

Original Article

The Influence of Competence and Compensation on Employee Performance with Work Discipline as an Intervening Variable in Ruangguru Regional Sumatera

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Received Date: 31 December 2023

Revised Date: 09 January 2024

Accepted Date: 14 January 2024

Published Date: 25 January 2024

Abstract: Ruangguru is the largest startup in Southeast Asia's edutech sector, originating in Indonesia. The research focused on Ruangguru Regional Sumatra 1, encompassing Riau and the Riau Islands. Job openings specified only the minimum D3 education qualification without detailing the required competencies. The study aims to explain the relationship between competence, compensation, and employee performance, testing the influence of work discipline as an intervening variable. It employed a quantitative method, distributing questionnaires to 103 respondents, and utilized the Partial Least Square – Structural Equation Modeling approach. Results indicate that competence and compensation directly and significantly affect employee performance and work discipline. However, work discipline has a positive but nonsignificant effect on employee performance. Indirectly, competence and compensation show positive but nonsignificant effects on employee performance through work discipline in Ruangguru Regional Sumatra 1. The research results serve as valuable input for future researchers and for Ruangguru Regional Sumatra 1 to enhance competence, compensation, work discipline, and employee performance.

Keywords: Competence, Compensation, Work Discipline, Employee Performance.

I. INTRODUCTION

In the current industrial era, significant developments are occurring in the transformation of community life, especially in the education sector. The government is striving to bring innovation to enhance the well-being of society. Every organization is expected to optimize the potential of the human workforce and manage it effectively (Rapika & Sulaiman, 2020).

An organization strives to enhance professionalism by evaluating the performance of outstanding employees. The larger the workforce meets competency criteria, the more the overall productivity of the organization significantly improves. The success of the organization depends on employee performance, measured through a comparison of work results with predefined parameters. Data from Ruangguru Regional Sumatra 1 in 2021 recorded 18 employees (18%) with subpar performance, increasing to 23 employees (22%) in 2022, indicating a decline in performance during that period.

Several aspects influence employee performance, one of which is competence. Competence plays a crucial role in human resource management, with employees possessing knowledge, skills, and appropriate attitudes. The competence scores of employees in Ruangguru Regional Sumatra 1 indicate issues such as a mismatch between tasks, knowledge, and employee skills, as well as delays in task completion. Based on the data, knowledge, and skill scores have percentages of 36.90% and 52.43%, respectively, which are considered poor due to some employees being assigned responsibilities that do not align with their competencies.

Improving employee performance, aside from competence, can be achieved by providing compensation that corresponds to performance, shaping quality employees. Compensation refers to the income received by employees from the organization in the form of goods or services. Ruangguru Regional Sumatra 1 provides compensation in the form of monthly salaries based on the Provincial Minimum Wage (UMP), with employees in the Riau Islands receiving Rp. 3,050,172, and employees in Riau receiving Rp. 2,888,564 (Central Statistics Agency, 2023). The difference in monthly salaries based on the Provincial Minimum Wage in each province is influenced by the varying economic conditions in each province (Badan Pusat Statistik, 2023). This salary difference refers to the varying economic conditions in each province.

Apart from competence and compensation, employee work discipline is another factor that can influence work outcomes. Work discipline refers to an individual's ability to perform tasks steadfastly and diligently in accordance with organizational rules without violating them. The level of work discipline among employees in Ruangguru Regional Sumatra 1 experienced a decrease of 3% from 2021 to 2022, which is attributed to an increase in the total absenteeism of employees in 2022.



II. LITERATURE REVIEW

A. Competence

Competence is a set of abilities, characteristics, and information that are demonstrated in performance behavior and can be measured, tracked, and evaluated with the use of particular tools (Nyoto, 2019). However, according to Tiwa (2022), competence is fundamental knowledge related to individuals that reflects behavioral aspects stemming from the achievement of satisfactory performance, and according to Mitrani and Dalziel (cited in Zannah et al., 2022), competence is a fundamental characteristic of individuals inherently linked to the efficient performance of tasks. The definitions of competence that have been outlined lead to the conclusion that competence refers to the ability to complete specific tasks based on knowledge and skills supported by relevant work attitudes related to those tasks.

B. Compensation

According to Firdaus and Oetarjo (2022), compensation is a reward that can be given in the form of financial or non-financial recognition for an employee's performance, whether conveyed directly or indirectly. However, according to Indrastuti (2017), compensation is the reward given by an organization to employees who have contributed, enabling the company to achieve success and compete effectively with other companies. According to (Zunaidah et al., 2020), compensation is everything provided by the company in the form of money or facilities to employees as a reward or remuneration for their performance, with the aim of supporting the company's interests. From the explanation regarding compensation, it can be concluded that compensation is a form of reward given to employees in the form of money, allowances, and other benefits as an appreciation for their work. The purpose of compensation is to motivate employees, maintain retention, and ensure that the company can attract and nurture the best talents.

