The Effect of Self efficacy and Compensation on Work Discipline in Improving Employee Performance in PDAM Tirta Mahameru in Lumajang District

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Abstract

Employee performance is a key variable in supporting the effectiveness of organizational operations, especially in the context of public services at PDAM Tirta Mahameru, Lumajang Regency. This study aims to analyze the effect of self-efficacy and compensation on employee performance with work discipline as a mediating variable. Self-efficacy is defined as an individual's belief in the ability to complete a task, while compensation includes remuneration, incentives, and facilities that function as employee motivators. This study uses a quantitative approach with a path analysis method on a population of 152 employees. Primary data were obtained through a Likert-scale questionnaire and analyzed using validity, reliability, and classical assumption tests. The results of the analysis show that self-efficacy and compensation significantly affect work discipline, which in turn has a positive effect on employee performance. In addition, self-efficacy and compensation also have a significant direct effect on employee performance. Mediation analysis indicates that work discipline acts as a partial mediator in the relationship between self-efficacy and performance, while the mediation of work discipline on the relationship between compensation and performance does not show a dominant role. This finding confirms that improving employee performance can be achieved through strengthening self-efficacy, optimizing the compensation system, and developing consistent work discipline in the PDAM Tirta Mahameru environment of Lumajang Regency.

Keywords: Employee Performance, Self Efficacy, Compensation, Work Discipline, Mediation.

1. Introduction

Every company is basically expected to experience development and progress in the business being run, as well as produce high performance in each work unit. Company resources, such as financial, physical, human, and technological, are limited in number, so they need to be optimized to achieve goals. One of the determinants of a company's success is employee performance, which reflects work performance based on their respective responsibilities and roles (Mangkunegara, 2016; Yuniarti et al., 2021).

Optimal performance is closely related to work discipline, namely the awareness and willingness of employees to obey company regulations and norms (Hasibuan, 2016). Discipline is an important factor in supporting the achievement of organizational goals. To foster work discipline, support is needed from various aspects, one of which is self-efficacy, namely an individual's belief in their ability to carry out tasks (Ghufron & Risnawati, 2016). In addition, compensation also plays a role in influencing employee motivation and performance (Erwinsyah, 2016; Handayani, 2018).

PDAM Tirta Mahameru Lumajang Regency is a BUMD engaged in the distribution of clean water and pays sufficient attention to the compensation aspect as a form of merit pay to support performance through increasing self-efficacy and work discipline. Based on regional regulations, the compensation given to PDAM contract employees is higher than that of contract employees in other OPDs within the Lumajang Regency Government. Currently, PDAM serves 12 out of 21 sub-districts and continues to strive to increase service coverage, one of which is through the simultaneous recruitment of 45 new employees in January 2022. The total human resources as of July 2022 were recorded at 152 people, consisting of 57 permanent employees

and 95 contract employees. Although various steps have been taken, the results of the public satisfaction survey on PDAM services have not shown a significant increase. Since 2020 until the end of 2022, the public satisfaction survey score has tended to stagnate at 76–79, and has not been able to reach the target of 88 set in the 2018–2023 Lumajang Regency RPJMD. This condition shows that there is still room for evaluation, especially related to factors that can indirectly affect employee performance. Therefore, it is important to examine the effect of self-efficacy and compensation on work discipline, in order to improve employee performance at PDAM Tirta Mahameru, Lumajang Regency.

2. Methods

This study uses a quantitative approach with an explanatory research type, which aims to test the effect of self-efficacy and compensation on employee performance, both directly and indirectly through work discipline as a mediating variable. The study was conducted at the Regional Drinking Water Company (PDAM) Tirta Mahameru, Lumajang Regency. The population in this study were all PDAM employees totaling 152 people. Because the population is relatively small, a saturated sampling technique was used, so that the entire population was used as a sample.

Primary data were collected through the distribution of closed questionnaires using a four-point Likert scale (1 = strongly disagree, 4 = strongly agree). The research instrument was tested for validity and reliability before being analyzed further. The validity test was carried out using the Pearson Product Moment correlation with a minimum r value of 0.3. Meanwhile, the reliability of the instrument was tested using the Cronbach Alpha coefficient with a threshold value of ≥ 0.6.

Data analysis was carried out using path analysis to identify direct and indirect relationships between variables. Before conducting path analysis, a classical assumption test was carried out which included:
- Normality test: Using the Kolmogorov-Smirnov method, with the criteria of normally distributed data if the significance is > 0.05.
- Multicollinearity test: Using the Tolerance value (> 0.1) and Variance Inflation Factor (VIF < 10) to ensure that there is no high correlation between independent variables.
- Heteroscedasticity test: Performed using the Glejser test, with the criteria that there is no heteroscedasticity if the significance value is > 0.05.

The structural model tested is divided into two substructures:
$Z = \alpha + p_1X_1 + p_2X_2 + e_1$
(to test the effect of self-efficacy and compensation on work discipline)
$Y = \alpha + p_3X_1 + p_4X_2 + p_5Z + e_2$

(to test the effect of self-efficacy, compensation, and work discipline on employee performance)
Hypothesis testing is carried out through a t-test for each path coefficient, with a significance level of 5% ($\alpha = 0.05$). The indirect effect is calculated through the multiplication of the path coefficients from the independent variable to the mediating variable, and from the mediating variable to the dependent variable.

