

## The Influence Of Work Discipline And Financial Compensation On Performance Of Employees In National Private Shipping And Logistics Industry

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### Abstract:

Human resources and personnel management are crucial for businesses in managing, coordinating, and employing staff so that they can work efficiently to meet organizational goals. A company's human resources must be competently managed to strike a balance between employee needs and the requirements and capabilities of the organization. The key to the business's productive and equitable growth is this equilibrium. The productivity of a company's personnel has a significant impact on the growth of its operations and organizational structure. In this study, the impact of direct cash pays and the use of workplace rules on employee performance is examined. 100 individuals from each employee division's population made up the sample. The impact of direct financial support and the imposition of work discipline on employee performance levels is examined using the multiple regression method. The study's findings demonstrate that among the four independent variables salary, wages, incentives, and work discipline only incentive, with a t-value less than the t-table, has no bearing on the independent variable performance.

**Keywords:** company goals, human resources, performance, salary, wages, incentives, work discipline.

## Introduction

Since the beginning of time, humans have needed clothing to survive. At first, clothing served as a tool to aid human tasks related to survival, such as shielding the body from the sun's rays and keeping it warm in the winter. But as human civilization has advanced, clothing has also evolved into a sign of social standing for the wearer. And in today's contemporary world, this is still valid. Since everyone needs clothes, the clothing industry will always exist and offer fantastic opportunities to those who are involved. Fast-fashion retail is one clothes business strategy that is still expanding. Global fast fashion retail has increased by more than 20% over the past three years. The fashion boom in Asia-Pacific, which is underpinned by significant economic growth, is one of the main drivers of this industry's growth. Fast fashion retail is a shop that creates and sells fashion items in bulk according to catwalk standards, producing distinctive and high-quality items at reasonable pricing. Fast fashion is also able to grow since it offers a distinct kind of fashion product consuming experience. Human resources and personnel management are crucial for businesses in managing, coordinating, and employing staff so that they can work efficiently to meet organizational goals (Gunawan, 2014).

A company's human resources must be competently managed to strike a balance between employee needs and the requirements and capabilities of the organization. The key to the business's productive and equitable growth is this equilibrium. The productivity of a company's personnel has a significant impact on the growth of its operations and organizational structure. The increasingly stringent level of business competition has resulted in companies being faced with challenges to maintain survival. Every company is founded with the aim of achieving optimal profits. This goal will be achieved if the company carries out business activities that do not deviate from previously established plans. Plans that have been carefully determined and decided together with all parties can be implemented if there is good cooperation between the company and the employees. Employees are an important element in the company, so their existence must be considered so that employees work optimally to develop themselves and are able to develop the company. Utilizing employees in a company is not an easy and simple matter but requires serious thought, especially for companies or organizations that use a lot of labor or employees (Rahim et al., 2018).

One of the jobs of human resource management is to motivate each person by giving them guidance. Offering remuneration and work discipline to employees is one strategy to encourage them to use their authority as effectively and efficiently as possible to boost business performance. Employees will work with the desire and awareness to comply with organizational regulations when they believe that the company where they work can understand and know their needs of life, which are the trigger for why they work, and when compensation is provided and discipline is applied. and corporate social norms to best achieve business objectives. The company that was studied is one of the companies operating in the field of inter-island goods transportation services, with a high level of competition among similar companies operating in the same field. The company has high trust among consumers who use its goods transportation services. This is proven by most of eastern Indonesia, namely Jayapura, Nabire, Kaimana, Serui, Biak, Tual, Manokwari, Sorong, Fak-Fak, Timika, Makassar, Merauke, and Bau-bau. And most, or around 55%, of the goods sent are basic commodities or food. Most of the goods sent are basic materials or raw materials that are easily damaged. Of course, the company must empower workers or employees who have good performance and have a high level of loyalty to the company by providing remuneration with a compensation system and also making strict rules for the company. employees to maintain employee performance so that the company can maintain consumer trust (Handoko, 2013). Throughout the year, we experienced uncertain conditions. This could be caused by employee performance, which was influenced by company policies in providing direct financial compensation and implementing work discipline.

## Literature Review

An aspect of employment relations known as employee remuneration frequently leads to issues in labor relations. Organizational management, employees, and the government have all historically been concerned about compensation concerns, particularly wages. Wages are a significant component of production and operational costs, they reflect the performance of employees who must be paid, and they have an impact on management's

