher. This is because 75% of the Indonesian pharmaceutical market is controlled by the domestic industry, and only 25% is controlled by multinational companies.

According to Tentama *et al.* (2020) there are five dimensions of employee performance, namely *quality of work, quantity of work, cooperative, time management and existence* at work. The author conducts pre-research to

obtain phenomena that can be used as an urgency and basis for conducting research.

## II. LITERATURE REVIEW AND HYPHOTHESES

Pre research was conducted by distributing questionnaires to 10 employees of PT. Transfarma Medica Indah. The questionnaire contains 3 questions each for competence, compensation, work discipline, and employee performance as measured by an ordinal scale.

Several researchers have analyzed the factors that influence employee performance. The results of Barlian's research (2018) entitled "The Influence of Compensation, Work Environment and Work Discipline on Employee Performance (Case in Employees of PT. Surya Mas Agung Sukoharjo)" show that compensation, work environment, and work discipline have a positive and significant effect on employee performance. In addition, the results of research conducted by Alfiah (2019) entitled "The Influence of the Work Environment and Work Discipline on Permanent Employee Performance: Case Studies at PT X" show that the work environment and work discipline have a significant effect on the performance of permanent employees of PT. X. However, in another study conducted by Susanti (2013) with the title "The Influence of Compensation, Work Environment, Leadership Style and Motivation on the Performance of the Accounting and Finance Section at PT Bank Syariah Mandiri and PT Bank Riau Kepri Tanjung Pinang Branch" shows that compensation no significant effect on employee performance (Y). In addition, in research conducted by Susanto (2016) entitled "The Influence of Competence, Work Discipline, Compensation, and Job Satisfaction on Employee Performance (Case Study at PT. Safta Tour)" shows that work discipline and job satisfaction have no significant effect on employee performance.

Based on the various studies that have been conducted, different research results are obtained and indicate a research *gap* . In the research of Barlian (2018) and Alfiah (2019), it is shown that the work environment and work discipline have a positive effect on employee performance. Whereas in the research of Susanti (2013) and Susanto (2016), compensation and work discipline have no effect on employee performance.

#### A. *The Effect of Competence on Employee Performance*

Competence has an influence on employee performance as according to Sudjana (2020) in his research entitled *The Influence of Compensation and Competence on Employee Performance with Work Discipline as Intervening Variables at the Palembang City Industry Office*, competence which is one of the variables he tests on employee performance, is proven to have positive effect. Likewise with Sinaga (2018) in his research *"The Influence of Competence and Work Discipline on Employee Performance at PT. Perkebunan Nusantara IV (Persero) Medan"* also revealed that competence has a positive and significant influence on employee performance.

#### B. *The Effect of Work Discipline on Employee Performance*

Sinaga (2018) also shows the relationship between work discipline and employee performance. Likewise Nasichah (2016) in his research *"The Influence of Compensation and Work Discipline on Employee Performance at KSPS BMT Bina Ummat Sejahtera"* shows a positive effect of work discipline on employee performance.

#### C. *Effect of Compensation on Employee Performance*

In his research, Nasichah (2016) also discusses the effect of compensation that is expected to be paid more attention to by companies. Meanwhile, Khasanah (2016) shows that compensation and work environment have a positive effect on employee performance.

#### D. *The Effect of Competence on Work Discipline*

Ermayenti & Heryanto (2019) reveal the relations between competence and work discipline on public satisfaction in the research *"Ermayenti & Heryanto (2019): The Effect of Competence and Discipline of Work on Public Satisfaction in The Regional Office of The Ministry of Religion in West Sumatra Province With Quality of Service As An Intervening"*

#### E. *Effect of Compensation on Work Discipline*

Compensation consisting of direct and indirect financial compensation as well as salaries and incentives as well as various benefits and non-financial compensation that is more to the needs of employees' self-actualization such as promotion opportunities, recognition and work comfort is thought to have an influence on work discipline.

#### F. *Indirect Effect of Competence on Employee Performance Through Work Discipline*

Work discipline on employees is needed, because what is the goal of the organization will be difficult to achieve if there is no work discipline. Discipline is the most important operative function of human resource management because the better the employee discipline, the higher the work performance that can be achieved. Without good employee discipline, it is difficult for organizations to achieve optimal results (Sedarmayanti, 2007:15). Competence which is the quality of the employee itself is thought to have a relationship to performance through the variable work discipline indirectly.

#### G. *Indirect Effect of Compensation on Employee Performance Through Work Discipline*

According to Simamora (1997) compensation consists of financial compensation (principal payment, achievement payment, incentive payment, deferred payment, protection program, payment outside working hours, facilities) and non-financial compensation (job and work environment). Compensation that is in accordance with the wishes of employees for their work can spur employee enthusiasm to work better from time to time, thereby having a positive influence on improving employee work results. Compensation, which is an important factor that supports employee comfort, is thought to have an indirect influence on performance through work discipline.

The hypothesis is a temporary answer to the research formulation, where the research problem formulation has been stated in the form of a question sentence. Based on the framework of thinking, the research hypothesis can be put forward as follows:

- H1: Competence influences employee performance
- H2: Work discipline affects employee performance
- H3: Compensation has an effect on Employee Performance
- H4: Competence influences work discipline
- H5: Compensation has an effect on Work Discipline
- H6: Competence has an indirect effect on employee performance through work discipline
- H7: Compensation has an indirect effect on Employee Performance through Work Discipline

Based on this hypothesis, the conceptual framework of this research can be seen in figure 1.

### III. METHODS

This study is a quantitative study with a causal dimension (causal effect), namely the analysis of facts that prove the influence of one variable on another variable. This study aims to determine the impact of the independent variables, namely the independent variables in this study, namely Compensation (X1) and Competence (X2). The dependent variables in this study are Work Discipline (Y1) and Employee Performance (Y2).

#### A. *Definition and Operationalization of Variables*

The operational definition indicates how to evaluate the variable, and then the researcher can find out whether the evaluation/measurement is good or bad. The functional purpose of this research is:

Competency (X<sub>1</sub>)

According to Sudjana (2020), a competent employee can be measured through the following indicators:

- Able to carry out tasks and jobs that exist within the organization rationally
- Have in-depth knowledge of the duties and work it carries.
- Mastering techniques to complete tasks and work more effectively and efficiently.
- Understand the standards and procedures of tasks and jobs that exist within the organization well .