3. Results and Discussion

a. Validity and Reliability Test Results

The correlation coefficient value of the validity test results for the self-efficacy variable (X1) from 4 (four) questions that the calculated r value is >0.158 (r table) so that the questions for the self-efficacy variable are valid. The correlation coefficient value of the validity test results for the compensation variable (X2) from 5 (five) questions that the calculated r value is >0.158 (r table) so that the questions for the compensation variable are valid. The correlation coefficient value of the validity test results for the work discipline variable (Z) from 4 (four) questions that the calculated r value is >0.158 (r table) so that the questions for the work discipline variable are valid. The correlation coefficient value of the validity test results for the employee performance variable (Y) from 5 (five) questions that the calculated r value is >0.158 (r table) so that the questions for the employee performance variable are valid.

The results of the Reliability test for all variables are declared reliable, because the Cronbach alpha value is greater than 0.60. The Cronbach's alpha value for the self-efficacy variable is 0.832, the compensation variable is 0.870, the work discipline variable is 0.924, and the employee performance variable is 0.916.

b. Path Analysis Results

After the data was declared to have passed the classical assumption test, a path analysis was conducted to test the direct and indirect influences between the variables: self-efficacy, compensation, work discipline, and employee performance. This analysis produces two equation models:

Model 1 (Influence on Work Discipline):
$Z = 2.946 + 0.533X1 + 0.220X2 + e1$
(X1 = Self Efficacy, X2 = Compensation, Z = Work Discipline)

Model 2 (Influence on Employee Performance):
$Y = -0.362 + 0.265X1 + 0.172X2 + 0.778Z + e2$
(Y = Employee Performance)

Error value:
$e1 = \sqrt{(1 - 0.532)} = 0.684$
$e2 = \sqrt{(1 - 0.814)} = 0.431$

Direct Effect:
Self efficacy → Work Discipline: 0.533
Compensation → Work Discipline: 0.220
Work Discipline → Employee Performance: 0.778
Self efficacy → Employee Performance: 0.265
Compensation → Employee Performance: 0.172

Indirect Effect:
Self efficacy → Employee Performance through Work Discipline:
$0.533 \times 0.778 = 0.410$
Compensation → Employee Performance through Work Discipline:
$0.220 \times 0.778 = 0.171$

Total Effect:
Self efficacy → Employee Performance:
$0.265 + 0.410 = 0.675$
Compensation → Employee Performance:
$0.172 + 0.171 = 0.343$

c. Hypothesis Test Results

Path analysis is used to test the contribution of the influence of self-efficacy and compensation variables on work discipline (Model 1), as well as the influence of self-efficacy, compensation, and work discipline on employee performance (Model 2). The t-test is used to determine the influence of each independent variable on the dependent variable partially.

Table 1. Hypothesis Test Results

Model	Variabel	B	t	Sig.	Conclusion
Model 1	Self Efficacy	0,533	6,796	0,000	Significant
	Compensation	0,220	3,509	0,001	Significant
Model 2	Self Efficacy	0,265	3,723	0,000	Significant
	Compensation	0,172	3,319	0,001	Significant
	Work Discipline	0,778	11,980	0,000	Significant

Source: SPSS data processing results

Interpretation of Results:
H_1 is accepted: Self-efficacy has a significant effect on work discipline (t = 6.796; sig = 0.000).
H_2 is accepted: Compensation has a significant effect on work discipline (t = 3.509; sig = 0.001).
H_3 is accepted: Work discipline has a significant effect on employee performance (t = 11.980; sig = 0.000).
H_4 is accepted: Self-efficacy has a significant effect on employee performance (t = 3.723; sig = 0.000).
H_5 is accepted: Compensation has a significant effect on employee performance (t = 3.319; sig = 0.001).
Thus, all hypotheses proposed are proven to be statistically significant.

4. Conclusion

Based on the results of the analysis and discussion, it can be concluded that:

1. Self-efficacy has a significant effect on work discipline

The higher the level of employee self-efficacy, the higher the work discipline shown. Employees who have strong confidence in their abilities tend to show disciplined work behavior, such as compliance with regulations and punctuality. This shows that self-efficacy plays an important role in shaping positive work behavior.

2. Compensation has a significant effect on work discipline

Providing fair compensation, both in financial and non-financial forms (especially work facilities), can increase employee motivation and discipline. Employees who feel appreciated through proper compensation tend to be more obedient to company rules and more consistent in carrying out their duties.

3. Work discipline has a significant effect on employee performance

Employees who are disciplined in their work will show better performance. Discipline creates order, efficiency, and commitment to achieving work targets. Compliance with company regulations is an important indicator that encourages increased employee productivity.

4. Self-efficacy has a significant effect on employee performance

Confidence in one's own abilities encourages employees to remain motivated and resilient in facing work challenges. Employees with high self-efficacy tend to be more confident, persistent, and productive in completing their tasks.

5. Compensation has a significant effect on employee performance

Good compensation, especially in the form of supportive work facilities, can directly improve employee performance. This shows the importance of rewards that are commensurate with contributions to encourage optimal performance.

6. Self-efficacy has an indirect effect on performance through work discipline

Work discipline has been shown to be a mediator that strengthens the influence of self-efficacy on performance. This means that employees with high self-efficacy will achieve the best performance if accompanied by disciplined work behavior.

7. Compensation has an indirect effect on performance through work discipline, but is not dominant

The effect of compensation on performance is stronger directly than through work discipline. Although discipline remains important, in this context its role as a mediator is not as great as in the relationship between self-efficacy and performance.

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