C. Work Discipline

According to Lianti et al. (2023), work discipline is a constructive developmental process for employees, emphasizing that work discipline is reflected in actions rather than in personal characteristics. However, according to Sinambela (2019), work discipline refers to an individual's ability to work consistently and diligently following established norms without violating organizational rules, and according to (Harras et al., 2020), work discipline is how each employee complies with the leaders in the organization or carries out directives from the organization. Based on the definitions of work discipline that have been explained, it can be concluded that work discipline encompasses the attitudes, behaviors, and actions of employees in carrying out their jobs and responsibilities in accordance with organizational norms, rules, and ethics. Work discipline is measured based on employees' ability to perform their tasks obediently and their willingness to accept sanctions in case of any violations of the assigned tasks.

D. Employee Performance

According to Silaen et al. (2021), employee performance encompasses successful achievements in both quality and quantity, as well as the execution of tasks in accordance with their responsibilities. However, according to (Moeheriono, 2014), performance or achievement encompasses the level of accomplishment in the implementation of programs, activities, or policies aimed at achieving the targets, goals, vision, and mission of the organization in accordance with its strategic plan. Performance evaluation can be conducted when individuals or groups of employees have parameters set by the organization. Without clear goals and targets as guidelines in measurement, the assessment of individual performance will be less effective. Employee performance refers to the willingness of an individual or a group to carry out an action and ensure that the tasks are performed in accordance with their responsibilities with results that meet expectations (Saluy, 2022). Drawing from the aforementioned definitions, it can be inferred that performance pertains to the caliber and volume of accomplishments attained by a worker for the duties assigned in compliance with the designated timeline and obligations.

a) Competence between Employee Performance

Based on previous research on the relationship between competence and employee performance, as conducted by (Soetrisno & Gilang, 2018) at PT. Telekomunikasi Indonesia Tbk Witel Bandung and (Ilyas, 2018) at the Forestry Office of North Mamuju Regency found that competence has a significant impact on employee performance. The percentage of the relationship between competence and employee performance reached 51% at PT. Telekomunikasi Indonesia Tbk Witel Bandung and 68.2% at the Forestry Office of North Mamuju Regency. Therefore, support for competence is necessary to improve employee performance, which, in turn, will reflect good management and effective management behavior within the organization.

b) Compensation between Employee Performance

Based on the findings of previous research on the relationship between compensation and employee performance, particularly the study conducted by (Poluakan et al., 2019) at PT PLN (Persero) IP3 Manado, it is concluded that compensation has a significant positive impact on employee performance at PT PLN (Persero) IP3 Manado. This conclusion is consistent with the research conducted by Fauzan & Sary (2020) at Bank BJB Main Branch Bandung, which shows that compensation has a

significant positive influence on employee performance at Bank BJB Main Branch Bandung. Therefore, it can be inferred that the higher the level of compensation provided, the higher the level of performance achieved by employees.

c) Work Discipline between Employee Performance

Referring to previous research on the relationship between work discipline and employee performance, such as the study conducted by (Fadilla & Wulansari, 2023) at PT Balqis Audi, it was found that work discipline has a positive and significant impact on employee performance at PT Balqis Audi. Additionally, in the research conducted by Sundari & Putri (2023) at the Regional Financial Agency of Pasaman Regency, work discipline has a positive and significant influence on employee performance at the Regional Financial Agency of Pasaman Regency. Therefore, the higher the level of work discipline, the higher the resulting employee performance in each company.

d) Competence between Work Discipline

Referring to previous research on the relationship between competence and work discipline, as conducted by Lestari et al. (2023) at PT Duta Jaya Bakti Bersama Palembang, it was found that competence has a significantly positive impact, reaching a value of 0.268 and a significant level with a value of 3.832 at PT Duta Jaya Bakti Bersama Palembang. Meanwhile, the study conducted by Prayogi et al. (2019) at the Class I Special Immigration Office in Medan also showed that competence has a positive and significant influence on work discipline in the Immigration Office. Therefore, it can be concluded that the presence of excellent competence can contribute to the improvement of work discipline.

e) Compensation between Work Discipline

Referring to previous research on the relationship between compensation and work discipline conducted by Adzana & Budiono (2023) at PT. Transfarma Medica Indah Jakarta, it was found that there is a positive influence of compensation on the level of employee work discipline in the company. Therefore, it can be concluded that providing compensation in line with individual work achievements can enhance the level of work discipline.

