The influence of financial compensation and work motivation on employee performance with work discipline as an intervening variable (Study on BLUD employees of Siti Fatimah Hospital, South Sumatra Province)

Erwin Tarzani a, Muizzuddin b, Muhammad Ichsan Hadjri c, Yuliani d, Yos Karimudin e

Abstract

This research aimed to know the influence of financial compensation and work motivation on employee performance with work discipline as an intervening variable in BLUD employees at Siti Fatimah Hospital, South Sumatra Province. The population in this research are all BLUD employees of Siti Fatimah Regional Hospital consisting of 138 employees and and census method was implemented to consider the number of respondents. The data analysis technique in this research uses Structural Equation Modeling (SEM) using SmartPLS software. The results of the research show that financial compensation and work motivation have a positive and significant effect on employee performance, financial compensation and work motivation have a positive and significant effect on work discipline, work discipline has a positive and significant effect on employee performance, work discipline can mediate the relationship between financial compensation and work motivation on employee performance. The implication of this research is the importance of organizational units to provide additional rewards for employee who participate in additional work, provide motivation for each BLUD employee, and improve work discipline within the Siti Fatimah Regional Hospital, South Sumatra Province.

Keywords

employee performance; financial compensation; work discipline; work motivation;

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1 Introduction

An organization is a group consisting of people with formally defined roles that work together to reach an objective organization. Every organization or company good institution private or government established with the meaning of reaching objective organization (Yuriah & Kartini, 2022). Success in business reaching something objective organization depends on the utilization of existing resources, especially on resources man. Because of that, the company need to notice management as well as management which is appropriate to source Power Man Which There is so that can be utilized in a way optimal (Desler, 2020).

According to Robbins & Coulter (2007), Source Power Man (HR) is one part of the existing management function which focuses on the process of getting training, motivating, and maintaining competent employees. Human Resource Management (HRM) is policies, practices, and systems that influence behavior, attitudes, and performance of an employee. For a company that manages its HRM more effectively, employees and customers will tend more satisfied, and the company will be more innovative, have more productivity which is more big, and develop a better reputation in society. HRM if managed well, will also produce good performance in an organization (Raymond et al., 2020).

According to Dessler (2020), performance is work performance, namely the comparison between results work achieved by somebody with standard work set by the company. Results Work (output) Good quality or quantity achieved by HR over some time in carrying out their work duties following the responsibility given to them (Yuriah et al., 2023). Performance is the final result provided by an individual or employee in achieving the goal of an organization, whether the performance is good or the performance is bad (Robbins & Coulter, 2021).

One important factor in efforts to improve employee performance is providing compensation because compensation is a component important in the relationship with employees (Sinaga & Hidayat, 2020). According to Desler (2020), Compensation is all forms of payment or rewards given to the employees for work which has they do, while according to Rukhyati (2018), compensation is a form of remuneration which has been determined and known in advance by the workers or employees for the work they do and are determined by the company based on the principle which fair and reasonable.

Compensation given to employees can form compensation financial and non-financial compensation. Financial compensation is in the form of: wages, salaries, incentives, commissions and bonuses, while non-financial compensation consists of financial benefits such as insurance and vacation paid by the giver work. Compensation also reflects rewards for service an employee to the company. Big small compensation describes the level of contribution employee to the company and describes a big small responsibility task or work carried employee (Desler, 2020).

Besides giving compensation, Work discipline is also very necessary for every employee, because discipline has a direct impact on employee performance (Eliyana & Ma’arif, 2019; Güngör, 2011; Kuzu & Özihihan, 2014). According to Agustin (2022), Discipline is an attitude and feeling of obedience and compliance with oneself towards the values one believes in. Furthermore, Sutrisno (2019), believes that discipline is a condition or attitude of obedience among employees towards the rules and regulations of the organization. So it can be concluded that work discipline is an act of an employee's willingness or
unwillingness to comply with all the rules and regulations that apply in the organization, whether written or unwritten.

Work motivation is an encouragement trigger for employee for enterprising and truly carry out their duties (Muthoharoh et al., 2023). Providing motivation is the right foundation that can be done to give rise to flavor discipline towards work (Yuriah et al., 2022). Motivation work which is given by The company is one way to influence subordinates in the company to increase the quality it works so that objectives are achieved and increase the performance of the resource man Which There is in something organization (Mullin, 2019).

