Analysis of the factors that influence the performance of MSME employees in Gianyar Regency

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ABSTRACT
The objective of this study is to identify the variables that influence the performance of employees within the Silver Crafts UMKM Association located in Celuk Village, Sukawati District, Gianyar Regency, Bali. The variables employed in this research encompass remuneration, job motivation, and work discipline. The present study employs primary data. The study's population and sample consisted of 45 employees who were affiliated with the UMKM association of silver traders in Celuk Village, Sukawati District, Gianyar Regency, Bali. The sample technique employed in this study utilizes a saturated sampling approach. The present study employs many statistical tests, including validity and reliability assessments, as well as partial and multiple determination coefficient tests. Additionally, the study utilizes partial and simultaneous hypothesis testing through the utilization of the SPSS type 26 application. The findings indicate that (1) partial compensation has a statistically significant impact on Employee Performance, (2) partial work motivation has a statistically significant impact on Employee Performance, (3) partial work discipline does not have a statistically significant impact on Employee Performance, and (4) when considered together, compensation, work motivation, and work discipline have a statistically significant impact on employee performance.

Keywords: Compensation, Work Motivation, Work Discipline, Employee Performance, Micro, Small and Medium Enterprises.

1. INTRODUCTION
The economic development of a nation is primarily determined by the intricate interplay of multiple factors, including but not limited to human resources, natural resources, capital, technology, and other relevant elements (Fauzi, 2004). The primary aim of national development endeavors in Indonesia is to enhance the well-being of its populace. The impact of micro, small, and medium companies (MSMEs) on the economy is constructive, as it establishes a reciprocal relationship between the economic advancement of the populace and company growth. According to Ikbal et al. (2018), residents fulfill dual roles as both business players or factors of production, and as consumers of the things they contribute to producing.

Micro, small, and medium enterprises (MSMEs) play a significant role in fostering the growth and dissemination of regional creative products, while also offering valuable financial prospects for local entrepreneurs. According to Sianturi (2020), the role of Micro, Small, and Medium Enterprises (MSMEs) in augmenting per capita income and fostering economic growth within a certain region is regarded as substantial. Hence, it is anticipated that Micro, Small, and Medium Enterprises (MSMEs) will play a significant role in driving the nation's economy forward, particularly at the provincial level. Micro, small, and
medium companies (MSMEs) constitute a significant business sector with the potential to foster sustainable growth and stability within the national economy. According to Jefri and Ibrohim (2021), the collaborative efforts of the government, private sector, and individual business actors have resulted in the development of an effective platform for job creation.

The success of a firm is inherently intertwined with the pivotal role played by human resources. Employees are a crucial resource within an organization, serving a pivotal function in delivering services to the broader community. Employees play a crucial role in multiple facets of the organization, collaborating closely with management to effectively accomplish the company's objectives. The significance of employees necessitates the criticality of human resource management inside an organization. According to Abdullah (2017), effective management in this particular scenario exerts a favorable influence on employee performance, guarantees the achievement of optimal and efficient outcomes, and makes a good contribution to the overall success of the organization.

One of the goals in managing human resources is to optimize employee performance. Performance is defined as results and work behavior achieved in carrying out duties and responsibilities within a certain time limit (Pianda, 2018). Performance is related to the level of achievement of the tasks that make up an employee's job. According to Robbins & Coutler (2016), performance is the result achieved by employees in their work according to the standards that apply to that position. Performance reflects the extent to which employees meet the job requirements given. Sometimes it is misinterpreted as mere effort, but actually performance is measured in terms of the results that have been achieved (Simamora, 2015).

One of the steps to improve employee performance is through compensation according to their expectations. Handoko (2014) explains that compensation refers to all forms of compensation given to employees in recognition of the performance they produce for the company. This is also one of the ways companies use to encourage employee performance improvement. The importance of compensation is reflected in its positive impact on organizational stability (Julianingrum & Sudiro, 2014).

In addition to remuneration, the provision of incentive within the work environment holds equal importance. Motivation plays a significant part in enhancing employee performance to achieve optimal outcomes. Based on the research conducted by Gultom (2014), it can be inferred that there exists a positive correlation between the degree of motivation provided to employees and their inclination to enhance their performance, hence facilitating the attainment of both personal and organizational objectives. According to Wibowo (2012), motivation can be defined as a compelling force or stimulus that propels individuals towards the attainment of their objectives through a range of procedural behaviors.

