

## ***The Influence of Compensation and Work Discipline on Employee Performance PT. Matahari Department Store Karawang***

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### **ABSTRACT**

*Low staff performance will hinder organizational goals. Management must consider salary and work discipline while producing human resources to fulfill company goals and increase performance. This study examines the relationship between compensation and work discipline and their partial and simultaneous effects on employee performance at PT Matahari Department Store Karawang branch. This study uses descriptive and verification methodologies. Sample Random Sampling was used to acquire 104 samples from 140 persons. Data analysis is done using scale range analysis and path analysis using MSI, Excel 2010, and SPSS version 23. This research found that PT Matahari Department Store Karawang employees' compensation averages 402, which is on the agreed scale range, and that their work discipline averages 401, which is on the agreed scale. The correlation analysis score of 0.456 shows a substantial association between remuneration and work discipline. Performance is partially influenced by remuneration (27.8%) and work discipline (19%). The study found a 46.8% correlation between salary and work discipline and employee performance at PT Matahari Department Store Karawang. The remaining 53.2% was due to other variables ( $\epsilon$ ) not addressed in this study.*

**Keyword:** Compensation, Work Discipline, Employee Performance

### **1. Introduction**

A business is an organization with many goals. Among the most prominent Indonesian retailers, Matahari Department Store offers reasonably priced apparel, accessories, cosmetics, and home goods. Management of production elements including human resources, capital, raw materials, machinery, and technology is essential to the operations of Matahari Department Store in pursuit of these goals. As a result, Matahari Department Store needs to have top-notch management, particularly in the area of human resources, to ensure that its employees are always working to their full potential in regard to these production aspects. All tiers of management must understand the significance of human resources (Aliyah, 2020).

When it comes to following the rules, the Matahari Department Store Karawang location never strays. One standardized way that workers' understanding of ethics in the course of their work is evaluated is at the Matahari Department Store Karawang branch. Maintain the appropriate demeanor expected of a Matahari Department Store employee at all times. Good communication skills are a necessary, as is the ability to present oneself in a way that is both professional and consistent with the values held by the organization (Prasetio et al., 2017).

Disciplined workers never slack off and always deliver stellar results because they take their responsibilities seriously. The goal of any business should be to achieve high levels of performance. Employees that are committed to creating good performance work hard to accomplish objectives so that they can maximize the results of their assigned duties and contribute to the company's overall objectives (Jamaludin, 2020).

The attendance rate of Matahari Department Store Karawang's 167 employees indicates poor discipline and performance. The employee attendance letter showed 46 absences in 2016, 53 in 2017, and 68 in 2018 (Administration of Matahari Department Store

Karawang period 2017-2018). Data demonstrates Matahari Department Store Karawang employees' poor work discipline, indicating that their responsibility is not maximized. According to Veithzal Rivai, firm performance has declined due to staff performance. Performance is the true conduct each person exhibits as a work achievement created by employees who fulfill their firm roles (Rivai, 2016)

Researchers also found that many employees grumble about business bonuses, which hurts their performance. Compensation is crucial to employee satisfaction. Effective pay management can help the company achieve its goals and attract, retain, and motivate top talent (Pangastuti et al., 2020). Fair and clear compensation is anticipated for their livelihood and families because it reflects social status and employee performance to the organization. Fair and unambiguous remuneration for punished personnel improves performance (Lesmana, 2018).

When it comes to the company's most important asset—its employees—the Karawang branch of Matahari Department Store is having performance problems. The challenge is in figuring out how to put together the best possible human resources to achieve their objectives.

Prior studies on the subject: (Nasichah, 2016) His investigation into the effects of pay and disciplinary measures on productivity at Jepara Regency's KSPS BMT Bina Ummat Sejahtera was fruitful. With a value of 0.545, the correlation is quite strong. How well KSPS BMT Bina Ummat Sejahtera employees do their jobs depends on factors including pay and workplace discipline in Jepara Regency. If you look at the F count (22.170), it's greater than the F table value (4.098).

