

Analysis of Compensation and Work Discipline on Employee Performance at Aneka Jaya Demak 2 Supermarket with Work Motivation as an Intervening Variable

Aviv Risqi Afani¹, Efriyani Sumastuti², Heri Prabowo³

University of PGRI Semarang, Indonesia^{1,2,3}

CORRESPONDING AUTHOR

Name : Aviv Risqi Afani

E-mail :

avivafani12345@gmail.com

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ABSTRACT

This study analyzes the effect of compensation and work discipline on employee performance with work motivation as an intervening variable at Aneka Jaya Demak 2 Supermarket. A quantitative survey method was applied to 60 employees using saturated sampling, with data analyzed via PLS-SEM. Results show that compensation and work discipline significantly affect both employee performance and work motivation. Work motivation also significantly affects performance and emerges as the strongest factor. Moreover, work motivation mediates the relationship between compensation and work discipline and employee performance. These findings imply that improving performance requires fair compensation, good discipline, and enhanced motivation. Companies should therefore optimize all three factors simultaneously.

Keywords: compensation; work discipline; work motivation; employee performance.

ABSTRAK

Penelitian ini menganalisis pengaruh kompensasi dan disiplin kerja terhadap kinerja karyawan dengan motivasi kerja sebagai variabel intervening di Aneka Jaya Demak 2 Supermarket. Metode survei kuantitatif diterapkan pada 60 karyawan dengan sampling jenuh, dianalisis menggunakan PLS-SEM. Hasil menunjukkan kompensasi dan disiplin kerja berpengaruh signifikan terhadap kinerja dan motivasi kerja. Motivasi kerja juga berpengaruh signifikan terhadap kinerja dan menjadi faktor terkuat. Selain itu, motivasi kerja memediasi hubungan kompensasi dan disiplin kerja terhadap kinerja. Temuan ini mengimplikasikan bahwa peningkatan kinerja memerlukan kompensasi adil, disiplin baik, dan motivasi tinggi. Perusahaan perlu mengoptimalkan ketiga faktor tersebut secara simultan..

Kata kunci: kompensasi; disiplin kerja; motivasi kerja; kinerja karyawan

INTRODUCTION

Human resources are the main factor determining an organization's success in achieving its goals. Effective human resource management is essential because employees play a direct role in carrying out all organizational activities. Therefore, companies need to pay serious attention to improving employee performance as part of achieving organizational objectives. Good employee performance reflects the effectiveness of management in managing human resources optimally (Umar & Norawati, 2022). In practice, employees are often viewed merely as factors of production rather than valuable assets. This condition leads to a lack of attention to employee welfare and development. In fact, human resource empowerment is crucial in creating a conducive and comfortable work environment. With proper empowerment, employees are expected to provide optimal contributions to the organization.

Employee performance is influenced by various factors, both internal and external. Internal factors include abilities, skills, motivation, and individual conditions, while external factors include the work environment, leadership, facilities, and compensation systems (Rabbani & Bagasworo, 2024; Rahmadhani, 2020). One important factor affecting performance is compensation, which refers to rewards given by the company in return for employees' contributions. Fair and appropriate compensation can increase work enthusiasm, although in some cases, compensation alone is not sufficient to fully enhance performance (Sutrisno et al., 2022; Sari et al., 2023). In addition to compensation, work discipline is another important factor in improving employee performance. Discipline reflects employees' compliance with rules and their sense of responsibility in performing their duties (Qomariah, 2020; Nanda & Jepry, 2020). At Aneka Jaya Demak 2 Supermarket, there are still issues related to work discipline, such as tardiness, absenteeism, and leaving work early. These conditions indicate that the level of discipline is not yet optimal and may disrupt operational activities and reduce service quality to customers.

Furthermore, work motivation is considered to play an important role as an intervening variable in the relationship between compensation, work discipline, and employee performance. Motivation is an internal drive that influences employees' enthusiasm and commitment to completing their tasks (Desi & Muhammad, 2023). While several studies show that motivation has a significant effect on performance (Rony et al., 2023; Nasution & Ritonga, 2025), other studies report inconsistent findings (Saraswati & Zulkifli, 2024; Dewi, 2024). Therefore, this study aims to further examine the role of compensation and work discipline on employee performance with work motivation as an intervening variable.