capacity to hire personnel with specific traits (Daud et al., 2019). The ability of a corporation to turn a profit, particularly in labor-intensive businesses, is determined by employee compensation. As a result, management strives to streamline employee compensation with low payouts, but employees must deliver their best work. Organizations' primary trait is order, and discipline is one way to keep that order. Discipline's primary objective is to maximize efficiency by minimizing wastage of time and effort. In addition, discipline aims to prevent loss or damage to property, tools, and other items due to negligence, humor, or theft. Discipline is to eliminate mistakes and carelessness brought on by indifference, incapacity, and tardiness (Hasibuan, 2005). Discipline aims to prevent starting or finishing work prematurely as a result of tardiness or laziness. Additionally, discipline aims to eliminate disagreements among staff members and stop disobedience brought on by misunderstandings and erroneous interpretations. The organization will be affected by a well-designed compensation system in two ways: first, it will have an effect on operating costs; second, it will influence employee work attitudes and behavior in a way that is consistent with the organization's goals, allowing employees to perform better (Dama et al., 2023). This is understandable given that one of a person's aims in working is to anticipate receiving remuneration from the company where he or she is employed, while the employer anticipates that employees would give the job their all (Zakaria et al., 2023; Tannady & Purnamaningsih, 2023). The degree of a person's accountability for the duties given to them will also be reflected by an employee's work discipline if the system is well-designed (Winarni & Sugiyarso, 2016). This promotes a love of work, a passion for it, and the achievement of organizational objectives (Yuliana & Tannady, 2019). Strength will be reflected in discipline since successful people typically exhibit strong discipline (Hidayat & Tannady, 2023). For an organization to fulfill its goals, enhancing employee performance depends on a number of essential aspects, including the pay structure and workplace rules (Wirawan, 2019).

## **Methodology**

Interviews with firm executives and employees, as well as information gathered from other parties involved in the problem being examined, provide qualitative data, which is information that is not presented in the form of numbers or that cannot be calculated. Data that may be calculated from questionnaires that were distributed and connected to the problem being examined is known as quantitative data. Primary data and secondary data make up the two types of data sources employed in this study. According to the requirements of this research, primary data are facts discovered by the author from direct observation or observations from the company, whether by observation, surveys, or direct interviews with corporate executives and workers. Secondary data is information that has been acquired in an indirect manner; in this case, the author gathered the information through corporate records and reference materials that discuss employee performance, pay, and workplace rules. Data collection was carried out through interviews, observations, and questionnaires. A sample is a portion of members of a population selected using a certain procedure and is expected to represent a population. The total number of employees is 350. The sample taken was 100 employees from each division in the organizational structure. The sampling method used is stratified disproportional random sampling, which is sampling based on a population that is collected and then taken randomly from each group but is not proportional. The measurement scale used to assess each respondent's answer is a Likert scale.

## **Case studies**

Types of providing direct financial compensation to the company, namely salary in the form of a basic salary, wages in the form of overtime pay, and incentives in the form of food allowance, transport allowance, and bonuses. The amount of salary earned by all employees is determined by the Jakarta UMR, position, final education, and length of work that each employee has. It is paid after a period of one month. The number of wages, namely overtime wages, that all employees receive is determined by their workload and the amount of overtime worked in one week. Meanwhile, incentives in the form of food and transport money that all employees receive are determined by the company, and bonuses based on targets that are exceeded are only obtained by the marketing division and paid after 1 month. Employees in the operational division want payment techniques for overtime wages to be paid within

one week, which is different from other divisions such as the HR division, marketing, finance division, accounting division, general division, and information technology division, which want overtime wages to be paid after one week. This is because these divisions, in carrying out their respective jobs, rarely work outside working hours or overtime so that the overtime pay they receive is in small amounts.

The conclusions drawn by respondents regarding the perception of salary provision were at a score of three, or in the sufficient category. This is evident from the respondents' responses' average value, namely in the scale range between 2.6 and 3.4, totaling 48.6%, meaning the company's policy in providing salaries (basic salary) is in accordance with the employee's final education, position or title, cost of living, workload, and experience. The conclusions drawn by respondents regarding the perception of wages were at a score of four, or in the good category. This is evident from the respondents' responses' average value, namely in the scale range between 3.4 and 4.2, totaling 56% respondents, meaning the policy in providing overtime pay is in accordance with the workload, position or title, number of overtime hours, and payment of appropriate overtime wages to the employee. The conclusions drawn by respondents regarding their perception of providing incentives were in the sufficient category. This is evident from the respondents' responses' average value, namely in the scale range between 2.6 and 3.4, totaling 50% respondents, meaning that the policy of providing incentives (meal money, transport money, and bonuses) is appropriate to the employee's cost of living, workload, position, experience, and achievements. The respondents' conclusions regarding work discipline were at a score of four, or in the good category. This is evident from the respondents' responses' average value, namely in the scale range between 3.4 and 4.2, totaling 58% respondents, meaning that implementation work discipline is strict where employees come to work on time, employees use company equipment according to function, employees fulfill the responsibilities given by the company, employees obey company regulations, employees work according to company operational standards (SOP), employees obey their superiors, employees are present every working day, and employees notify the company when they are unable to attend. Respondents' conclusions regarding employee performance were at a score of four, or in the good category. This is evident from the respondents' responses' average value, namely in the scale range between 3.4 and 4.2, totaling 56% respondents, meaning employees, on average, have loyalty to the company, work enthusiasm, initiative, responsibility, mutual cooperation, and meeting company targets.