Fitriyah Marzuqo's Lailatul (2011) His research looked at how the pay of employees at the Sidogiri Malang branch of Baitul Mal Wat Tanwil affected their productivity on the job. Perform tests in parallel: The F-table value is 3.39, whereas the F-count value is 18.053. There is a dominating influence of X<sup>2</sup>'s 0.001 on Y (3.645>2.042, partial test) (Tuhagana, 2020). Nurul Astuty Yensy's 2010 study, The Impact of Teachers' Salary and Other Incentives on Their Work at SMA Negeri 2 Argamakmur Bengkulu Utara The same holds true for the relationship between pay and performance ( $R^2 = 45.6\%$ ).  $5\% = t r = 0.488$ ) shows that pay has a positive and statistically significant influence on productivity (Sinaga & Hasibuan, 2022)

The preceding description yields the following problems: (1) How does PT Matahari Department Store, Karawang branch compensate? (2) PT Matahari Department Store, Karawang branch employees' work discipline. (3) Karawang branch PT Matahari Department Store employee performance. How much does compensation affect work discipline at PT Matahari Department Store, Karawang branch? (5) How much does compensation and work discipline affect employee performance at PT Matahari Department Store, Karawang Branch? (6) How much do compensation and work discipline affect employee performance at PT Matahari Department Store, Karawang Branch?

## 2. Research Methods

This research uses descriptive and verification methodologies. Descriptive research measures the value of one or more independent variables without comparing them to other variables. Sugiyono (2013) defines quantitative research methods as positivist methodologies used to study populations or samples. Researchers collect and analyze data using quantitative/statistical methods to evaluate theories. A descriptive study examines the independent variables Compensation (X<sub>1</sub>) and Work Discipline (X<sub>2</sub>) and the dependent variable Performance (Y). Verification uses statistics to test the hypothesis.

The study was done in PT Matahari Department Store in Karawang, West Java. To ensure this research meets expectations, the author confines it to several departments of PT

Matahari Department Store, Karawang Regency, West Java Province. This study ran from December 2018 to March 2019. Population is a generalized area of items or persons that researchers analyze and make conclusions from, according to Sugiyono (2013). One or more population traits are in the sample. The population is huge, and academics lack funding, energy, and time to study everything. This survey included 140 PT Matahari Department Store Karawang employees. Population data from PT Matahari Department Store Karawang. Researchers can use population samples. The number of samples utilized in this study was calculated using Slovin's calculation with 5% error. The sample size formula for a known population is:

To find the sample, Slovin used the following formula:

$$n = \frac{N}{1 + N(e)^2}$$

Description:

n= Sample size/number of respondents

N= Population size

e= Error rate

This study assumed a 5% margin of error because there were 140 participants. As a result, a representation of:

$$n = \frac{140}{1 + 140(0.05)^2}$$

$$n = \frac{140}{1.5} = 103,703$$

We round up to 104 individuals for the sample size. Thus, a total of 104 individuals from PT Matahari Department Store Karawang were surveyed for this study.

When analyzing data, descriptive statistics are employed to provide a public-facing or generalized description of the data. This study describes the impact of pay and discipline on PT Matahari Department Store Karawang employees' performance using descriptive analysis that employs a variety of scales (Sugiyono, 2013). The purpose of this research is to examine survey responses based on quantitative data collected, in this case from a Likert scale. Here is the general formula:

Sugiyono (2013) states that in order to determine the scale's range, a formulation of scale range analysis can be used:

$$\text{Range of Scales} = \frac{n(m-1)}{m}$$

Where:

n = Number of samples

m = Number of Alternative Answers (score = 5)

Lowest Range = Lowest score x number of Samples

Highest scale = highest score x number of samples

The scale range of this research is

$$\text{Range of Scales} = \frac{n(m-1)}{M}$$

$$\text{Range of Scales} = \frac{104(5-1)}{5} = 83,2$$

With this verification study, we hope to ascertain how much of an impact PT Matahari Department Store Karawang's pay and disciplinary policies have on staff productivity. Using this strategy, one can learn the magnitude of the relationship between the dependent and independent variables (Tuhagana, 2020).

For research to be efficient and fruitful, it is necessary to test hypotheses, which are statements that explain a link between two case-related variables. These assumptions are transient and must be proven or disproven (Saridevi, 2022). The primary idea behind partial testing statistics, often known as T test statistics, is to demonstrate the extent to which a single independent variable may explain the dependent variance. At the outset, we have the null hypothesis that states no substantial influence of salary and work discipline on employee performance (H0) and the alternative hypothesis that states a strong influence of both (H1) over the other. Next, find the significance level ( $\alpha = 0.05$ ). Finally, the standards for evaluation if the absolute value of t-count is less than or equal to t-table, then H1 is approved and H0 is refused (Komara & Anisah, 2016).