- Oriented to processes and results that support each other so that the tasks and work carried out are more optimal.

#### Compensation ( $X_2$ )

The compensation dimension according to Sudiarditha *et al.* (2019).

- Direct financial compensation: includes all payments received by employees whose indicators include; salaries and incentives or bonuses.
- Indirect financial compensation: includes all forms of financial compensation that are not included in direct financial compensation whose indicators include; insurance, office facilities and benefits.
- Non-financial compensation: includes various forms of satisfaction received by a person from the work itself whose indicators include; promotion opportunities, recognition, sense of security, rewards for achievement and convenience.

#### Work Discipline ( $Y_1$ )

Dimensions of work discipline according to Perizade *et al.* (2018).

- Frequency of Attendance, there are 2 (two) indicators from this dimension namely; Employees ask permission if they come late to the office and employees ask permission if they cannot come to work.
- Compliance with Work Regulations, there are 2 (two) indicators from this dimension namely; employees wear clothes according to company regulations and employees do not take company equipment home.
- Compliance with Work Standards, there are 2 (two) indicators from this dimension namely; Employees work according to procedures set by the company and employees perform all work according to work standards set by the company.
- High Vigilance Level, there are 2 (two) indicators of this dimension namely; employees are conscientious in their work and employees are careful in using company equipment.
- Work Ethics, there are 2 (two) indicators of this dimension namely; employees are polite while in the office and employees have good ethics while in the office.

#### Employee Performance ( $Y_2$ )

Based on specific behavior ( *judgment performance evaluation* ), there are 5 (five) dimensions of Employee Performance according to Tentama *et al.* (2020)

- Quality of work, indicators of this dimension namely; employees are careful at work to minimize errors in work results, and employees are able to work according to predetermined work standards.
- *Quantity of work* , an indicator of this dimension namely; employees are able to complete all the work that is their main task, and employees are able to complete the additional work given to them.
- *Cooperative* , indicators of this dimension namely; employees are able to work well with other colleagues, and employees comply with existing regulations.

- *Time management* , indicators of this dimension namely; employees are able to complete tasks on time in accordance with the provisions, and employees do not delay the work that has been given.
- *Existence*, indicators of this dimension namely; employees are present at the office according to predetermined working hours, and employees do not leave the office during working hours, except for work needs.

#### B. Population and Sample

The population is a generalization area consisting of objects/subjects that have certain characteristics determined by researchers to be studied and conclusions drawn (Apuke, 2017). The population in this study are employees of PT. Transfarma Medica Indah Jakarta, totaling 100 people . And all of them become research samples.

#### C. Method of Collecting Data

In this study, the authors used sampling technique using the saturated sampling method (census). The variable measurements used in the study were designed in the form of likert scales , namely PT Transfarma Medica Indah Jakarta.

#### D. Data Analysis Method

The data analysis method used is questionnaires and quantitative approaches with the analytical method used in the study is Structural Equation Modeling (SEM) with the help of SmartPLS 3.0

## IV. RESULTS AND DISCUSSION

#### A. Descriptive Analysis

Ten statements from 6 (six) dimensions are used to determine the respondents ' competency assessment of PT. Transfarma Medica Indah Jakarta. The average respondent on the Likert scale is 3.99, or 80% agree with the statement regarding Competence (Table 1).

Ten statements from 3 (three) dimensions are used to determine the respondents ' assessment of Compensation PT. Transfarma Medica Indah Jakarta. The average respondent in the Likert scale is 3.41 or 68% agree with the statement regarding Competence (Table 2).

Ten statements from 5 (five) dimensions are used to determine the respondents ' assessment of Work Discipline PT. Transfarma Medica Indah Jakarta. The average respondent on the Likert scale is 3.93 or 78%, somewhat agreeing with the statement regarding Work Discipline (Table 3).

Ten statements from 4 (four) dimensions are used to determine the respondent 's assessment of the Employee Performance of PT. Transfarma Medica Indah Jakarta. The average respondent on the Likert scale is 3.90 or 78% agree with the statement regarding Employee Performance (Table 4).

### B. Validity Test and Reliability Test

The PLS method requires the Outer Model to meet the principles of validity and reliability based on the loading factor value of each construct. The outer model is said to be good if it is able to define the relationship between latent variables and their indicators. The indicator test in this study used the Confirmatory Factor Analysis (CFA) technique.

The Discriminant Validity Test uses the Average Variance Extracted (AVE) value with the condition that the tolerance value is above 0.5 and the cross loading value according to Ghazali and Latan (2015). Construct reliability was measured by cronbach alpha and Composite Reliability. The construct is said to be reliable if the Cronbach Alpha and Composite Reliability values are greater than 0.7 according to Ghazali and Latan (2015).

Based on the results of data processing with SmartPLS version 3.0 it can be seen that the indicators of all variables, namely Competence, Compensation, Work Discipline and Employee Performance have a loading factor value of  $> 0.7$ . This shows that the 10 indicators of all these variables are valid and are still used in the model or not removed from the model (figure 2).

The second evaluation for Discriminant Validity is seen from the results of the Average Variance Extracted (AVE) which illustrates the amount of variance or diversity of manifest variables that can be contained by latent constructs. The greater the AVE indicates that the manifest variable can better represent its latent construct, all variables have an AVE  $> 0.5$ , namely 0.528 each for the Competency variable, 0.551 for the Compensation variable, 0.546 for the Work Discipline variable and 0.544 for the Employee Performance variable (Table 5).

The greater the Cronbach Alpha Coefficient and Composite Reliability values indicate that the construct is more reliable, for all variables it is above 0.7 with the largest Cronbach Alpha and Composite Reliability values in the Compensation variable. From the above results it can be concluded that the model construct meets the reliable requirements (Table 6).

### C. Cross Loading Variables and Constructs

The results of calculating the cross loading value for the Competency variable show that the indicator correlation is greater than the other variables in the model. This fulfills the principle of discriminant variability, namely that all latent constructs are able to predict indicators in their block better than other blocks (Table 7).