Increasing employee performance, apart from providing compensation and motivation for work, can also be done by increasing work discipline for employees, because work discipline is also something that is very necessary for every employee and has a direct impact on employee performance. According to Agustin (2022), Discipline is an attitude and feeling of obedience and obedience within oneself to the values one believes in. Furthermore, Sutrisno (2019), believes that discipline is a condition or attitude of obedience within employees towards the rules and regulations of the organization. So it can be concluded that work discipline is an act of an employee’s willingness or unwillingness to comply with all the rules and regulations that apply in the organization, whether written or unwritten.

Siti Fatimah Regional Hospital, South Sumatra Province is Wrong one regional technical implementation unit (UPTD) under the South Sumatra Provincial Health Service in the field of health services to the community which was formed based on Governor Regulation Number 38 of 2017 concerning the Establishment of UPTD RSUD South Sumatra Province. Siti Fatimah Regional Hospital, South Sumatra Province was inaugurated by the Minister of Health together with the Governor of South Sumatra and the Head of the Health Service on June 23 2018. Since its inauguration until now, Siti Fatimah Regional Hospital has continued to strive to improve the quality of services, infrastructure and human resources. Fulfilling the competency, quantity and distribution of human resources is a strategic issue and priority agenda in the strategic plan of RSUD Siti Fatimah for 2019-2023, one of which is optimizing the recruitment and placement of non-ASN/P3K employees known as BLUD Employees (RSUD Siti Fatimah, 2023b).

As one of the public service units in South Sumatra Province that has implemented the Regional Public Service Agency (PPK-BLUD) financial management pattern, Siti Fatimah Regional Hospital is given flexibility in managing the budget sourced from hospital services. Siti Fatimah Regional Hospital can recruit employees independently to meet adequate human resources so it is hoped that the hospital can provide professional and beneficial health services for the people of South Sumatra (Siti Fatimah Regional Hospital, 2023a).

Until 2024, the number of BLUD employees recorded is 134 people out of a total of 1193 employees or 11.23% of the total employees. The field of duties of BLUD employees is still dominated by administrative duties at 41.79%. Meanwhile, the total field of work for health workers shows a fairly high percentage, namely 38.81%. This shows the quite important role of BLUD employees in supporting the performance of health services to the community.

Salary payments to BLUD employees as a form of financial compensation refer to the provisions of the South Sumatra Provincial Minimum Wage (UMP) which is based on the Decree of the Governor of South Sumatra Number: 877/KPTS/DISNAKERTRANS/2023 concerning the 2023 South Sumatra UMP, namely IDR 3,404,177. Meanwhile, payment for services for BLUD employees is based on the hospital's internal regulations taking into account monthly service income and the hospital's financial capacity.

Based on research conducted during a preliminary study in December 2023 in the Personnel Section of Siti Fatimah Regional Hospital, South Sumatra Province, several problematic phenomena were found related to financial compensation received by BLUD employees at Siti Fatimah Regional Hospital, South Sumatra Province. BLUD employees often complain that the income they receive is relatively small even though they have worked optimally. The income received as a BLUD employee is not as much as the income of civil servants or P3K employees who receive income in the form of salaries and allowances whose amounts follow the provisions of the South Sumatra Provincial Government. This is different from BLUD employees who only receive salaries and services, even though the conditions of responsibility, workload and working hours received are the same for BLUD employees, Regional P3K/Honor employees, and Regional Civil Servants.

The working hours of BLUD employees at Siti Fatimah Regional Hospital are Monday to Friday from 08.00 to 16.00 WIB and on Fridays from 08.30 to 16.30 WIB. The results of interviews with several BLUD employees at Siti Fatimah Regional Hospital, BLUD employees at Siti Fatimah Regional Hospital often
complain about the working hours that have been regulated and agreed upon in the work contract, because there is no difference in working hours with civil servant employees who have a higher income than civil servants. BLUD, where civil servants, apart from receiving salaries and allowances, also receive services, while BLUD employees, outside of salaries, only receive services whose value is calculated based on RSUD service income and the RSUD's financial capacity. It turns out that this condition has an impact on the performance of BLUD employees. This affects the attendance level of BLUD employees as can be seen in the table of attendance levels for Siti Fatimah Regional Hospital employees in the previous three years.