The significance of discipline within the work environment is a crucial factor that should not be disregarded while aiming to enhance employee performance. The primary purpose of work discipline is to sustain a sense of organization and consistency in the execution of job-related tasks (Yekti, 2017). According to Sutrisno's (2009) findings, discipline encompasses adherence to the established norms of an organization, regardless of whether these rules are explicitly documented or not. The concept of discipline can be understood as an individual's level of dedication and readiness to adhere to the established regulations and standards within an organization. Based on the aforementioned contextual information and the findings derived from the observations, the researcher expresses a keen interest in undertaking a study pertaining to the human resources inside the UMKM Association of silver traders situated in Celuk Village, Sukawati District, Gianyar Regency, Bali. This research is anticipated to serve as a valuable reference and source of information for future scientific advancements, particularly in the realm of comprehending the impact of Compensation, Work Motivation, and Work Discipline on Employee Performance. Additionally, it is hoped that this research will provide valuable insights and guidance for MSMEs silver traders in Celuk village, Sukawati District, Gianyar Regency, Bali. The findings of this study can potentially inform decision-making processes and serve as a point of reference for MSMEs seeking to enhance and optimize the performance of their employees. Specifically, this research aims to contribute to the improvement of employee motivation and work discipline, thereby facilitating overall organizational growth and development.
2. LITERATUR REVIEW

a. Compensation

Dessler (2017) defines compensation as a form of reward given to employees in exchange for their performance and matters related to their position. Meanwhile, according to Sedarmayanti (2019), compensation includes everything that employees receive as a reward for the work they do. Sinambela's view (2016) says that compensation involves all forms of appreciation given by the organization to employees as a form of reward for their roles and contributions. Based on these views, compensation can be interpreted as various forms of gifts, such as money, gifts or other awards, given by the organization to employees as recognition for their services and dedication to work.

b. Work motivation

Motivation can be conceptualized as a fundamental impetus that engenders a sense of enthusiasm and efficacy among employees, hence propelling them towards the attainment of organizational or corporate objectives (Hasibuan, 2020). Mangkunegara (2016) posits that motivation is a fundamental factor that stimulates people to strive towards the attainment of organizational and business objectives. According to Afandi (2021), motivation is an internal drive that emerges in individuals as a result of profound inspiration, excitement, and determination to approach tasks with seriousness, joy, and earnestness, ultimately leading to the generation of positive and high-quality outcomes.

c. Work Discipline

The concept of work discipline pertains to the consciousness and readiness of employees to adhere to all relevant regulations within the firm and societal norms (Sinambela, 2016). According to Sutrisno (2009), discipline is seen as a crucial operational component within the realm of Human Resource Management. This is due to the positive correlation between employee discipline and work performance, wherein a higher level of discipline leads to enhanced performance and subsequent improvement. Discipline encompasses the adherence to directives or regulations by both individuals and collectives, including the capacity to take proactive measures in the absence of explicit instructions. The fundamental essence of discipline is rooted in this characteristic, irrespective of the moral evaluation of the regulation in question.

d. Employee performance

Performance can be understood as the tangible outcome of an employee's capabilities, manifested through specific activities that delineate the accomplishments made by individuals when undertaking jobs that bear significant weight in driving the advancement of a business or corporation. According to the KBBI (Kamus Besar Bahasa Indonesia), performance is defined as the attainment of a particular objective or goal. Within the realm of professional settings, performance pertains to the actions undertaken or neglected by employees in the fulfillment of their assigned duties (Suwatno, 2019). According to Mangkunegara (2016), performance encompasses the outcomes of employees' labor, both in terms of quality and quantity, which are generated through the fulfillment of their assigned obligations. Performance can be defined as the outcome achieved by individuals in fulfilling their responsibilities in accordance with specific job-related requirements. Performance can be understood as an indicator of the degree of achievement attained by individuals or groups in carrying out the tasks or assignments allocated to them. The execution of this performance aligns with the assigned responsibilities, and the outcomes generated are consistent with the mandated expectations.

e. Framework of thinking

Based on the aforementioned background and literature analysis, it is possible to establish a framework for considering the impact of compensation, work incentive, and work discipline on employee performance:
f. hypothesis
H1: There is an influence between compensation on employee performance
H2: There is an influence between work motivation on employee performance
H3: There is an influence between work discipline on employee performance
H4: There is an influence between compensation, work motivation, and work discipline on employee performance