The results of calculating the cross loading value for the Compensation variable show that the indicator correlation is greater than the other variables in the model. This fulfills the principle of discriminant variability, namely that all latent constructs are able to predict indicators in their block better than other blocks (Table 7).

The results of calculating the cross loading value for the Work Discipline variable show that the indicator correlation is greater than the other variables in the model. This fulfills the principle of discriminant variability, namely

that all latent constructs are able to predict indicators in their block better than other blocks (Table 7).

The results of calculating the cross loading value for the Employee Performance variable show that the indicator correlation is greater than the other variables in the model. This fulfills the principle of *discriminant variability*, namely that all latent constructs are able to predict indicators in their block better than other blocks (Table 7).

### D. Evaluation of the Structural Model (Inner Model)

Evaluation of the inner model in research aims to determine the accepted research hypothesis. Evaluation of the inner model is carried out by first testing the suitability of the model by looking at the value of the coefficient of determination or R-square and the second by testing the significance of the relationship between variables in the model by looking at the t-value for the coefficient of direct effect, indirect effect, and total effect which then determines the hypothesis accepted research.

Evaluation of the path coefficient value is seen based on the results of calculations using calculate SmartPLS version 3.0 bootstrapping to get the path coefficient results which describe the strength of the relationship between construct variables. Based on table 8 above, the structural equations in this study are as follows:

$$\begin{aligned} \text{Work Discipline} &= 0.378 X_1 + 0.414 X_2 \\ \text{Employee Performance} &= 0.183 X_1 + 0.257 X_2 + 0.504 X_3 \end{aligned}$$

The direct effect of Competence ( $X_1$ ) on Work Discipline ( $Y_1$ ) is 0.378, which means that if ( $X_1$ ) increases by one unit, ( $Y_1$ ) can increase by 37.8%. This influence is positive. The direct effect of compensation ( $X_2$ ) on work discipline ( $Y_1$ ) is 0.414, which means that if ( $X_2$ ) increases by one unit, ( $Y_1$ ) can increase by 41.4%. This influence is positive. The direct effect of competence ( $X_1$ ) on employee performance ( $Y_2$ ) is 0.183, which means that if ( $X_1$ ) increases by one unit, ( $Y_2$ ) can increase by 18.3%. This influence is positive. The direct effect of compensation ( $X_2$ ) on employee performance ( $Y_2$ ) is 0.257, which means that if ( $X_2$ ) increases by one unit, ( $Y_2$ ) can increase by 25.7%. This influence is positive. The direct effect of work discipline ( $Y_1$ ) on employee performance ( $Y_2$ ) is 0.504, which means that if ( $Y_1$ ) increases by one unit, ( $Y_2$ ) can increase by 50.4%. This influence is positive.

### E. Coefficient of Determination ( $R^2$ )

Based on the calculation results, the  $R^2$  value is 0.376 for the work discipline variable and 0.584 for the employee performance variable. The  $R^2$  value indicates that the degree of determination of the exogenous variables (competence and compensation) towards the endogenous is quite good.

The results of the  $R^2$  value for the work discipline variable ( $Y_1$ ) in this study amounted to 0.376. It can be explained that the influence of the competence ( $X_1$ ) and compensation ( $X_2$ ) variables on work discipline ( $Y_1$ ) simultaneously gives a value of 0.376. This shows that the construct variable of work discipline can be explained by

competence and compensation of 0.376 or 37.6%. While the rest is explained by other factors not observed in this study.

The results of the  $R^2$  value for the Employee Performance variable ( $Y_2$ ) in this study are equal to 0.584. It can be explained that the influence of competency ( $X_1$ ), compensation ( $X_2$ ) and work discipline ( $Y_1$ ) variables simultaneously on employee performance gives a value of 0.584. The interpretation of this value is that the construct variable of employee performance can be explained by competence, compensation and work discipline of 0.584 or 58.4%. While the rest is explained by other factors not observed in this study (Table 8).

#### F. Hypothesis Test (t-test)

Hypothesis testing is done by comparing the t-value of the results of data processing with the *t-table* value which is the critical value for rejecting the null hypothesis ( $H_0$ ). The *t-value* was obtained using the *bootstrap method* with smartPLS 3.0. The *t-table value* in this study is obtained from the formula:

$$DF = n - k - 1$$

$$DF = 100 - 4 - 1 = 95$$

The *t-table* value for 95 degrees of freedom and a significance level of 0.05 is 1.985. If *t-value* > from *t-table* or *p-value* < than 0.05 then hypothesis 0 is rejected. If the *t-value* < from *t-table* or *p-value* > than 0.05 then hypothesis 0 is not rejected. Based on table 10 it can be concluded that the determination of the hypothesis in this study:

#### a) Direct Effect of Competence ( $X_1$ ) on Work Discipline ( $Y_1$ )

The results of the study show that competence influences work discipline. Table 10 shows the path coefficient value of 0.378 with a *t-value* of 4.105 greater than the *t-table* of 1.985, and a *p-value* of 0.000, thus  $H_a$  is supported ( $P < 0.05$  and *t-value* > *t-table*). The coefficient value of the effect of the competency variable ( $X_1$ ) on work discipline ( $Y_1$ ) is 0.378 which indicates that the greater the Competence ( $X_1$ ), the greater the Work Discipline ( $Y_1$ ). The coefficient value shows a direct effect, that is, if the other variables are constant, work discipline ( $Y_1$ ) is affected by 37.8% by competence ( $X_1$ ). Competence has a significant effect on work discipline, because the significance value is 0.000 ( $P < 0.05$ ). It can be concluded that competence ( $X_1$ ) has a positive and significant effect on work discipline ( $Y_1$ ).

These results are consistent with research conducted by Sudjana (2020) entitled "The Influence of Compensation and Competence on Employee Performance with Work Discipline as an Intervening Variable in the Palembang City Industrial Service". The results of the study show that work discipline as an intervening variable in research has an influence on employee performance.

