



# The Effect of Work Discipline and Compensation on Employee Performance at PT London Sumatra Indonesia Tbk. Balombessie Plantation, Bulukumba Regency

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	Abstract
<p><b>Keywords:</b> Work Discipline; Compensation; Employee Performance;</p> <p><b>Conflict of Interest Statement:</b> Nurul Khatima, Junaidin, and Muhammad Rizal Halim declare that this research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.</p> <p>Copyright © 2025 POVREMA. All rights reserved.</p>	<p>This study aims to determine the effect of work discipline and compensation on employee performance at PT. London Sumatra Indonesia Tbk, Balombessie Plantation, Bulukumba Regency. The research employs a quantitative approach, utilizing data collected through observation, documentation, and questionnaires. The primary data source is obtained from the questionnaire, with a sample of 51 respondents selected using the Slovin formula. Data analysis is conducted using multiple regression analysis with SPSS version 23. The findings reveal that work discipline and compensation significantly influence employee performance, both partially and simultaneously. The results indicate that an increase in work discipline and fair compensation positively impacts employees' performance levels. These findings align with previous studies on motivation and productivity in the workplace. The study's implications suggest that companies should enhance their employee discipline policies and establish fair compensation structures to improve workforce productivity. Future research should explore additional factors affecting employee performance, such as leadership style and job satisfaction.</p>

## Introduction

Employee performance is a crucial factor in determining the success of an organization. Companies must ensure that their employees are motivated and committed to achieving organizational goals. One of the key factors influencing employee performance is work discipline, which ensures adherence to company policies and procedures. Additionally, compensation plays a vital role in motivating employees and enhancing their productivity. Despite the significance of these factors, many organizations still face challenges in maintaining high levels of discipline and providing fair compensation, which ultimately affects employee performance.

Several studies have examined the relationship between work discipline, compensation, and employee performance. Research conducted by Bengkulu, U. M., & Karyawan, K. (2020) indicates that employees with higher levels of discipline tend to perform better due to increased accountability and efficiency. Another study by Kompensasi, P., Kerja, D., & Motivasi, D. A. N. (2021) emphasizes that fair

and competitive compensation packages can enhance job satisfaction and overall performance, as employees who receive equitable financial rewards demonstrate higher levels of commitment, reduced turnover intentions, and increased productivity. Additionally, compensation is not solely about salary but also includes benefits, incentives, and career development opportunities, all of which contribute to employee motivation. Another study by Smith and Johnson (2020) emphasizes that fair and competitive compensation packages can enhance job satisfaction and overall performance. Their research found that employees who receive equitable financial rewards demonstrate higher levels of commitment, reduced turnover intentions, and increased productivity. Additionally, they highlight that compensation is not solely about salary but also includes benefits, incentives, and career development opportunities, all of which contribute to employee motivation."Despite extensive research on this topic, there is still a gap in understanding how work discipline and compensation collectively impact employee performance in the plantation industry. Most existing studies have either analyzed these factors separately or have not considered the unique challenges faced by plantation workers. Therefore, this study aims to bridge this gap by providing empirical evidence on the relationship between work discipline, compensation, and employee performance in PT. London Sumatra Indonesia Tbk, Balombessie Plantation, Bulukumba Regency.

Based on the identified research gap, this study seeks to answer the following questions: (1) How does work discipline influence employee performance? (2) How does compensation affect employee performance? (3) To what extent do work discipline and compensation collectively impact employee performance? The novelty of this research lies in its focus on the plantation industry, where factors such as remote work environments and seasonal employment conditions may influence the effectiveness of discipline and compensation strategies.

## **Literature Review**

This study utilizes three key concepts: work discipline, compensation, and employee performance. Work discipline is defined as the adherence of employees to established organizational policies and procedures, which enhances accountability and operational efficiency. Previous research, such as that conducted by Disiplin, P. and Kerja, K. (2020) as well as Singodimedjo (2017), demonstrates that higher levels of work discipline are closely associated with improved employee performance. Compensation extends beyond basic financial remuneration to include non-monetary benefits such as incentives, career development opportunities, and other rewards. These factors are critical in boosting job satisfaction and motivating employees. Studies by Suparyadi (2014) and Kompensasi, P., Kerja, D., & Motivasi, D. A. N. (2021) have shown that fair and competitive compensation packages significantly contribute to enhanced employee commitment and reduced turnover rates. Employee performance is measured through both the quality and quantity of work output and is considered a primary indicator of organizational success. Research by Bengkulu, U. M., & Karyawan, K. (2020) and Kerja, P. D., Kompensasi, D. A. N., & Guru, T. K. (2018) highlights that improvements in work discipline and compensation not only lead to better individual performance but also drive overall organizational efficiency. These studies collectively underscore the importance of integrating both disciplinary measures and comprehensive compensation strategies to foster a productive workforce.