Next, the author conducted an interview with the Head of the HR Department of Siti Fatimah Hospital and in this interview, another fact was discovered that besides the compensation factor, other factors caused a decrease in the level of performance of the BLUD employees of Siti Fatimah Hospital, South Sumatra, namely the lack of motivation to work in the BLUD employees of Siti Fatimah Hospital. South Sumatra. The low level of work motivation of BLUD employees at Siti Fatimah Hospital, South Sumatra can be seen from employees who are less enthusiastic and enthusiastic about carrying out their work because they consider the compensation to be small and they feel dissatisfied with the compensation they receive. BLUD employees just carry out their work and do not think about the targets they want to achieve, they are also not motivated to carry out their work better or simply innovate in carrying out their work. This is apart from the fact that they consider the compensation to be small, it is also because leaders and companies also provide very little work motivation to their employees.

Level of violations from BLUD employees at Siti Fatimah Regional Hospital. In 2021 there were 9% of employees arriving late and 3.5% of employees leaving early, in 2022 there were 7% of employees arriving late and 3.5% of employees leaving early and in 2023 there were 6.5% of employees arriving late and 2% leaving early. This means that in 2023 BLUD employees who attend on time and leave on time will not reach 100%. The lack of motivation to work from the BLUD employees of Siti Fatimah Hospital caused by the compensation factors explained previously makes their level of work discipline very low. BLUD employees often come late to the office during working hours and leave on time.

There are several research gaps in previous research, namely, the first research conducted by Thamrin et al. (2023), says that compensation has a positive and significant effect on employee performance. The influence of compensation on employee performance is also proven in research (Maryani et al., 2020). The results of this research show that the variables of financial compensation and work motivation have a positive and significant effect on employee performance. In research conducted by Dewi et al. (2023), it is said that work motivation and work discipline have a positive and significant effect on employee performance, as well as research conducted by Adinda et al. (2023), shows the results of the variables of work motivation and discipline work has a positive and significant influence on employee performance.

Research conducted by Sinaga et al. (2022), on banking employees in Medan, found that work discipline partially mediates the relationship between financial compensation and employee performance, but does not mediate the relationship between work motivation and employee performance, as well as research conducted by Pangestuti et al. (2023), on employees of manufacturing companies in Semarang found that work discipline fully mediates the relationship between financial compensation, work motivation and employee performance.

Different results were found in research by Rizqiyani (2023), which resulted in compensation having a negative or insignificant influence on employee performance at PT PLN (Persero) UP3 Bekasi. Financial compensation had an insignificant effect on employee performance which was also found in research by Putra et al (2018). Research conducted by Setiawan et al. (2021), on banking sector employees in Jakarta found that work motivation did not have a significant effect on employee performance. Research conducted by Andriani et al. (2020), on banking sector employees in Bandung found that work motivation did not have a significant effect on employee performance.

Research conducted by Putra & Liana (2023), shows the results that work discipline has a negative and significant influence on employee performance, as well as research conducted by Sari et al. (2023), on trade sector employees in Surabaya, found that work discipline did not mediate the relationship between financial compensation and employee performance, but did mediate the relationship between work motivation and employee performance (Haesevoets et al., 2013; Gan et al., 2020; Cuñat & Guadalupe, 2009). Based on this phenomenon, this research aims to determine the effect of financial compensation and work motivation on
employee performance with work discipline as an intervening variable (Study of BLUD Employees at Siti Fatimah Hospital, South Sumatra).

2 Materials and Methods

The study uses a quantitative approach. The sampling technique in this research is by technique sampling saturation/census And collection data uses a questionnaire. The type of data used in this research is qualitative data and quantitative that is form results questionnaire about Compensation Financial And Work motivation to Performance Employees with disciplined Work as an intervening variable in Siti Fatimah Regional Hospital, South Sumatra Province then the data is processed (quantitated) using statistical testing tools with PLS program assistance. Source data used in the study This is data primary. Collection data primary in the study is through spreading questionnaires to all BLUD employees at Siti Fatimah Regional Hospital, South Sumatra Province. Technique collection data in the study This uses a questionnaire.