#### b) Direct Effect of Competence ( $X_1$ ) on Employee Performance ( $Y_2$ )

The results of the research show that competency influences employee performance ( $Y_2$ ). Table 10 shows the path coefficient value of 0.183 with a *t-value* of 2.089 which is greater than the *t-table* of 1.985, and a *p-value* of 0.037, thus  $H_a$  is supported ( $P < 0.05$  and *t-value* > *t-table*). The coefficient value of the influence of the Competency variable ( $X_1$ ) on Employee Performance ( $Y_2$ ) is 0.183 which indicates that the greater the competency ( $X_1$ ), the greater the employee performance ( $Y_2$ ). The coefficient value shows a direct effect, that is, if the other variables are constant, then employee performance ( $Y_2$ ) is affected by 18.3% by competence ( $X_1$ ). Competence has a significant effect on employee performance, because the significance value is 0.037 ( $P < 0.05$ ). It can be concluded that competence has a positive and significant effect on employee performance. These results are consistent with research conducted by Sudjana (2020) entitled "The Influence of Compensation and Competence on Employee Performance with Work Discipline as an Intervening Variable in the Palembang City Industrial Service".

The results of the study show that competence has a positive influence on employee performance. Research conducted by Sinaga (2018) entitled "The Influence of Competence and Work Discipline on Employee Performance at PT. Perkebunan Nusantara IV (Persero) Medan" also shows that competency has a positive and significant effect on employee performance.

#### c) Indirect Effect of Competence ( $X_1$ ) on Employee Performance ( $Y_2$ )

The results of the study show that competence ( $X_1$ ) has an influence on employee performance ( $Y_2$ ) through work discipline ( $Y_1$ ). According to the results of data processing, a path coefficient of 0.190 is obtained with a *t-value* of 2.792 which is greater than the *t-table* of 1.985 and a *p-value* of 0.005, thus  $H_a$  is supported ( $P < 0.05$  and *t-value* > *t-table*). The coefficient value of the effect of the competency variable ( $X_1$ ) on employee performance ( $Y_2$ ) through work discipline ( $Y_1$ ) is 0.190 which indicates that the greater the competence ( $X_1$ ) the employee performance ( $Y_2$ ) through work discipline ( $Y_1$ ) will the greater it is. The coefficient value shows an indirect effect, that is, if the compensation variable ( $X_2$ ) and work discipline ( $Y_1$ ) are constant, the employee's performance ( $Y_2$ ) is affected by 19% by competence ( $X_1$ ). It can be concluded that competence has a significant effect on employee performance through work discipline.

d) Direct Effect of Compensation ( $X_2$ ) on Work Discipline ( $Y_1$ )

The results showed that compensation has an effect on work discipline. Table 10 shows the path coefficient value of 0.414 with a t-value of 5.454 which is greater than the t-table of 1.985, and a p-value of 0.000, thus  $H_a$  is supported ( $P < 0.05$  and  $t\text{-value} > t\text{-table}$ ). The coefficient value of the influence of the compensation variable ( $X_2$ ) on work discipline ( $Y_1$ ) is 0.414 which indicates that the greater the compensation ( $X_2$ ), the greater the work discipline ( $Y_1$ ). The coefficient value shows a direct effect, that is, if the other variables are constant, work discipline ( $Y_1$ ) is affected by 41.4% by compensation ( $X_2$ ). Compensation has a significant effect on work discipline, because the significance value is 0.000 ( $P < 0.05$ ). It can be concluded that compensation has a positive and significant effect on work discipline ( $Y_1$ ).

e) Direct Effect of Compensation ( $X_2$ ) on Employee Performance ( $Y_2$ )

The results showed that compensation has an effect on employee performance ( $Y_2$ ). Table 10 shows the path coefficient value of 0.257 with a t-value of 3.063 greater than the t-table of 1.985, and a p-value of 0.002, thus  $H_a$  is supported ( $P < 0.05$  and  $t\text{-value} > t\text{-table}$ ). The coefficient value of the influence of the Compensation variable ( $X_2$ ) on Employee Performance ( $Y_2$ ) is 0.257 which indicates that the greater the Compensation ( $X_2$ ), the greater the Employee Performance ( $Y_2$ ). The coefficient value shows a direct effect, that is, if the other variables are constant, employee performance ( $Y_2$ ) is affected by 25.7% by compensation ( $X_2$ ). Compensation ( $X_2$ ) has a significant effect on employee performance, because the significance value is 0.002 ( $P < 0.05$ ). It can be concluded that compensation has a positive and significant effect on employee performance ( $Y_2$ ).

These results are consistent with research conducted by Atikah (2019) entitled "The Influence of Compensation and Work Discipline on Employee Performance with Work Motivation as an Intervening Variable at PT. Nusantara IV Plantation District – DI Bah Jambi." The research results show that compensation has a direct effect on employee performance. Research conducted by Mutmainah (2017) entitled "The Influence of Motivation, Work Environment, Work Discipline and Compensation on Employee Performance in Islamic Banks" also shows that Compensation has a positive and significant effect on Employee Performance.

f) Indirect Effect of Compensation ( $X_2$ ) on Employee Performance ( $Y_2$ )

The results showed that compensation ( $X_2$ ) has an influence on employee performance ( $Y_2$ ) through work discipline ( $Y_1$ ). In accordance with the results of data processing, a path coefficient of 0.209 was obtained with a t-value of 3.567 which was greater

than the t-table of 1.985 and a p-value of 0.000, thus  $H_a$  was supported ( $P < 0.05$  and  $t\text{-value} > t\text{-table}$ ). The coefficient value of the influence of the Compensation variable ( $X_2$ ) on employee performance ( $Y_2$ ) through work discipline ( $Y_1$ ) is 0.209 which indicates that the greater the compensation ( $X_2$ ) the employee performance ( $Y_2$ ) through work discipline ( $Y_1$ ) will get bigger. The coefficient value shows an indirect effect, namely if the Competency ( $X_1$ ) and Work Discipline ( $Y_1$ ) variables are constant, then Employee Performance ( $Y_2$ ) is affected by 20.9% by Compensation ( $X_2$ ). It can be concluded that compensation has a significant effect on employee performance through work discipline.