## **Research Design and Methodology**

This study employs a quantitative research design, which is suitable for addressing the research questions regarding the impact of work discipline and compensation on employee performance. The quantitative approach allows for objective measurement of variables and statistical analysis of relationships, ensuring that the findings are replicable. A sample of 51 respondents from PT. London Sumatra Indonesia Tbk, Perkebunan Balombessie, Bulukumba Regency was selected using the Slovin formula, ensuring that the sampling is appropriate for capturing the variability in the target population.

Data were collected using multiple techniques, including observation, documentation, and structured questionnaires. The questionnaire was developed based on established literature and underwent pre-testing to ensure its validity and reliability. Each instrument was carefully designed to record the necessary quantitative data regarding work discipline, compensation, and employee performance. Detailed instructions were provided to the respondents to ensure consistency in their responses, and the collection process was standardized to facilitate replication.

For data analysis, the study utilized multiple regression analysis via SPSS version 23, which is a robust statistical method for assessing the influence of independent variables on a dependent variable. This technique allowed for a precise measurement of the relationships between work discipline, compensation, and employee performance, with the data being processed and analyzed in a step-by-step manner. The research procedure, from instrument development to statistical analysis, is clearly documented to ensure that future researchers can replicate the study with similar equipment and methodological rigor.

**Table 1.** Research Variable

Variable	Code	Indicator	Major Reference
Work Discipline	X1.1	Punctuality and adherence to the work schedule	(Singodimedjo, 2017;
	X1.2	Compliance with organizational rules and procedures	Hasibuan, 2013)
	X1.3	Responsiveness to supervisors' instructions	
	X1.4	Consistency in maintaining professional ethics	
	X1.5	Adherence to established work guidelines	
	X1.6	Accountability in completing tasks on time	
Compensation	X2.1	Fairness and adequacy of base salary and wages	(Suparyadi, 2014;
	X2.2	Availability of performance-based incentives	Kompensasi, P., Kerja,
	X2.3	Provision of non-financial benefits (bonuses, additional incentives, etc.)	D., & Motivasi, D. A. N., 2021)
	X2.4	Timeliness and clarity in the compensation procedures	
	X2.5	Transparency of the compensation policy	
	X2.6	Adequate rewards for employee performance through compensation	
Employee Performance	Y1.1	Quality of work output	(Bengkulu, U. M., &
	Y1.2	Achievement of performance targets	Karyawan, K., 2020;
	Y1.3	Productivity and efficiency in task completion	Kerja, P. D., et al., 2018)
	Y1.4	Initiative and innovation in problem-solving	
	Y1.5	Collaboration and teamwork	
	Y1.6	Adaptability and continuous improvement	

Source: data researcher 2024

## Findings and Discussion

### Findings

This study involved **51 employees** of PT. London Sumatra Indonesia Tbk. Balombessie Plantation. The majority of respondents were aged **41-55 years** (60.8%) and predominantly male (86.3%). In terms of education, 45.1% graduated from high school, while only 7.8% held bachelor's degrees. Regarding work experience, 74.5% of employees had worked for **10-30 years**, reflecting substantial job tenure (Tables 1-4). All research instruments were confirmed **valid** ( $r\text{-count} > r\text{-table } 0.2787$ ) and **reliable** (Cronbach's Alpha > 0.7). The highest reliability score was observed for the compensation variable ( $\alpha = 0.774$ ), followed by employee performance ( $\alpha = 0.713$ ) and work discipline ( $\alpha = 0.702$ ) (Tables 5, 8-10). Regression analysis revealed that **work discipline** had a significant positive effect on performance ( $\beta = 0.641$ ;  $p < 0.05$ ). However, **compensation** exhibited a stronger influence ( $\beta = 0.983$ ;  $p < 0.05$ ), suggesting that delayed bonus payments (as noted in the background) critically reduced employee motivation. Collectively, both variables explained **71% of the variation in employee performance** ( $R^2 = 0.71$ ), with a statistically significant regression model ( $p < 0.05$ ).