f) Work Discipline Mediates Competence on Employee Performance

The study by Lestari et al. (2023) found that work discipline mediates the positive and significant influence of competence on employee performance at PT Duta Jaya Bersama Palembang. Similarly, research conducted by Adzana & Budiono (2023) at PT Transfarma Medica Indah Jakarta showed that competence has a positive and significant impact on employee performance, which is mediated by work discipline at PT Transfarma Medica Indah Jakarta. Therefore, it can be concluded that work discipline serves as a mediator between competence and employee performance.

g) Work Discipline Mediates Compensation on Employee Performance

Referring to previous research on the role of work discipline as a mediator between compensation and employee performance conducted by Adzana & Budiono (2023) at PT Transfarma Medica Indah Jakarta, it was found that compensation has a positive and significant simultaneous impact on employee performance, mediated by work discipline at PT Transfarma Medica Indah Jakarta. Similarly, the results of the study by Lestari et al. (2023) at PT Duta Jaya Bersama Palembang indicated that compensation also has a positive and significant impact on employee performance, mediated by work discipline at PT Duta Jaya Bersama Palembang. Therefore, it can be concluded that work discipline plays a role as a mediator between compensation and employee performance.

This study aims to investigate the impact of work discipline as an intervening variable on employee performance, taking into account the context and prior studies. Thus, the conceptual research model can be seen in figure 1.

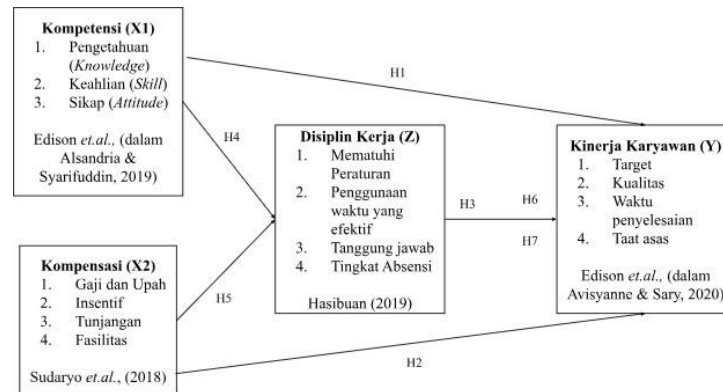


Figure 1: Conceptual Framework

Source: Author's Processed Data (2024)

i) Based on the above conceptual framework, the hypotheses for this study are:

H1: Competence positively influences employee performance. H2: Compensation positively influences employee performance.

H3: Work discipline positively influences employee performance. H4: Competence positively influences work discipline.

H5: Compensation positively influences work discipline.

H6: Work discipline acts as an intervening variable between competence and employee performance. H7: Work discipline acts as an intervening variable between compensation and employee performance.

III. RESULTS AND DISCUSSION

A. Research Method

In this quantitative research, primary data was obtained by distributing online questionnaires to employees of Ruangguru Regional Sumatera 1. The collected data was processed independently by the author. The research population consisted of employees of Ruangguru Regional Sumatera 1, and the population was determined using the saturated sampling method. The total population for this study was 103 individuals, with the research sample comprising 103 respondents. Data analysis was conducted using the PLS program with Warp PLS version 7.0 software. The research utilized 43 indicators, measured on a 5-point Likert scale, where each statement's weight value ranged from 1, indicating strongly disagree, to 5, indicating strongly agree.

Table 1: Measurement Scale

Variabel	Dimensi	Indikator
Competence Edison et.al., (cited Alsandria & Syarifuddin, 2019)	Knowledge	Understanding
		Expanding insights or knowledge
		Formal and informal education
		Responding to issues
		Achieving
	Skill	Job-relevant skills
		Identifying problems
		Seeking solutions
		Intellectual skills
		Seeing positive opportunities
	Attitude	Initiative in assisting colleagues
		Friendliness and courtesy
		Responding to customer complaints
		Executing tasks responsibly
		Self-management
Compensation Sudaryo et al., (2018)	Salary and wages	The received salary is commensurate with the level of responsibility
		Salary increases are adjusted to the current economic situation
	Incentives	Bonus
		Job training
	Allowances	Medical care expenses
		Various types of allowances
	Facilities	Training and development programs
		Comfortable facilities
Work Discipline Hasibuan (2019)	Compliance with regulations	Compliance with regulations
		Obedience to superiors' orders
	Effective time management	Utilizing time efficiently
	Responsibility	Completing office tasks according to SOP
		Finishing tasks on time
	Absenteeism rate	Arriving and leaving the office on time
		Maintaining a 95% attendance frequency in a month
Employee Performance Edison et.al., (cited Avisyanne & Sary, 2020)	Target	Prioritizing target achievements
		Realistic challenges
		In line with the desired quantity
		Customer satisfaction can be achieved through the quantity of products or services produced
		Company-standard quality
		Commitment to quality standards