## V. CONCLUSION

Based on the explanation of the hypothesis, it can be concluded that all variables have a positive and significant effect on employee performance. All of these variables simultaneously affect the performance of employees of PT Transfarma Medica Indah Jakarta. Henceforth, researchers can develop research models by developing more varied populations and samples and can also use other variables such as leadership style, work culture, motivation and so on, so that they can be useful input for companies and make it easier to improve employee performance at PT. . Transfarma Medica Indah Jakarta.

## REFERENCES

- [1.] Alfiah, D. (2019). The Influence of the Work Environment and Work Discipline on the Performance of Permanent Employees: A Case Study at PT X. Management Study Program. Faculty of Economics and Business. Pertamina University.
- [2.] Apuke, OD (2017). Quantitative Research Methods: A Synopsis Approach. *Kuwait Chapter of Arabian Journal of Business and Management Review* 6(11):40-47
- [3.] Atikah, DD (2019). The Effect of Compensation and Work Discipline on Employee Performance with Work Motivation as an Intervening Variable at PT. Perkebunan Nusantara IV District-I Bahjambi, Thesis, Faculty of Economics and Business, Muhammadiyah University of North Sumatra, Medan.
- [4.] Barlian, DS (2018). The Influence of Compensation, Work Environment and Work Discipline on Employee Performance (Case in Employees of PT. Surya Mas Agung Sukoharjo), Thesis, Management Study Program, Faculty of Economics and Business, Muhammadiyah University Surakarta.
- [5.] Cakir, FN, & Adiguzel, Z. (2020). Analysis of Leader Effectiveness in Organization and Knowledge Sharing Behavior on Employees and Organization. *SAGE Open*, 1-14. Downloaded from: <https://orcid.org/0000-0001-8743-356X>
- [6.] Daly, H. (2015: 84-94). The Influence of Competence, Discipline and Compensation on the Performance of Employees of the Regional Women's

- Empowerment and Family Planning Agency in Central Sulawesi Province. *e-Jurnal Catalog*, 3 (1), 84-94.
- [7.] Ermayenti & Heryanto. (2019). The Effect of Competence and Discipline of Work on Public Satisfaction in The Regional Office of The Ministry of Religion in West Sumatra Province With Quality of Service As An Intervening Variable. *Archives of Business Research*, 7 (7), 69-87.
- [8.] Gatot. (2014). The Influence of Competence, Work Discipline, Education and Training, Career Patterns on the Performance of Employees of the Gunungkidul District Land Office, Unpublished Thesis. Yogyakarta: UPN Veterans.
- [9.] Ghozali, Imam. (2014). Structural Equation Modeling, Alternative Method with. Partial Least Square (PLS). 4th Edition. University Publishing Agency. Semarang
- [10.] Ghozali, I & Latan, H. (2015). Concept, Technique, Application Using. Smart PLS 3.0 for Empirical Research. BP Undip. Semarang.
- [11.] Khasanah, FN (2016). The Influence of Compensation and Work Environment on Employee Performance at Waroeng Special Sambal (SS) Yogyakarta (Studies on Waroeng SS Samirone and Jalan Kaliurang), Thesis, Management Study Program, Management Department, Faculty of Economics, Yogyakarta State University.
- [12.] Kloutsiniotis, PV, & Mihail, DM (2020: 1-12). The effects of high performance work systems in employees' service-oriented OCB. *International Journal of Hospitality Management*, 90: 102610.
- [13.] Kurniasari, N. (2014). The Relationship between Work Discipline, Work Environment and Compensation on Job Satisfaction and Performance in Health Polytechnic Employees. *COMPETITIVENESS Journal of Resource Management Economics*, 15 (2).
- [14.] Mangkunegara, AP, & Waris, A. (2015). Effect of Training, Competence, and Discipline on Employee Performance in Company (Case Study in PT. Asuransi Bangun Askrida). *Social and Behavioral Sciences* 211, 1240 – 1251.
- [15.] Mansur, M., & Marifah. (2018: 171-177). The Effect of Work Discipline on Employee Performance Through Work Quality as an Intervening Variable. *Future Journal of Management and Accounting*, 5(2), 171 -177.
- [16.] Mudayana, FI, & Suryoko, S. (2016: 300-312). The Influence of Competence, Compensation, and Work Environment on Employee Performance through Work Motivation as an Intervening Variable (Case Study on Production Department Employees of PT. Sai Apparel Industries Semarang). *Journal of Business Administration*, 5(1).
- [17.] Majesty. (2014: 68-77). The Influence of Compensation, Work Discipline and Work Environment on Employee Performance at the Highways Service of Central Sulawesi Province. *e-Jurnal Catalog*, 2 (7), 68-77. ISSN: 2302-2019
- [18.] Murti, AE (2014: 1-14). Analysis of the Influence of Work Compensation, Work Discipline, and Physical Work Environment on Employee Performance (Study on CV. Metalindo Manunggal Karsa), Thesis, Faculty of Economics & Business, Diponegoro University, Semarang.
- [19.] Mutmainah, N. (2017). *The Influence of Motivation, Work Environment, Work Discipline and Compensation on the Performance of Islamic Bank Employees*, Thesis, S1 Islamic Banking Study Program, Faculty of Islamic Economics and Business, Salatiga State Islamic Institute.
- [20.] Nasichah, AU (2016). The Effect of Compensation and Work Discipline on Employee Performance at KSPS BMT Bina Ummat Sejahtera in Jepara Regency, Thesis, Faculty of Islamic Economics and Business, Walisongo State Islamic University, Semarang.
- [21.] Noel, FR, Lopian, J., Pandowo, M. (2017). The Affect of Work Discipline and Competence on Employee Performance (Case Study At the North Sulawesi Community Eye Health Center). *EMBA Journal*, 5(3), 3528-3537.
- [22.] Novita, BI (2015). The Effect of Competence and Work Discipline on Employee Performance at PT. Ratu Pola Bumi Bandar Lampung in 2013. *Journal of Master of Management*, 01, (1).
- [23.] Perizade, B., Hanafi, A., Diah, YM, Reza, F. (2018). Work Discipline and Compensation Effect on the Performance of Employees in the Polytechnic Akamigas Palembang. *IJPSAT*, 11(1), 18-25.
- [24.] Primary, AN (2016). *The Effect of Work Environment and Work Discipline on Employee Performance at PT. Razer Brothers*, Thesis, Management Study Program, Faculty of Economics, Yogyakarta State University.
- [25.] Robbins, SP, & Judge, TA (2013). Organizational Behavior 15th Edition. In *The Curated Reference Collection in Neuroscience and Biobehavioral Psychology*.
- [26.] Safrina, E. (2017: 116-127). The Influence of Discipline, Compensation and Communication on Performance with Job Satisfaction as an Intervening Variable at Public Fuel Filling Stations (SPBU) in Bireuen Regency. *Journal of Economics and Business*, 18(2), 116-127.
- [27.] Saputro, B. (2017). The Influence of Work Discipline, Work Compensation, and Work Environment on Employee Performance (Case Study of Ciputat District Office, Tangerang), Thesis, Department of Management. Faculty of Economics and Business, Syarif Hidayatullah State Islamic University, Jakarta.
- [28.] Sastrohadiwiryo. (2013). *Indonesian Workforce Management, 2nd Edition*. PT. Script Earth. Jakarta.
- [29.] Sedarmayanti. (2018). *Work Procedure and Work Productivity*. In Bandung, CV Mandar Maju.
- [30.] Sihombing, A. (2018). *Pharmaceutical Industry Competition Tighter, KLBH HOLD Recommended*. Downloaded from: <https://www.industry.co.id/read/23784/persaingan-industri-farmasi-menetat-klbf-Recommended-hold>.