F Test, or PenSimultaneous Test Used to find out if the current dnegan may be accepted or rejected by calculating the significance of the influence of the two independent variables (work discipline and compensation) on the dependent variable (employee performance) together. This is what the test requirements are: (1) The null hypothesis states that there is no substantial influence of salary and work discipline on employee performance, as  $\beta_1 = \beta_2 = 0$ . (1) The null hypothesis states that there is no substantial influence of salary and work discipline on employee performance. (3) Find out that  $\alpha = 0.05$  is the level of significance. (4) Here are the criteria that were utilized for this study: \* If the F-count is less than or equal to the F-table, then H1 is allowed. "b) If the F-count is greater than the F-table, then the null hypothesis (H0) is rejected." (Nasichah, 2016).

### 3. Results and Discussions

In this survey, 133 Matahari Department Store Karawang employees participated, with 45 (43% male) and 59 (57% female). At Matahari Department Store Karawang, women dominate tasks. Only 8 persons aged 40-50 responded, whereas 45 people aged 25-30 responded (43%). The 18-25 age group had 31 (30%) respondents and the 30-40 age group 20 (19%). Matahari Department Store Karawang staff are still productive. Matahari Department Store Karawang personnel with high school degrees are 84 (81%), D3 education is absent, and S1 education is 20 (19%).

In this investigation,  $n = 104$  samples,  $df = 104 - 2 = 102$ ,  $\alpha = 0.05$ , and R table = 0.193. If a questionnaire provides a correlation coefficient above 0.193, researchers might conclude that all statements contain legitimate data, while a correlation coefficient below 0.193 indicates faulty data. The validity test of the compensation variable has a calculated r value over 0.193 or R count > R table, hence all questionnaire statements are legitimate. All Work Discipline variable questionnaire statements are valid because the R value is above 0.193 or R count > R table. The validity test yields R values over 0.193 or R count > R table, validating all employee performance variable questionnaire statements (Tuhagana, 2020).

### Results of Data Analysis

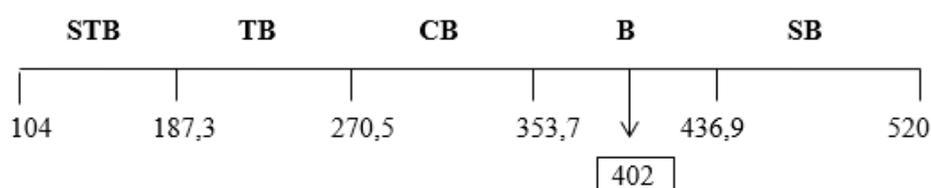
Matahari Department Store Karawang's compensation is summarized below:

**Table 1. Compensation Recapitulation**

No	Indicator	Score	Description
1	Salary	406	Good
2	Incentives	396	Good
3	Severance	406	Good
4	Bonus	398	Good
5	Position Allowance	407	Good
6	Retirement Allowance	409	Good
7	Health Benefits	389	Good
8	Work according to ability	401	Good
9	Opportunity to be promoted	399	Good
10	Fun work	401	Good
11	Comfortable work	402	Good
12	Total Score	411	Good
	Average Score	4825	
	Work according to ability	402	Good

Source: data processing results, 2019

There is an average score of 402 and a total score of 4,825 for the Compensation variable, according to table 1.1. As a result, PT Matahari Department Store Karawang pays its employees a competitive wage, with the following explanation providing further context.