3. RESEARCH METHOD

The research employed a quantitative methodology as its methodological framework. The utilization of an associative technique by researchers entails the examination and evaluation of the interconnections and correlations between many variables (Sugiyono, 2011). Within the framework of this investigation, the present study centers on the examination of the impact of remuneration on employee performance, the influence of work motivation on employee performance, and the correlation between work discipline and employee performance. The study sample consisted of all individuals engaged in silver trading within the village of Ceruk Sukawati, located in the Gianyar Regency of Bali. The entire population of silver dealers in this area amounted to 45 personnel. The research employed a saturation sampling technique, resulting in a sample size of 45 individuals. The collection of research data was facilitated by the administration of online questionnaires to participants via the Google Form platform. The data obtained from the questionnaire was assessed using a Likert scale consisting of five points, ranging from "strongly agree" to "strongly disagree." Once the data has been gathered, the subsequent phase involves assessing the validity and reliability of the data, computing the coefficient of determination, and conducting hypothesis testing. The statistical analysis was conducted utilizing SPSS software version 26.0.

4. RESULTS AND ANALYSIS

a. Validity test

The validity test is employed to assess the degree to which the questionnaire or survey instrument utilized in a research study can accurately measure the variables under investigation. In this research investigation, the scholars utilized the r-table value by taking into account the sample size (n = 45) and the level of significance (α = 0.05), leading to an r-table value of 0.288. Based on the prescribed criteria, the validity of the instrument can be ascertained if the r-count value surpasses the r-table value. Upon conducting measurements, it was determined that the r-count value for all four variables surpassed 0.288 or r-count > r-
This outcome indicates that the instrument employed in this study possesses validity and appropriateness in assessing those variables.

b. Reliability Test

After testing using SPSS software version 26, the reliability test results were obtained as follows:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach’s Alpha</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation</td>
<td>0.843</td>
<td>Reliable</td>
</tr>
<tr>
<td>Motivation</td>
<td>0.902</td>
<td>Reliable</td>
</tr>
<tr>
<td>Discipline Work</td>
<td>0.625</td>
<td>Reliable</td>
</tr>
<tr>
<td>Performance Employee</td>
<td>0.545</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

A measure is deemed to possess satisfactory reliability when the Cronbach’s Alpha coefficient exceeds 0.6 or is equivalent to 60%. Based on the provided table of test results, it can be inferred that the reliability of all assertions pertaining to the variables under examination is satisfactory. This inference is drawn from the fact that the Cronbach’s Alpha coefficient for each variable above the threshold of 0.6 or 60%.

c. Classic assumption test

1) Normality test

After conducting an analysis using SPSS software version 26, the normality test results were found as follows:

![Normal P-P Plot of Regression Standardized Residual](image)

The figure above explains that the data spreads along a diagonal line, meaning that the data between employee performance variables on compensation, motivation, and work discipline has a normal relationship or distribution or meets the normality assumption test.

2) Multicollinearity Test

Based on the tests that have been carried out using SPSS version 26, the results of the multicollinearity test are as follows:

<table>
<thead>
<tr>
<th>Variable</th>
<th>tolerance</th>
<th>VIF</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation</td>
<td>0.265</td>
<td>1.003</td>
<td>multicollinearity does not occur</td>
</tr>
<tr>
<td>Motivation</td>
<td>0.421</td>
<td>1.003</td>
<td>multicollinearity does not occur</td>
</tr>
<tr>
<td>Discipline</td>
<td>0.995</td>
<td>1.002</td>
<td>multicollinearity does not occur</td>
</tr>
</tbody>
</table>
The above table displays the Variance Inflation Factor (VIF) values for the Compensation (X1), Motivation (X2), and Work Discipline (X3) variables, which are 1.003, 1.003, and 1.002, respectively. To ensure that the three independent variables exhibit Variance Inflation Factor (VIF) values that fall within preset tolerance limits, specifically not surpassing 4 or 5, it is imperative to prevent the occurrence of multicollinearity among the independent variables in this study.