- [31.] Sileyew, KJ (2019). Research Design and Methodology, Cyberspace, Evon Abu-Taieh, Abdelkrim El Mouatasim and Issam H. Al Hadid, IntechOpen, DOI: 10.5772/intechopen.85731. Downloaded from: <https://www.intechopen.com/books/cyberspace/research-design-and-methodology>.
- [32.] Sinaga, PS (2018). The Effect of Competence and Work Discipline on Employee Performance at PT. Perkebunan Nusantara IV (Persero) Medan, Thesis, Management Study Program, Faculty of Economics and Business, University of Medan.
- [33.] Sridaryono, A. (2019). The Influence of Competence and Compensation on the Performance of Civil Servants Through Work Productivity as Intervening Variables at the Malang Army Polytechnic. *Business Sketches*, 6(2), 99-111.
- [34.] Sudiarditha, IKR, Susita, D., & Kartini, TM (2019). Compensation And Work Discipline On Employee Performance With Job Satisfaction As Intervening. *Trichonomics*, 18(2), 80-87.
- [35.] Sugiyono . ( 2013 ) . Educational Research Methods Quantitative Approach. Qualitative, and R&D. Alfabet. Bandung.
- [36.] Sujana, MD (2020). The Effect of Compensation and Competence on Employee Performance with Work Discipline as an Intervening Variable at the Palembang City Industry Office, Thesis, Postgraduate Program, Master of Management Study Program, Tridinanti University Palembang.
- [37.] Susanto, SD (2016). The Influence of Competence, Work Discipline, Compensation, and Job Satisfaction on Employee Performance (Case Study at PT. Safta Tour), Thesis, Management Department. Faculty of Economics and Business, Syarif Hidayatullah State Islamic University.
- [38.] Sutrisno, E. (2016). *Human Resource Management*. golden. Jakarta.
- [39.] Tentama, F., Dewi, L., & Meilani, ER (2020: 4152-4157). The Role Of Work Discipline And Autonomy On Employee Performance: A Case Of Private University In Indonesia. *IJSTR*, 9(1), 4152-4157.
- [40.] Thaief, I., Baharuddin, A., Priyono, & Idrus, MS (2015). Effect of Training, Compensation and Work Discipline against Employee Job Performance (Studies in the Office of PT. PLN (Persero) Service Area and Network Malang). *Review of European Studies*, 7(11), 23-33.
- [41.] Toni, N., Trisna, & Yanti. (2019). The Effect of Work Discipline and Work Competency of Employee Performance with Work Motivation As Moderation Variables in PT Bukit Intan Abadi Medan. *IJRR*, 6(12), 132-145.
- [42.] Wartono, T., & Sudaryana, B. (2020). The Assessment of Leadership Style, Competence, Motivation, and Compensation to Employee Performance. *Indonesian Journal of Social Research*, 2(1), 76-87.
- [43.] Wibowo, MW, & Adilla, I. (2019: 215-225). The Influence of Compensation, Work Discipline, and Physical Work Environment on Employee Performance at the Jakarta City Post. *Scientific Journal of Business Management*, 5, (3).
- [44.] Yudiningsih, NMD, Yudiaatmaja, F., & Yulianthini, NN (2016). The Effect of Work Environment and Work Discipline on Employee Performance. *e-Journal of Bisma Ganesha University of Education*, 4, 1-7.



**LIST OF TABLES**

Dimensions	Respondent's Answer						Total	Std. Dev	Average	
	Indicators code	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree				
X1.1 Achievement & Action Oriented	P1	17	50	32	1	0	100	0.71	3.83	3.88
	P2	29	36	34	0	0	100	0.80	3.94	
X1.2 Helping and Serving Others	P3	22	56	22	0	0	100	0.66	4.00	4.25
	P4	55	40	5	0	0	100	0.60	4.50	
X1.3 Ability to Influence Creates Impact	P5	43	37	20	0	0	100	0.76	4.23	3.93
	P6	11	46	39	4	0	100	0.73	3.64	
X1.4 Managerial Ability	Q7	22	48	30	0	0	100	0.72	3.92	3.99
	Q8	23	60	17	0	0	100	0.63	4.06	
X1.5 Cognitive Ability	Q9	41	37	22	0	0	100	0.77	4.19	4.19
X1.6 Personal Effectiveness Ability	P10	15	48	31	6	0	100	0.80	3.72	3.72
<b>Total</b>		<b>278</b>	<b>458</b>	<b>252</b>	<b>11</b>	<b>0</b>	<b>1000</b>			<b>3.99</b>
<b>Percentages</b>		<b>27.8%</b>	<b>45.8%</b>	<b>25.2%</b>	<b>0.11%</b>	<b>0%</b>	<b>100%</b>			