**Figure 1. Compensation Recapitulation Scale Range**

Source: data processing results, 2019

The Compensation variable meets good criteria, as shown in Figure 1.1, falling within the scale range of 353.7 - 436.9. This bodes good for PT Matahari Department Store Karawang's Employee Compensation variable:

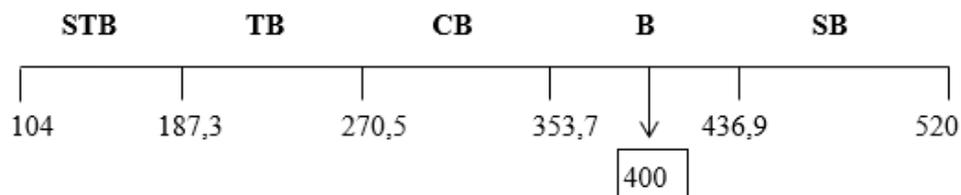
The PT Matahari Department Store Work Discipline is summarized below:

**Table 2. Recapitulation of Work Discipline**

No	Indicator	Score	Description
1	Work on time	407	Good
2	Break time on time	398	Good
3	Go home on time	402	Good

No	Indicator	Score	Description
4	Work equipment	394	Good
5	Work according to plan	403	Good
6	Work according to instructions	400	Good
7	Verbal reprimand	418	Good
8	Work procedure	397	Good
9	Follow company rules	399	Good
10	Responsible	385	Good
11	Complete the work	392	Good
12	Work according to SOP	402	Good
	Total Score	4797	
	Average Score	400	Good

A total of 4,797 points and an average of 400 points were recorded for the Work Discipline variable in table 1.2. It is clear from this statement that PT Matahari Department Store Karawang maintains a high standard of work discipline.



**Figure 2. Work Discipline Recapitulation Scale Range**

Source: data processing results, 2019

The Work Discipline variable meets good criteria, as shown in Figure 1.2, which indicates a scale range of 353.7 to 436.9. This indicates that PT Matahari Department Store Karawang's Work Discipline variable is functioning as intended.

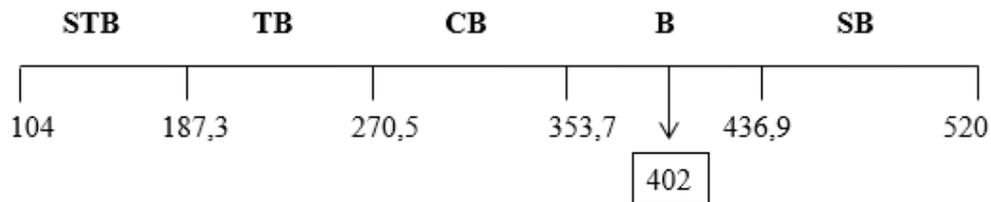
The PT Matahari Department Store Work Discipline is summarized below:

**Table 3. Employee Performance Recapitulation**

No	Indicator	Score	Description
1	Ability to work	398	Good
2	Skilled employees	402	Good
3	Have expertise	416	Good
4	Target achievement	399	Good
5	On time	409	Good
6	Work according to procedure	406	Good
7	Have knowledge	397	Good
8	Able to solve problems	407	Good
9	Responsibility	398	Good
10	Employees are reliable	398	Good
11	Trusted in attendance	401	Good
12	Active employee	403	Good
13	Good relationship	395	Good
14	Initiative	404	Good

15	Good attitude	400	Good
	Total Score	6033	
	Average Score	402	Good

According to Table 1.3, the Employee Performance variable has a total score of 6,033 with an average score of 402. The following is an explanation of why PT Matahari Department Store Karawang's employee performance is generally good.



**Figure 3. Range of Performance Recapitulation Scale**

Source: data processing results, 2019

The Employee Performance variable meets good criteria, as shown in Figure 1.3, falling within the scale range of 353.7 - 436.9. So, it seems like PT Matahari Department Store Karawang's Employee Performance variable is doing decent work.

**Verification Analysis**

**Correlation Between Compensation (X1) and Work Discipline (X2)**

The following formula is used to test the hypothesis of a link between work discipline (X2) and compensation (X1) using the t-statistic (Lestari et al., 2022):

$$t = \frac{\sqrt{n - 2}}{\sqrt{1 - r^2}}$$

Find out: r = 0.438

n = 104

Then:

$$t = \frac{0,438\sqrt{104 - 2}}{\sqrt{1 - 0,438^2}}$$

$$t = \frac{0,438\sqrt{102}}{\sqrt{1 - 0,192}}$$

$$t = \frac{4,423}{0,808}$$

$$t = 5,474$$

**Table 4. Correlation Testing Compensation (X1) Against Work Discipline (X2)**

Structural	Sig.	A	T-count	T-table	Conclusion
$P_{yx1x2}$	0,000	0,05	5,474	1,659	Ho rejected

Source: data processing results, 2019

The degree of freedom (df) is equal to  $(n-2) = 104 - 2 = 102$ , and the significance level ( $\alpha$ ) is set at 5% for testing the connection between Work Discipline (X2) and Compensation (X1). Using a sig value of 0.000, we can reject  $H_0$  because the obtained T table value is 1.659 and the titung value is 5.474. There is a relationship between X1 (Compensation) and X2 (Work Discipline), as a result.