3) **Heteroscedasticity Test**

After running the analysis with the help of SPSS software version 26, the results of the heteroscedasticity test were found as follows:

![Scatterplot](image)

Figure 3 Heteroscedasticity Test

The depicted image illustrates a distribution of points that exhibit a lack of discernible regularity, displaying a random arrangement. Furthermore, these points are dispersed in a manner that encompasses both positive and negative values relative to the central point of reference, which is denoted as zero on the Y axis. Therefore, it may be concluded that heteroscedasticity is not present in the regression model.

d. **Hypothesis testing**

1) t test

Based on the illustration above, it can be seen that the points are spread randomly without forming a regular pattern, and they are evenly distributed on both sides of the number 0 on the Y axis. Therefore, it can be concluded that in this regression model, there are no signs of heteroscedasticity that happened.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>std. Error</td>
<td>Betas</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>11.182</td>
<td>4,808</td>
<td>.337</td>
<td>2,323</td>
</tr>
<tr>
<td>Compensation</td>
<td>.226</td>
<td>.095</td>
<td>.371</td>
<td>2,347</td>
</tr>
<tr>
<td>Motivation</td>
<td>.355</td>
<td>.147</td>
<td>.371</td>
<td>2,395</td>
</tr>
<tr>
<td>Work Discipline</td>
<td>.007</td>
<td>.110</td>
<td>.009</td>
<td>079</td>
</tr>
</tbody>
</table>

a. Dependent Variable: total.y
According to the findings presented in Table 4, the study reveals that the Tcount (X1) exhibits a value of 2.347, accompanied with a significance level of 0.022. Consequently, the alternative hypothesis (H1) is deemed valid, signifying a substantial impact of compensation on employee performance. Moreover, the Tcount (X2) exhibits a value of 2.395, accompanied by a significance level (Sig) of 0.019. Therefore, based on the results, it may be concluded that the alternative hypothesis (H2) is supported, suggesting a statistically significant relationship between job motivation and employee performance. Nevertheless, the Tcount (X3) exhibits a value of 0.079, accompanied by a significance level (Sig) of 0.934. Thus, in this particular scenario, the null hypothesis (Ho) is deemed acceptable, whereas the alternative hypothesis (H3) is deemed invalid. This finding suggests that there is a lack of substantial correlation between work discipline and employee performance.

2) Test f

After conducting an analysis using SPSS software version 26, the results of the F test were found as follows:

<table>
<thead>
<tr>
<th>Model</th>
<th>sum of Squares</th>
<th>df</th>
<th>MeanSquare</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>139,303</td>
<td>3</td>
<td>46,433</td>
<td>8,752</td>
<td>.000</td>
</tr>
<tr>
<td>residual</td>
<td>217,493</td>
<td>4</td>
<td>5303</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>356,798</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. dependent Variables: total. y
b. Predictors: (Constant), total. x3, total.x2, total. x1

Based on the data presented in Table 5, it is evident that the Fcount value is 8.752, whereas the Ftable value is 2.827. The results indicate that the Fcount (8.752) exceeds the Ftable (2.827), while the significance value of 0.000 is below the predetermined significance threshold (0.05). Therefore, the findings of this experiment lead to the rejection of the null hypothesis (Ho) and the acceptance of the alternative hypothesis (Ha).

e. Coefficient of Determination

<table>
<thead>
<tr>
<th>Summary Model b</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>a. Predictors: (Constant), X3, X2, X1</td>
</tr>
<tr>
<td>b. Dependent Variable: Y</td>
</tr>
</tbody>
</table>

Based on the provided data, it can be inferred that the R-Square coefficient is 0.390. The findings indicate that approximately 38.8% of the variance in employee performance can be accounted for by the variability in the variables of Compensation, Motivation, and Work Discipline that were examined. Conversely, the study does not address the remaining 61.2% of the variability in employee performance, which is attributed to other factors.

f. Discussion

1) Effect of Compensation on Employee Performance

The research findings indicate that Tcount (X1) yielded a value of 2.347, accompanied by a significant value of 0.022. Thus, based on the findings, it is possible to adopt the alternative hypothesis (H1), which suggests a statistically significant relationship between compensation and employee performance. The significance of remuneration in relation to employee performance is evident within the setting of Micro,
Small, and Medium Enterprises (MSMEs) operating inside the silver traders association located in the hamlet of Ceruk Sukawati, Gianyar Regency, Bali. Compensation is a crucial component that necessitates careful deliberation prior to disbursing it to employees in the form of salary or wages. This decision can be predicated upon the degree to which employee performance has attained the level appreciated by higher-ranking individuals. If the performance meets the projected level of optimization, it is common for the compensation provided to be correspondingly higher. This practice serves as a motivator for employees to increase their level of effort and productivity. On the other, in cases where the compensation is inadequate, the consequences can be contrary to the desired outcome. The present discovery aligns with other scholarly investigations, exemplified by the study conducted by Farla et al. (2019), which showed that the combined influence of salary, leadership, and work facilities significantly impacts job satisfaction, both in part and as a collective entity.