	Quality	Regulating the achievement of quality standards
		Customer satisfaction can be achieved through the quality of products or services produced
	Completion time	Completing tasks on time
		Customer satisfaction with completion time
		Commitment to punctuality
	Adherence to principles	Using the correct methods
		Transparent and accountable

Source: Author's processed data (2024)

B. Hypothesis Discussion

1. Based on the results of hypothesis testing, the first hypothesis suggests that the competence variable has a positive and significant impact on employee performance, with a p-value of $0.001 < 0.05$. This finding is consistent with Lestari et al.'s (2023) research, which indicates a significant influence of competence on employee performance.
2. For the second hypothesis, the results indicate that the compensation variable has a positive and significant impact on employee performance, with a p-value of $0.002 < 0.05$. This result aligns with Adzana & Budiono's (2023) study, demonstrating a positive and significant influence of compensation on employee performance.
3. Regarding the third hypothesis, the results show that the work discipline variable has a positive but not significant impact on employee performance, with a p-value of $0.087 > 0.05$. This finding is in line with Palasara's (2023) research, indicating that work discipline does not significantly affect employee performance.
4. Moving on to the fourth hypothesis, the results reveal that the competence variable has a positive and significant impact on work discipline, with a p-value of $0.001 < 0.05$. This outcome is consistent with Lestari et al.'s (2023) study, demonstrating a positive and significant influence of competence on employee performance.
5. In the case of the fifth hypothesis, the results indicate that the compensation variable has a positive and significant impact on work discipline, with a p-value of $0.001 < 0.05$. This finding is in line with Husain's (2020) research, showing a positive and significant influence of compensation on work discipline.
6. Moving to the sixth hypothesis, the results show that the competence variable has a positive but not significant impact on employee performance through work discipline, with a p-value of $0.068 > 0.05$. Field observations and interviews with a Student Advisor at Ruangguru Regional Sumatera 1 on January 17, 2024, suggest that good work discipline alone may not significantly improve employee performance if not accompanied by adequate competence. This aligns with Palasara's (2023) research, indicating that employee performance is not significantly impacted by work discipline.
7. Lastly, the seventh hypothesis results indicate that the compensation variable has a positive but not significant impact on employee performance through work discipline, with a p-value of $0.162 > 0.05$. Field observations and interviews with a Student Advisor at Ruangguru Regional Sumatera 1 on January 17, 2024, suggest that good work discipline alone may not significantly improve employee performance if not accompanied by balanced compensation. Differences in compensation between branches can also lead to jealousy among employees. Ruangguru provides compensation based on the achievements of employees with good competence. This is consistent with Palasara's (2023) research, indicating that performance among workers is not greatly impacted by work discipline.

IV. CONCLUSION

A. Conclusion

Based on the results and analysis of the research presented above on "The Influence of Competence and Compensation on Employee Performance with Work Discipline as an Intervening Variable at Ruangguru Regional Sumatera 1," the following conclusions can be drawn:

1. The competence of employees at Ruangguru Regional Sumatera 1 can be considered good.
2. Compensation at Ruangguru Regional Sumatera 1 can be considered in the good category.
3. The work discipline of employees at Ruangguru Regional Sumatera 1 can be considered in the good category.
4. Employee performance at Ruangguru Regional Sumatera 1 can be considered in the good category.
5. Competence has a significantly positive impact on the performance of employees at Ruangguru Regional Sumatera 1.
6. Compensation has a significantly positive impact on the performance of employees at Ruangguru Regional Sumatera 1.
7. Work discipline has a positive but not significant impact on employee performance.
8. Competence has a significantly positive impact on the work discipline of employees at Ruangguru Regional Sumatera 1.
9. Compensation has a significantly positive impact on the work discipline of employees at Ruangguru Regional Sumatera 1.

10. Competence has a non-significantly positive impact on employee performance through the work discipline of employees at Ruangguru Regional Sumatera 1.
11. Compensation has a non-significantly positive impact on employee performance through the work discipline of employees at Ruangguru Regional Sumatera 1.

B. Recommendations

The recommendations based on the research findings include periodic training to enhance employee competence, providing incentives or bonuses to high-performing employees, addressing discipline issues through warnings or penalties, and improving training on friendliness and courtesy. Suggestions for further research involve conducting similar studies in similar companies, adding indicators, replacing the discipline variable and exploring further with adjustments in methodology or uncovering factors that may not have been identified during the study.

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