### Effect of Compensation partially on employee performance

By conducting statistical tests based on the following hypothesis, we can learn how pay affects performance to a certain extent:

The null hypothesis states that compensation has no impact on performance.

The hypothesis states that compensation has an effect on employee performance, with  $\rho_{yx1} \neq 0$ .

Criteria for testing: if the significance level is less than  $\alpha$  or the tautology is greater, then reject  $H_0$ . Table 1The calculated t-table value is 1.659 for the partial effect of compensation on employee performance at a significant level ( $\alpha$ ) of 5%, with a degree of freedom (df) of  $(n-2) = 104 - 2 = 102$ . As can be seen from the table below, the effect of Compensation (X1) on Employee Performance (Y) is partially demonstrated by t count 5,317 and sig 0,000 (Dewi et al., 2018).

**Table 5. Partial Effect of Compensation (X1) on Performance (Y)**

Structural	Sig.	A	T-count	T-table	Conclusion
$\rho_{yx1}$	0,000	0,05	5,317	1,659	Ho rejected

Source: data processing results, 2019

$H_0$  is rejected based on the results of table 1.5, which demonstrate that the sig value is less than  $\alpha$  (0.05) and T count is greater than T table ( $5.317 > 1.659$ ). Employee Performance is Influenced by Compensation to a Certain Extent.

### Effect of Work Discipline partially on employee performance

Statistical testing employing the following hypothesis can determine how work discipline affects employee performance:

Work Discipline Does Not Affect Employee Performance:  $\rho_{yx2} = 0$ .

$H_0: \rho_{yx2} \neq 0$ : Work Discipline Impacts Employee Performance. Test criteria: Reject  $H_0$  if sig.  $< \alpha$  or Thitung  $> T_{table}$

A partial influence of Work Discipline on Employee Performance was examined at a significant level ( $\alpha = 5\%$ ), with  $df = (n-2) = 104 - 2 = 102$ . obtained 1.659 t table. The table below shows that Work Discipline (X2) partially affects Employee Performance (Y) with t count 4.024 and sig 0.000. (Tuhagana, 2020)

**Table 6. Partial Effect of Work Discipline (X2) on Performance (Y)**

Structural	Sig.	A	T-count	T-table	Conclusion
$\rho_{yx2}$	0,000	0,05	4,024	1,659	Ho rejected

Source: data processing results, 2019

Table 1.6 results indicate that  $H_0$  is rejected due to a sig value of  $0.000 < \alpha (0.05)$  and a T count of  $4.024 > 1.659$ . Work discipline partially affects employee performance.

### Effect of Compensation (X1) and Work Discipline (X2) simultaneously on Employee Performance (Y)

Statisticians can test the hypothesis that Compensation (X1) and Work Discipline (X2) jointly affect Employee Performance (Y):

Compensation and Work Discipline do not affect Employee Performance simultaneously.

Employee performance is influenced by both compensation and work discipline ( $p_{yx1} = p_{yx2} \neq 0$ ).

Test criteria: Reject  $H_0$  if sig.  $< \alpha$  or F count  $> F$  table (Permana & Ramdani, 2023).