THEORETICAL BACKGROUND

2.1. Definition of Performance

Performance is a term derived from the phrases *job performance* or *actual performance*, which refer to the work achievements attained by an individual. In this context, performance can be defined as the quality and quantity of work results produced by an employee in carrying out

tasks in accordance with the responsibilities assigned to them (Suryani et al., 2022). According to Asralidin & Iba (2021) performance is the result of efforts made by an individual to achieve predetermined goals. It is closely related to an individual's ability to complete tasks, the outcomes generated either individually or organizationally based on assigned authority and responsibilities, as well as how a person behaves and performs their duties in terms of quantity, quality, and time devoted to completing the work

2.2. Definition of Compensation

According to Dwianto et al. (2019), compensation is a right received by employees from the company, provided in accordance with organizational policies after employees have contributed their energy, thoughts, and time. Meanwhile, Yuliyanti et al. (2025) define compensation as various forms of rewards, both financial and non-financial, given fairly and appropriately to employees as a return for their contributions in achieving organizational goals

2.3. Definition of Work Discipline

Discipline refers to an individual's behavior and actions in complying with established rules, norms, and obligations, both in daily life and in the workplace (Yuliawati & Oktavianti, 2024). Good discipline reflects the extent of a person's responsibility toward the tasks assigned to them. Work discipline functions as an operational component of human resource management, whether applied voluntarily or through enforcement. It is characterized by employees consistently arriving at and leaving work on time, completing tasks properly, and adhering to all company regulations and prevailing norms (Nandasari, 2021)

2.4. Definition of Work Motivation

According to Miftahussaadah & Subiyantoro (2021), motivation is an internal and external driving force that encourages individuals to take actions in order to achieve their goals. Motivation can be categorized into two types: intrinsic motivation, which originates from within the individual such as personal satisfaction, and extrinsic motivation, which comes from external factors such as wages, bonuses, or recognition (Rasyid & Tanjung, 2020). Furthermore, Hasbullah (2021) state that employees with high work motivation tend to demonstrate better productivity, greater consistency, and a stronger sense of responsibility in completing their tasks.

RESEARCH METHODS

This study employs a quantitative approach using a survey method aimed at testing hypotheses based on statistical data (Sugiyono, 2023). The population consists of all employees of Aneka Jaya Demak 2 Supermarket, with a total sample of 60 respondents selected using a saturated sampling technique, meaning the entire population is included in the study.

Data were collected through questionnaires as primary data, distributed directly to respondents. The research instrument uses a Likert scale with five levels of responses, ranging from strongly disagree to strongly agree, to measure respondents' perceptions of the variables

studied. The data analysis technique uses Partial Least Square–Structural Equation Modeling (PLS-SEM) with the assistance of SmartPLS software.

The analysis is conducted in two stages: the measurement model (outer model) and the structural model (inner model). The outer model is evaluated through validity tests (convergent and discriminant validity) and reliability tests (Cronbach's Alpha and Composite Reliability). Furthermore, the inner model is assessed using R-Square to determine the explanatory power of independent variables on dependent variables, and Effect Size (F-Square) to evaluate the contribution of each variable. Model fit is also examined using Goodness of Fit measures, including SRMR and NFI. The final stage involves hypothesis testing to determine the relationships among variables in the research model, leading to conclusions regarding the effects of compensation, work discipline, and work motivation on employee performance.

RESULT AND DISCUSSION

Table 1. R-square

Variable	R-square	Adjusted R-square
Employee Performance	0.634	0.614
Work Motivation	0.549	0.534

Source: SPSS Output (2026)

The R-square value of 0.634 indicates that 63.4% of the variation in employee performance can be explained by the independent variables, namely compensation and work discipline. This value falls into the moderate category, as it lies between 0.33 and 0.67. Meanwhile, the work motivation variable has an R-square value of 0.549, which means that 54.9% of the variation in work motivation can be explained by employee performance, compensation, and work discipline. This value is also categorized as moderate, as it falls within the range of 0.33 to 0.67.