Table 1: Descriptive Statistics for Competency

Source: Processed Research Primary Data, 2021

Dimensions	Respondent's Answer						Total	std. Dev	Average	
	Indicators code	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree				
X2.1 Direct Financial Compensation	P11	3	41	26	20	10	100	1.06	3.07	3.36
	Q12	24	50	26	0	0	100	0.71	3.98	
	Q13	4	26	51	19	0	100	0.77	3.15	
	P14	1	50	30	12	7	100	0.94	3.26	
X2.2 Indirect Financial Compensation	P15	5	40	33	19	3	100	0.92	3.25	3.60
	Q16	12	50	25	11	2	100	0.91	3.59	
	Q17	24	54	16	6	0	100	0.75	3.96	
X2.3 Direct Non-Financial Compensation	P18	2	36	30	22	10	100	1.03	2.98	3.29
	P19	9	39	43	9	0	100	0.78	3.48	
	P20	0	50	42	8	0	100	0.64	3.42	
<b>Total</b>		<b>84</b>	<b>436</b>	<b>322</b>	<b>126</b>	<b>32</b>	<b>1000</b>			<b>3.41</b>
<b>Percentages</b>		<b>8.4%</b>	<b>43.6%</b>	<b>32.2%</b>	<b>12.6%</b>	<b>3.2%</b>	<b>100%</b>			

Table 2: Descriptive Statistics for compensation

Source: Processed Research Primary Data, 2021

Dimensions	Indicators code	Respondent's Answer					Total	std. Dev	Average	
		Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree				
Y1.1 Attendance Frequency	P21	4	35	43	14	4	100	0.87	3.21	3.73
	P22	35	56	9	0	0	100	0.61	4.26	
Y1.2 Compliance with Work Regulations	P23	24	43	30	3	0	100	0.81	3.88	3.94
	P24	28	44	28	0	0	100	0.75	4.00	
Y1.3 Compliance w/ Work Standards	P25	23	43	34	0	0	100	0.75	3.89	4.04
	P26	44	36	14	6	0	100	0.89	4.18	
Y1.4 High Alert Level	P27	37	39	24	0	0	100	0.77	4.13	3.91
	P28	11	49	39	1	0	100	0.67	3.70	
Y1.5 Work Ethics	P29	25	50	16	9	0	100	0.87	3.91	4.03
	P30	40	35	25	0	0	100	0.79	4.15	
<b>Total</b>		<b>271</b>	<b>430</b>	<b>262</b>	<b>33</b>	<b>4</b>	<b>1000</b>			
<b>Percentages</b>		<b>27.1%</b>	<b>43.0%</b>	<b>26.2%</b>	<b>3.3%</b>	<b>0.4%</b>	<b>100%</b>			<b>3.93</b>

Table 3: Descriptive Statistics for Work Discipline

Source: Processed Research Primary Data, 2021

Dimensions	Indicators code	Respondent's Answer					Total	std. Dev	Average	
		Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree				
Y2.1 Quality of Work	P31	42	42	16	0	0	100	0.72	4.26	4.05
	P32	14	50	33	3	0	100	0.73	3.75	
Y2.2 Quantity of Work	P33	34	47	19	0	0	100	0.71	4.15	3.92
	P34	10	55	29	6	0	100	0.73	3.69	
Y2.3 Cooperative	P35	49	40	11	0	0	100	0.68	4.38	4.19
	P36	21	58	21	0	0	100	0.65	4.00	
Y2.4 Time Management	P37	41	41	18	0	0	100	0.73	4.23	3.78
	P38	5	45	30	19	1	100	0.88	3.34	
Y2.5 Existence	P39	6	61	28	5	0	100	0.66	3.68	3.58
	P40	7	43	41	9	0	100	0.75	3.48	
<b>Total</b>		<b>229</b>	<b>482</b>	<b>246</b>	<b>42</b>	<b>1</b>	<b>1000</b>			
<b>Percentages</b>		<b>22.9%</b>	<b>48.2%</b>	<b>24.6%</b>	<b>4.20%</b>	<b>0.10%</b>	<b>100%</b>			<b>3.90</b>

Table 4: Descriptive Statistics for Employee Performance

Source: Processed Research Primary Data, 2021

Variable	AVE Value
Competency	0.528
compensation	0.551
Work Discipline	0.546
Employee Performance	0.544
Average	0.542

Table 5: Average Variance Extracted (AVE)

Source: Processed Research Primary Data, 2021

Variable	Cronbach's Alpha	Composite Reliability
Competency	0.901	0.918
compensation	0.910	0.925
Work Discipline	0.908	0.923
Employee Performance	0.907	0.922

Table 6: Cronbach Alpha and Composite Reliability

Source: Processed Research Primary Data, 2021

Variables/Indicators	Competency	compensation	Work Discipline	Employee Performance
<b>Competency</b>				
<b>X1.1</b>	<b>0.718</b>	0.153	0.281	0.311
<b>X1.2</b>	<b>0.747</b>	0.120	0.360	0.393
<b>X1.3</b>	<b>0.738</b>	0.023	0.332	0.346
<b>X1.4</b>	<b>0.731</b>	0.159	0.348	0.265
<b>X1.5</b>	<b>0.687</b>	0.114	0.176	0.311
<b>X1.6</b>	<b>0.720</b>	0.119	0.352	0.341
<b>X1.7</b>	<b>0.686</b>	0.139	0.242	0.250
<b>X1.8</b>	<b>0.749</b>	0.132	0.281	0.322
<b>X1.9</b>	<b>0.733</b>	0.198	0.417	0.418
<b>X1.10</b>	<b>0.756</b>	0.218	0.405	0.361
<b>Compensation</b>				
<b>X2.1</b>	0.094	<b>0.742</b>	0.386	0.431
<b>X2.2</b>	0.145	<b>0.745</b>	0.470	0.464
<b>X2.3</b>	0.139	<b>0.737</b>	0.337	0.386
<b>X2.4</b>	0.134	<b>0.726</b>	0.326	0.349
<b>X2.5</b>	0.055	<b>0.734</b>	0.264	0.303
<b>X2.6</b>	0.266	<b>0.772</b>	0.356	0.429
<b>X2.7</b>	0.185	<b>0.727</b>	0.385	0.428
<b>X2.8</b>	0.113	<b>0.790</b>	0.403	0.447
<b>X2.9</b>	0.248	<b>0.745</b>	0.402	0.401
<b>X2.10</b>	0.008	<b>0.701</b>	0.310	0.389
<b>Work Discipline</b>				
<b>Y1.1</b>	0.416	0.442	<b>0.787</b>	0.580
<b>Y1.2</b>	0.352	0.399	<b>0.754</b>	0.527
<b>Y1.3</b>	0.360	0.407	<b>0.731</b>	0.579
<b>Y1.4</b>	0.350	0.404	<b>0.731</b>	0.494
<b>Y1.5</b>	0.353	0.319	<b>0.719</b>	0.540
<b>Y1.6</b>	0.371	0.365	<b>0.747</b>	0.608
<b>Y1.7</b>	0.285	0.345	<b>0.730</b>	0.467
<b>Y1.8</b>	0.283	0.355	<b>0.710</b>	0.509
<b>Y1.9</b>	0.288	0.310	<b>0.735</b>	0.408
<b>Y1.10</b>	0.247	0.306	<b>0.741</b>	0.515
<b>Employee Performance</b>				