Compensation (X1) and Work Discipline (X2) impact employee performance (Y) with a significant level ( $\alpha$ ) = 5%, dk = n - 2 = 102, yielding F table 3.09 and F count as shown below:

**Table 7. Calculation Result of F Value**

		ANOVA <sup>a</sup>				
	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1629,306	2	814,653	52,193	,000 <sup>b</sup>
	Residual	1576,454	101	15,608		
	Total	3205,760	103			

a. Dependent Variable: Performance

b. Predictors: (Constant), Work Discipline, Compensation

Source: SPSS Data Processing Results, 2019

Fhitung = 52.193 and sig. = 0,000. These values are shown in Table 1.7 up top. At the same time, the table below shows how Work Discipline (X2) and Compensation (X1) affect Employee Performance (Y):

**Table 8. Simultaneous Effect of Compensation (X1) and Work Discipline (X2) On Employee Performance (Y)**

Structural	Sig.	$\alpha$	F-count	Ftable	Conclusion
$P_{yx1 \times 2}$	0,000	0,05	52,193	3,09	$H_0$ rejected

Source: data processing results, 2019

$H_0$  is rejected since the sig value (0.000) is less than  $\alpha$  (0.05) and the F count (52.193) is greater than Ftable (3.09), as shown in Table 1.8. Conclusion: Work Discipline and Compensation Have an Influence on Employee Performance at the Same Time.

## Discussions

### Descriptive Discussion

#### Compensation

Employees at PT Matahari Department Store Karawang have positive things to say about their compensation: out of a total of 12 indicators with 12 questions, the score is 4,825 (on a scale from 402 to 436 with good criteria), and the average score is 402. Work according to ability, prospects for advancement, enjoyable and pleasant work, position allowances, retirement benefits, health insurance, holiday allowances, and severance pay are among the 12 indicators that meet good standards (Tuhagana, 2020). According to (Rivai, 2016) Two dimensions exist, namely in the following ways: Salary, bonus, and incentive pay is one form of

direct compensation. Second, there is indirect compensation, which includes things like pensions, perks, insurance, and facilities. According to this study's findings, PT Matahari Department Store Karawang indirectly applies the characteristics proposed by Veithzal Rivai in their compensation strategy, lending credence to the theory.

### **Discipline**

The overall score for work discipline at PT Matahari Department Store Karawang is 4,797. The average score is 400, which falls within the good criteria range of 400 to 436. This indicates that employees at this store consider the work discipline to be good. Among the 12 indicators that meet the criteria, there are 12 that stand out: punctuality (both at work and at rest), punctuality (both when going home and when getting ready for the day), work procedures, responsibility, following company rules, following SOP, verbal reprimands, and work equipment. Work Discipline that Influences an Employee's Level of Discipline (H. Malayu Hasibuan, 2012: 194) Goals related to employees' abilities, including their punctuality and the level of focus they bring to their work. (2) The degree to which workers are alert and careful while on the job, as well as when it comes to repairing and maintaining tools and machinery. Thirdly, being punctual, carrying out one's responsibilities as assigned, and showing a feeling of personal accountability are all essential components of a well-functioning workplace. (4) Compliance with established policies and procedures, including both the employee's own comprehension of and adherence to such policies and procedures. Five, maintaining a pleasant demeanor and acting professionally while on the job (Adnyani, 2018)

Based on the findings of this study, PT Matahari Department Store Karawang indirectly implements the work discipline principles proposed by H. Malayu Hasibuan, lending credence to this hypothesis.

### **Employee performance**

PT Matahari Department Store Karawang employees rate their performance as good, with a total score of 15 indicators with 15 questions of 6,033 and an average score of 402, which is in the range of 402–436 with good criteria. There are 15 good indicators (Tuhagana, 2020): ability to work, skilled employees, expertise, achieving targets, being on time, working according to procedures, knowledge, being able to solve problems, responsibility, reliable employees, trusted in attendance, active employees, good relationships, initiative, and kindness. According to (Sutedjo & Mangkunegara, 2013) (1) Work quality—ability, skill, and results—is a performance indicator. (2) Work amount includes time worked and target achievement. (3) Intertwining work and cohesiveness indicate cooperation. (4) Responsibility includes work results and decision-making. Initiative has one indicator: independence.

The results of this study on employee performance validate Anwar Mangkunegara's theory since PT Matahari Department Store Karawang indirectly applies his ideas.