Table 2. F-square

Variable	Work Motivation (Z)	Employee Performance (Y)
Compensation (X1)	0.638	0.097
Work Discipline (X2)	0.280	0.126
Work Motivation (Z)	-	0.257
Employee Performance (Y)	-	-

Source: SPSS Output (2026)

The F-square test indicates that the compensation variable has an effect on employee performance, with a value of 0.097, which falls into the weak category. Meanwhile, the effect of compensation on work motivation shows a value of 0.638, indicating a strong effect. The influence of work discipline on work motivation has a value of 0.280, which is categorized as moderate. However, the effect of work discipline on performance yields a value of 0.126, which is also considered moderate. Furthermore, work motivation as a mediating variable shows a moderate effect on performance, with a value of 0.257.

Table 3. *Dirrect Effect*

Variable	T-Statistic	P-Value	Description
Compensation → Employee Performance	3.037	0.022	Accepted
Work Discipline → Employee Performance	9.704	0.012	Accepted
Compensation → Work Motivation	6.152	0.000	Accepted
Work Discipline → Work Motivation	8.195	0.001	Accepted
Work Motivation → Employee Performance	2.728	0.000	Accepted

Source: SPSS Output (2026)

Based on Table3. above, the results of hypothesis testing can be explained as follows:

1. Hypothesis 1 (H1)

The first hypothesis examines the effect of compensation on employee performance, with a P-Value of 0.022 (< 0.05). Therefore, H1 is accepted, indicating that compensation has a significant effect on employee performance.

2. Hypothesis 2 (H2)

The second hypothesis tests the effect of work discipline on employee performance, with a P-Value of 0.012 (< 0.05). Thus, H2 is accepted, meaning that work discipline has a significant effect on employee performance.

3. Hypothesis 3 (H3)

The third hypothesis analyzes the effect of compensation on work motivation, with a P-Value of 0.000 (< 0.05). Hence, H3 is accepted, indicating that compensation has a significant effect on work motivation.

4. Hypothesis 4 (H4)

The fourth hypothesis examines the effect of work discipline on work motivation, with a P-Value of 0.001 (< 0.05). Therefore, H4 is accepted, showing that work discipline has a significant effect on work motivation.

5. Hypothesis 5 (H5)

The fifth hypothesis tests the effect of work motivation on employee performance, with a P-Value of 0.000 (< 0.05). Thus, H5 is accepted, indicating that work motivation has a significant effect on employee performance

Table 4. *Indirrect Effect*

Variable	T-Statistic	P-Value	Description
Compensation → Work Motivation → Employee Performance	2.748	0.002	Accepted
Work Discipline → Work Motivation → Employee Performance	2.398	0.008	Accepted

Source: SPSS Output (2026)

Table 4. presents the results of indirect hypothesis testing among variables, which can be explained as follows:

1. The effect of compensation on employee performance through work motivation shows a P-value of 0.002 (< 0.05). This indicates that work motivation successfully mediates the relationship between compensation and employee performance.
2. The effect of work discipline on employee performance through work motivation shows a P-value of 0.008 (< 0.05). This means that work motivation successfully mediates the relationship between work discipline and employee performance

The Effect of Compensation on Employee Performance

The results show that compensation has a significant effect on employee performance (p-value $0.022 < 0.05$), indicating that better salaries, incentives, allowances, and work facilities lead to improved employee performance. Fair compensation encourages employees to work more optimally, remain disciplined, and focus on achieving targets. This finding is supported by Rosyidah et al. (2025) and Hasibuan & Yusuf (2025), who state that compensation has a positive and significant effect on employee performance.