The GAP analysis of employee performance on the loyalty performance indicator has a GAP of 31%, work morale has a GAP of 33%, cooperation has a GAP of 22%, initiative has a GAP of 31%, responsibility has a GAP of 22%, and target achievement has a GAP of 13%. The policy for overcoming the GAP or gap is based on indicators of loyalty, work morale, and initiative. The company provides bonuses for employees who have loyalty, work enthusiasm, and high initiative so that they get good performance, always have enthusiasm, and have high initiative in implementing their respective duties, but this bonus program is not evenly distributed only in the marketing division, so there is still a gap. It is best to give the bonus program to all employees in existing divisions so that the GAP in indicators of loyalty, work morale, and initiative can be achieved. resolved. Meanwhile, to overcome GAP in cooperation indicators, it is best to create a meeting program for all employees in the company's divisions, including branch heads, secretaries, division managers, and division staff, at least once a month so that all employees get to know each other and support each other to carry out the tasks assigned by the company. Meanwhile, the GAP in the responsibility indicator should apply stricter regulations so that employees carry out their duties fully with responsibility, and the GAP in the target achievement indicator is an indicator that has a small GAP value. This can be seen in each employee always carrying out their duties. meet the targets set by the company.

The significance test for the variable (X1) income is at a 90% level of confidence, according to the coefficient. With a t-count value of 2.14, it comes out that H0 is rejected and H1 is approved, indicating that it is significant, if the t-count value > t-table, or  $2.14 > 1.67$ . Performance of employees is influenced by pay. then the outcome of the variable's significance test. Salary is remuneration paid to permanent employees and has definite guarantees. Every employee will definitely receive compensation for what they have done. If the company does not provide it, employee performance will be poor, and consumer confidence in the company will certainly decrease. The salary system for these employees is in accordance with regulations and meets the living costs of each employee. This is what causes the influence of salary on employee performance. The significance test for the variable (X2) wages is at a 90% level of confidence, according to the coefficient. With a t-count value of 1.5, it comes out that H0 is rejected and H1 is approved if the t-count value > t-table, or  $1.8 > 1.67$ , indicating that significant wages have an impact on employee

performance. then, the variable's significance test findings If an employee works past the company's regular working hours, they will receive overtime money from the employer. All employees in the operational division always work outside working hours or overtime to get overtime pay from the company so that the company's targeted work is completed faster than the time specified. set. Meanwhile, non-operational divisions, namely the HR division, marketing division, finance division, accounting division, general division, and information technology division, rarely work outside standard working hours unless the tasks assigned must be given an accountability report to the company. Therefore, it can be said that salaries in the operational division have a substantial impact on employees' performance, whereas wages in the non-operational division do not significantly affect employees' performance in the non-operational division.

The coefficient leads to the conclusion that the variable (X3) incentives' significance test is at a 90% level of confidence and has a t-count value of 1.08. It turns out that H0 is accepted and H1 is denied, indicating that it is noteworthy, if the t-count value < t-table. The effectiveness of employees is unaffected by incentives. Incentives are compensation given to certain employees because their performance exceeds specified standards. Incentives at the company include meal allowances, transport allowances, and bonuses. Providing meal allowances and transport allowances for all employees in the divisions, but only the marketing division gets bonuses if they get customers that exceed the target, so the marketing division often looks for more customers than the target set by the company to get incentives in the form of bonuses. Other divisions, especially operations, which are the backbone of the company, do not receive bonuses. Therefore, it can be inferred that bonuses and other incentive programs have a big impact on how well employees perform in the marketing section. Aside from the marketing division, the performance of the HR division, finance division, accounting division, general division, information technology division, and operations division is not significantly impacted by incentives in the form of bonuses.

The significance test for the variable (X4) work discipline is at a 90% level of confidence, according to the coefficient. When the t-count number is more than the t-table, as it is when it is 6.1, H0 is rejected and H1 is approved, indicating that it is significant that workplace discipline affects employee performance. Employers can use discipline to guide employee conduct and ensure that they follow the rules that are relevant to the business. The company implements very strict regulations so that employees work according to the company's operational standards, and if they violate them, they will be subject to heavy sanctions, for example, delayed salary payments and even salaries being deducted. Workplace discipline thus has a significant impact on employee performance. It is known that the independent variables of direct financial pay and work discipline have a substantial impact on employee performance based on study findings on the relationship between direct financial compensation and the use of work discipline. This finding is further supported by the findings of additional research on the impact of salary and work discipline on employee performance at one Indonesian real estate company, which similarly indicated a strong correlation between the two factors.

## Conclusion

The company policy regarding providing direct financial compensation in the sufficient category means that it meets applicable regulatory standards and follows employee wishes. The application of discipline is categorized as good, meaning that the company's regulations have been structured firmly. When employees fulfill their jobs in accordance with the business' standard operating procedures (SOP), their performance is considered to be good. Based on the findings of the multiple regression test, it is known that the independent variables salary, wages, incentives, and work discipline have a significant impact on the dependent variable, namely employee performance, which in turn has a significant impact on the dependent variable, namely work discipline. The author advises businesses to pay more attention to issues with direct financial compensation plans and the creation of more suitable rules in order to enhance employee performance in achieving the company's goals.

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