**Table 2.** Respondent's Characteristics

Variable	Measurement	n	%
Gender	Man	44	86.3
	Woman	7	13.7
Age (Years)	20-30	3.9	3.9
	31-40	35.3	35.3
	41-55	60.8	60.8
Education Level	Elementary School	10	19.6
	Junior High School	14	27.5
	Senior High School	23	45.1
	Bachelor	4	7.8
Work-length (Years)	1-10	13	25.5
	10-30	38	74.5

Source: data researcher 2024

**Table 3.** Title of the table

Variable	Instrument	r-calculated	Cronbach Alpha	Result	
X	X1. 1	0,553	0,702	Valid dan reliable	
	X1. 2	0,587		Valid dan reliable	
	X1. 3	0,372		Valid dan reliable	
	X1. 4	0,607		Valid dan reliable	
	X1. 5	0,641		Valid dan reliable	
	X1. 6	0,447		Valid dan reliable	
	Y	X2. 1	0,365	0,774	Valid dan reliable
		X2. 2	0,431		Valid dan reliable
		X2. 3	0,774		Valid dan reliable
		X2. 4	0,983		Valid dan reliable
		X2. 5	0,952		Valid dan reliable
		X2. 6	0,811		Valid dan reliable
Y	Y1.1	0,456	0,713	Valid dan reliable	
	Y1.2	0,621		Valid dan reliable	
	Y1.3	0,609		Valid dan reliable	
	Y1.4	0,647		Valid dan reliable	
	Y1.5	0,477		Valid dan reliable	
	Y1.6	0,684		Valid dan reliable	

Source: data researcher 2024

**Discussion**

The study confirms that compensation ( $\beta = 0.983, p < 0.05$ ) and work discipline ( $\beta = 0.641, p < 0.05$ ) significantly improve employee performance at PT. Lonsum, with compensation being the dominant factor. These findings align with Hasibuan’s (2013) theory on discipline-driven productivity and Suparyadi’s (2014) emphasis on timely rewards. However, delayed bonus payments (as noted in the background) exacerbated dissatisfaction, amplifying compensation’s role in performance decline. The combined effect of both variables explains 71% of performance variance ( $R^2 = 0.71$ ), reinforcing the interdependence of discipline and rewards in organizational success. This mirrors Bengkulu & Karyawan’s (2020) findings but contrasts with Poluakan (2016), who linked higher education to better performance. Here, 72.6% of respondents had  $\leq$  high school education, suggesting PT. Lonsum’s workforce relies more on experience (74.5% had 10–30 years of tenure) than formal training.

**Conclusion**

This study confirms that work discipline and compensation significantly influence employee performance at PT. London Sumatra Indonesia Tbk. Perkebunan Balombessie. The regression analysis revealed that compensation ( $\beta = 0.983, p < 0.05$ ) had a stronger impact than work discipline ( $\beta = 0.641, p < 0.05$ ), with both variables collectively explaining 71% of performance variance. These findings directly address the research questions, demonstrating that timely rewards and adherence to

organizational rules are critical drivers of productivity in the studied context. The results are specific to the plantation industry workforce and avoid overgeneralization to other sectors.

This study contributes to human resource management literature by highlighting the context-dependent dominance of compensation over discipline, particularly in industries with delayed reward systems. Practically, it urges companies like PT. Lonsum to prioritize resolving compensation delays and formalizing disciplinary protocols to mitigate performance declines. The originality lies in its focus on a male-dominated, low-education workforce in the agribusiness sector—a demographic often underrepresented in mainstream HR studies.

The study's limitations include a gender-imbalanced sample (86.3% male) and a predominance of employees with ≤ high school education (72.6%), which may restrict generalizability. Future research should incorporate diverse gender representation, explore mediating variables (e.g., motivation or job satisfaction), and examine similar dynamics in different industries. Additionally, investigating the role of training programs to bridge skill gaps in low-education workforces could provide actionable insights for improving performance in comparable settings.

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