The Effect of Work Discipline on Employee Performance

Work discipline has a significant effect on employee performance (p-value $0.012 < 0.05$), indicating that compliance with rules, punctuality, and responsibility enhance work outcomes. Higher levels of discipline lead to better performance. This result is supported by Sangapan et al. (2025) and Farhan & Indriyaningrum (2023), who found that work discipline has a positive and significant effect on employee performance.

The Effect of Compensation on Work Motivation

The findings indicate that compensation significantly affects work motivation (p-value $0.000 < 0.05$), meaning that appropriate rewards increase employees' enthusiasm, persistence, and work orientation. Fair compensation motivates employees to work harder and more productively. This is supported by Kusuma et al. (2025) and Okta et al. (2025), who found that compensation has a positive and significant effect on work motivation.

The Effect of Work Discipline on Work Motivation

Work discipline also has a significant effect on work motivation (p-value $0.001 < 0.05$), indicating that adherence to rules, responsibility, and work awareness can enhance employees' motivation and commitment. Higher discipline leads to higher motivation. This finding is supported by Amrulloh et al. (2025) and Mufarrohah & Sumartik (2022), who reported a positive and significant relationship between work discipline and motivation.

The Effect of Work Motivation on Employee Performance

Work motivation has a significant effect on employee performance (p-value $0.000 < 0.05$), meaning that higher motivation leads to better performance. Motivation drives employees to work optimally, achieve targets, and improve work quality. This result is consistent with Wahyuni et al. (2023) and Salsabilla & Suryawan (2022), who found that motivation significantly influences employee performance.

The Effect of Compensation on Employee Performance through Work Motivation

Compensation has an indirect effect on performance through work motivation (p-value $0.002 < 0.05$), indicating that motivation successfully mediates this relationship. Fair compensation increases motivation, which in turn enhances employee performance. This finding aligns with Wijaya & Laily (2020) and Armantari et al. (2021), who found that compensation significantly affects performance through motivation.

The Effect of Work Discipline on Employee Performance through Work Motivation

Work discipline also has an indirect effect on performance through work motivation (p-value $0.008 < 0.05$), indicating that motivation mediates this relationship. Employees with higher discipline tend to have stronger motivation, which ultimately improves performance. This is supported by Sudarmanto et al. (2022) and Sandra & Sentoso (2024), who found that work discipline positively influences employee performance through motivation.

CONCLUSION

Based on the results of data analysis and the discussion presented, the conclusions of this study can be formulated as follows:

1. Compensation has been proven to have a significant effect on employee performance. This indicates that an appropriate compensation system is able to encourage employees to work more optimally in carrying out their duties.
2. Work discipline also has a significant impact on performance. This means that the higher the level of employee compliance with rules and responsibilities, the better the performance outcomes achieved.
3. Compensation plays an important role in enhancing employee work motivation. Proper rewards can increase enthusiasm, encouraging employees to demonstrate better performance.
4. Work discipline is proven to significantly influence work motivation. Employees with a higher level of discipline tend to have stronger motivation in achieving targets and optimal results.
5. Work motivation has a significant contribution to improving performance. The greater the motivation employees have, the stronger their drive to complete tasks to the best of their ability.
6. Compensation indirectly affects performance through work motivation as an intervening variable. This indicates that appropriate compensation not only has a direct impact but also enhances motivation, which in turn improves performance.
7. Work discipline also indirectly influences performance through work motivation. A higher level of discipline strengthens motivation, which ultimately leads to improved employee performance.

This study has several limitations, particularly in terms of the variables examined, which are limited to compensation, work discipline, work motivation, and employee performance.

Therefore, other factors that may influence employee performance were not examined. In addition, the data were collected through questionnaires that relied on respondents' perceptions and honesty. The study was also conducted within a specific research setting and period, which limits the generalizability of the findings and does not capture changes in the variables over the long term

Future research is recommended to include other relevant variables, such as leadership style, work environment, job satisfaction, or organizational commitment, and to expand the research objects and sample size to obtain more representative results. The use of more diverse data collection methods, such as interviews and observations, as well as a longitudinal approach, is also recommended to provide deeper and more comprehensive findings

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