Y2.1	0.420	0.393	0.552	<b>0.741</b>
Y2.2	0.291	0.424	0.497	<b>0.719</b>
Y2.3	0.398	0.386	0.607	<b>0.763</b>
Y2.4	0.438	0.466	0.545	<b>0.779</b>
Y2.5	0.352	0.444	0.476	<b>0.736</b>
Y2.6	0.286	0.384	0.469	<b>0.766</b>
Y2.7	0.191	0.446	0.516	<b>0.703</b>
Y2.8	0.356	0.308	0.522	<b>0.702</b>
Y2.9	0.342	0.400	0.483	<b>0.746</b>
Y2.10	0.320	0.392	0.573	<b>0.715</b>

Table 7: Cross Loading Variables and Constructs

Source: Processed Research Primary Data, 2021

<b>Construct</b>	<b>R<sub>2</sub></b>
Work Discipline	0.376
Employee Performance	0.584

Table 8: Coefficient of Determination (R<sub>2</sub>) Inner Model

Source: Processed Research Primary Data, 2021

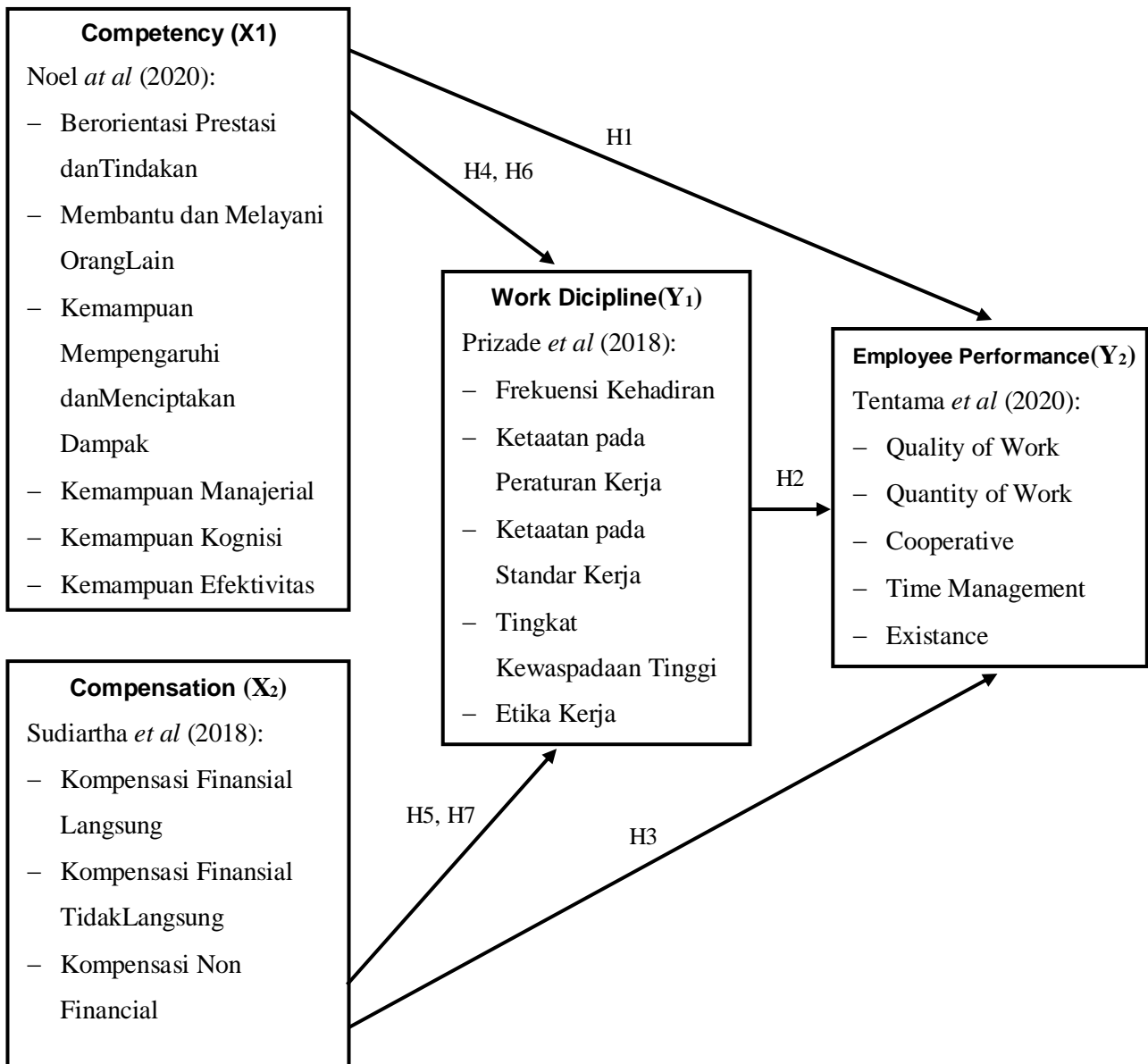


Fig. 1: Conceptual Framework