## **Verificative Discussion**

### **Relationship Between Compensation and Work Discipline Variables**

Compensation and work discipline are two independent variables that are positively and significantly correlated with one another. The findings of the statistical measurement instruments' correlation analysis show a correlation coefficient of 0.438, indicating a pretty strong and two-way link due to the positive value and the fairly strong coefficient interval between 0.40 and 0.599. We find  $T_{table} = 1.659$  by testing the correlation between Work Discipline and Compensation using a significance level ( $\alpha$ ) of 5% and a degree of freedom (df) of  $(n - 2) = 104 - 2 = 102$  (Mahpudin & Maulana, 2022)

Since  $T_{hitung}$  (5.474) is more than  $T_{table}$  (1.659) and Sig value (0.00) is less than  $\alpha$  (0.05),  $H_0$  is rejected. We might say that pay and discipline in the workplace go hand in hand. Prior research by Nasichah (2016) lends credence to the findings of this investigation. With a

coefficient of determination of 0.545, remuneration has a moderate impact on work discipline (54.5% determination), suggesting a fairly strong association between the two variables.

#### **Partial Effect of Compensation and Work Discipline on Employee Performance**

Compensation has a partial effect on performance with a value of 0.242, or 24.2%. The performance of employees will be affected by low compensation, and performance will also rise in response to high compensation. The results of this study are supported by previous research by (Sinaga & Hasibuan, 2022) this shows that together between compensation and motivation on teacher performance has a moderate relationship, where from the calculation of the coefficient of determination of 0.488 which means that the contribution given by compensation and motivation to teacher performance has a large contribution to teacher performance with a determination of 48.8%.

The partial effect of work discipline on employee performance has a value of 0.174 or 17.4%, meaning that if work discipline is low, it will have an impact on employee performance, and vice versa if work discipline is high, performance will also increase. The results of this study are supported by previous research by (Putri, 2012), this shows that work discipline has a strong relationship with employee performance, where from the results of calculating the coefficient of determination of 0.659, which means that work discipline makes a considerable contribution to employee performance by 65.9%.

#### **Simultaneous Effect between Compensation and Work Discipline on Employee Performance**

Results from a test comparing the effects of pay and workplace discipline on productivity at the same time, with a significance level. Because  $F_{count} (52.193) > \alpha (0.05)$  and  $(0.000) < \alpha$ , A rejection of  $H_0$  is indicated by  $F_{table} (3.09)$ . The sum of remuneration and workplace discipline has a 41.6% impact on productivity. Employee performance has been impacted by work discipline pay to the tune of 41.6%, with the remaining 58.4% attributable to other variables that were not taken into account ( $\epsilon$ ). Maximizing performance requires leadership to set clear expectations for compensation and enforce discipline in the workplace. By doing so, leadership can motivate individuals to perform to their full potential. A study conducted by Nasichah (2016) titled "The Effect of Compensation and Work Discipline on Employee Performance at KSPS BMT Bina Ummat Sejahtera in Jepara Regency" found that out of all the variables influencing employee performance, work discipline and compensation accounted for 0.545 (or 54.5% of the total), while the remaining 45.5% were influenced by factors that were not included in the study.

#### **4. Conclusion**

Several aspects may be inferred from the research findings, which are presented in the section on the Effect of Compensation and Work Discipline on Employee Performance at PT Matahari Department Store Karawang. These include with a mean score of 402, PT Matahari Department Store Karawang's pay is competitive. It follows that, on the whole, PT Matahari Department Store Karawang employees gave positive ratings to the comments made in the survey about their pay.

With an average score of 400, PT Matahari Department Store Karawang has high work discipline. It follows that, on the whole, PT Matahari Department Store Karawang staff members gave positive ratings to the assertions made in the survey concerning Employee Conduct on the Job. At PT Matahari Department Store Karawang, staff members consistently demonstrate strong performance, earning an average score of 402. Overall, it seems that the staff who filled out the survey on their performance at PT Matahari Department Store Karawang had positive things to say about it. Compensation and Work Discipline are the independent

variables that are correlated with one another, with a correlation coefficient of 0.438. Clearly demonstrates a quite robust association between pay and workplace discipline.

There is a partial relationship between compensation (0.242, or 24.2% effect) and employee performance, and between work discipline (0.174, or 17.4% effect), meaning that both factors influence employee performance to a certain extent. It may be concluded that Compensation has a greater impact on Employee Performance compared to Work Discipline, as 17.4% is less than 24.2%. Employee performance is impacted by both compensation and work discipline at the same time to the tune of 0.416. It follows that 0.416, or 41.6%, of the variance in employee performance is attributable to pay and discipline issues, with the remaining 58.4% attributable to factors that were not considered in this analysis.

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