2) The Effect of Motivation on Employee Performance

The Tcount value for X2 is 2.395, and it is statistically significant with a significance level of 0.019. Consequently, the alternative hypothesis (H2) can be deemed acceptable, signifying a substantial association between job motivation and employee performance. Motivation plays a significant role in influencing the performance of employees within the Micro, Small, and Medium Enterprises (MSMEs) operating under the Silver Traders Association in the hamlet of Ceruk Sukawati, Gianyar Regency, Bali. Motivation can be defined as the psychological state characterized by encouragement and passion towards engaging in work-related activities. When people feel inspired, their level of excitement towards their work is elevated, hence influencing their performance and ultimately leading to enhanced productivity and the attainment of organizational objectives. The present finding aligns with prior scholarly investigations, exemplified by the study conducted by Wahyudi (2019), which posited that job motivation exerts an impact on employee performance.

3) Effect of Work Discipline on Employee Performance

The Tcount (X3) is calculated to be 0.079, and it is associated with a significance value of 0.934. Thus, in this particular instance, the null hypothesis (Ho) is supported, suggesting that there is no statistically significant relationship between work discipline and employee performance. In the specific context of the silver traders association in the hamlet of Ceruk Sukawati, Gianyar Regency, Bali, it may be concluded that work discipline does not exert a substantial influence on employee performance within the MSMEs sector. In essence, the augmentation or preservation of work discipline inside the organization is unlikely to have a substantial impact on the enhancement of employee performance. The findings of this study diverge from prior research, as elucidated in the scholarly work conducted by Tyas and Sunuharyo (2018), wherein it is demonstrated that work discipline exerts a partially significant positive influence on employee performance.

4) The Effect of Compensation, Motivation and Work Discipline on Employee Performance

Based on the obtained Fcount value of 8.752 and the critical Ftable value of 2.827, it is evident that the Fcount value exceeds the Ftable value, specifically 8.752 > 2.827. Furthermore, the observed significance value of 0.000 is lower than the predetermined level of significance (0.05). Therefore, the null hypothesis (Ho) is deemed invalid, leading to the acceptance of the alternative hypothesis (Ha). Based on the findings, it can be inferred that there exists a statistically significant and positive relationship between the variables of Compensation, Motivation, and Work Discipline and the performance of employees working as MSME silver merchants in the hamlet of Ceruk Sukawati, located in the Gianyar Regency of Bali. The present discovery aligns with the outcomes of prior research conducted by Krisnanda and Sudibya (2014), which similarly demonstrated that work discipline, work motivation, and compensation exert a partially positive and significant impact on employee performance at Respati Sanur Beach Hotel. Notably, compensation emerged as the variable with the most substantial influence on employee performance.

5. CONCLUSION

Based on the findings and discourse surrounding the impact of compensation, motivation, and work discipline on the performance of employees in micro, small, and medium enterprises (MSMEs) within the silver trading sector in Ceruk Sukawati village, Gianyar Regency, Bali, it can be deduced that the outcomes indicate a positive and substantial correlation between compensation and employee performance in MSME trading enterprises. The presence of silver can be observed in the village of Ceruk Sukawati, located in the Gianyar Regency of Bali. Furthermore, a noteworthy and statistically significant correlation exists between job motivation and employee performance within the context of Micro, Small, and Medium Enterprises.
Nevertheless, the study conducted in the village of Ceruk Sukawati, Gianyar Regency, Bali, did not provide any statistically significant relationship between work discipline and employee performance within the context of MSME silver dealers. Moreover, the findings of the research indicate a noteworthy and affirmative concurrent influence of salary, work incentive, and work discipline on employee performance. The three independent variables exert a collective influence of 60.8% on the dependent variable, specifically employee performance.

REFERENCES