The samples in this study were all BLUD employees There is on Siti Fatimah Regional Hospital, South Sumatra Province, which was taken using a saturated/census sampling technique. Saturated sampling or census is where all members of the population are selected respondents if the population is relatively small (Sugiyono, 2019). The data analysis method in this research uses the Structural Equation Model (SEM) in the model And testing hypothesis. If want to change the data scale ordinalto scale intervals so use the analysis Method of Successive Intervals (MSI).

Quantitative data obtained through questionnaires distributed to Respondents were analyzed using Structural Equation Modeling (SEM) Analysis using software partial least square (PLS). The use of the Outer model is intended to determine reliable and reliable measurements valid for each indicator variable latent (Junianto & Sabtohadi, 2020). Testing in the outer model is as follows: Convergent Validity, Discriminant Validity, and Composite Reliability.

Inner model testing is carried out to see the significance value of the relationship between latent variables with the t-test according to the structural path parameters and the R-value Square from the model study. Following method testing model structural namely: R-Square ($R^2$), Q $^2$ Predictive Relevance, F-Square (F2), Quality Index, Goodness of Fit Index (GoF), Test Hypothesis, and Test of Mediation/Intervening Variables.

Intervening variables are those that theoretically influence the relationship between the independent variable and the dependent variable into an indirect relationship Sugiyono (2019). In this research, the intervening variable is work motivation. Mediation hypothesis testing can be carried out using a procedure developed by Sobel and known as the Sobel Test. The Sobel test is carried out by testing the strength of the indirect influence of Financial Compensation and Work Motivation on Employee Performance through Work Discipline. The decision-making rule for testing mediating variables is carried out as follows, if a p-value < 0.05 is obtained then it is said that there is a significant indirect influence of financial compensation and work motivation on employee performance through work discipline or it can be said that the work discipline variable can mediate the financial compensation and motivation variables work on employee performance (Dwivedula & Bredillet, 2010; Stoeber et al., 2013; Lam & Gurland, 2008).

3 Results and Discussions

3.1 Results

Measurement Model (Outer Model)

Evaluation of the measurement model/ Outer Model in PLS-SEM is carried out including Convergent Validity, Discriminate Validity, and Composite Reliability.
Convergent Validity

The Convergent Validity measurement of the outer model is shown by the results of the PLS Algorithm calculation in the form of the outer loading value of each variable. The indicator is declared convergently valid if the outer loading value is $\geq 0.7$ (Hair et al., 2021). Convergent Validity can also be assessed through AVE (Average Variance Extracted). A model that has an AVE value above 0.5 is categorized as having high convergent validity.

The AVE value of each construct in the model is concluded that the AVE value is above 0.5. The AVE value of Financial Compensation is 0.785 (78.5%), which means that the variation in the KF.1 – KF.9 measurement items contained in the Financial Compensation variable is 78.5%. The AVE value of Work Motivation is 0.848 (84.8%), which means that the variation in measurement items MK.1 - MK.9 contained by the Work Motivation variable is 84.8%. The AVE value of Employee Performance is 0.792 (79.2%), which means that the variation in measurement items K.1 - K.18 contained by the Employee Performance variable is 79.2%. The AVE value of Work Discipline is 0.868 (86.8%), which means that the variation in the DK.1 - DK.12 measurement items contained in the Work Discipline variable is 86.8%.

Discriminant Validity

The Discriminant Validity Test is a stage carried out to find out whether the variables or indicators used in the research have unique values and are only related to the variables or indicators themselves. The first method is to measure cross-loading, where the cross-loading results must show that the indicators for each construct have a higher value than the indicators for the other constructs. The results of the cross-loading test in this research are as follows:

<table>
<thead>
<tr>
<th>Discipline</th>
<th>Work</th>
<th>Employee performance</th>
<th>Financial Compensation</th>
<th>Motivation Work</th>
</tr>
</thead>
<tbody>
<tr>
<td>DK1</td>
<td>0.830</td>
<td>0.592</td>
<td>0.353</td>
<td>0.772</td>
</tr>
<tr>
<td>DK10</td>
<td>0.885</td>
<td>0.760</td>
<td>0.327</td>
<td>0.851</td>
</tr>
<tr>
<td>DK11</td>
<td>0.908</td>
<td>0.769</td>
<td>0.342</td>
<td>0.855</td>
</tr>
<tr>
<td>DK12</td>
<td>0.878</td>
<td>0.693</td>
<td>0.393</td>
<td>0.843</td>
</tr>
<tr>
<td>DK2</td>
<td>0.848</td>
<td>0.703</td>
<td>0.323</td>
<td>0.757</td>
</tr>
<tr>
<td>DK3</td>
<td>0.839</td>
<td>0.650</td>
<td>0.329</td>
<td>0.734</td>
</tr>
<tr>
<td>DK4</td>
<td>0.881</td>
<td>0.812</td>
<td>0.230</td>
<td>0.802</td>
</tr>
<tr>
<td>DK5</td>
<td>0.828</td>
<td>0.616</td>
<td>0.177</td>
<td>0.679</td>
</tr>
<tr>
<td>DK6</td>
<td>0.875</td>
<td>0.699</td>
<td>0.351</td>
<td>0.824</td>
</tr>
<tr>
<td>DK7</td>
<td>0.890</td>
<td>0.695</td>
<td>0.389</td>
<td>0.860</td>
</tr>
<tr>
<td>DK8</td>
<td>0.942</td>
<td>0.781</td>
<td>0.370</td>
<td>0.909</td>
</tr>
<tr>
<td>DK9</td>
<td>0.903</td>
<td>0.723</td>
<td>0.308</td>
<td>0.856</td>
</tr>
<tr>
<td>K1</td>
<td>0.654</td>
<td>0.941</td>
<td>0.354</td>
<td>0.628</td>
</tr>
<tr>
<td>K10</td>
<td>0.672</td>
<td>0.928</td>
<td>0.382</td>
<td>0.673</td>
</tr>
<tr>
<td>K11</td>
<td>0.696</td>
<td>0.807</td>
<td>0.407</td>
<td>0.709</td>
</tr>
<tr>
<td>K12</td>
<td>0.641</td>
<td>0.879</td>
<td>0.323</td>
<td>0.623</td>
</tr>
<tr>
<td>K13</td>
<td>0.582</td>
<td>0.834</td>
<td>0.294</td>
<td>0.568</td>
</tr>
<tr>
<td>K14</td>
<td>0.754</td>
<td>0.775</td>
<td>0.525</td>
<td>0.797</td>
</tr>
<tr>
<td>K15</td>
<td>0.733</td>
<td>0.797</td>
<td>0.308</td>
<td>0.734</td>
</tr>
<tr>
<td>K16</td>
<td>0.604</td>
<td>0.906</td>
<td>0.405</td>
<td>0.572</td>
</tr>
<tr>
<td>K17</td>
<td>0.625</td>
<td>0.697</td>
<td>0.482</td>
<td>0.677</td>
</tr>
<tr>
<td>K18</td>
<td>0.747</td>
<td>0.792</td>
<td>0.446</td>
<td>0.779</td>
</tr>
<tr>
<td>K2</td>
<td>0.750</td>
<td>0.799</td>
<td>0.323</td>
<td>0.753</td>
</tr>
<tr>
<td>K3</td>
<td>0.628</td>
<td>0.868</td>
<td>0.346</td>
<td>0.617</td>
</tr>
<tr>
<td>K4</td>
<td>0.636</td>
<td>0.927</td>
<td>0.355</td>
<td>0.611</td>
</tr>
</tbody>
</table>
Tarzani, E., Muizzuddin, M., Hadjri, M. I., Yuliani, Y., & Karimudin, Y. (2024). The influence of financial compensation and work motivation on employee performance with work discipline as an intervening variable: Study on BLUD employees of Siti Fatimah Hospital, South Sumatra Province. International Journal of Social Sciences and Humanities, 8(2), 79–96. https://doi.org/10.53730/ijssh.v8n2.15023
**Composite Reliability**

Measuring the reliability of a construct can be done by measuring the *Composite Reliability value*. *Composite Reliability* measures the true value of the reliability of a construct. A variable is declared construct reliable if the *Composite Reliability value* is above 0.7.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach’s Alpha</th>
<th>Composite Reliability</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work Discipline</td>
<td>0.972</td>
<td>0.975</td>
<td>Reliable</td>
</tr>
<tr>
<td>Employee Performance</td>
<td>0.974</td>
<td>0.977</td>
<td>Reliable</td>
</tr>
<tr>
<td>Financial Compensation</td>
<td>0.947</td>
<td>0.955</td>
<td>Reliable</td>
</tr>
<tr>
<td>Work motivation</td>
<td>0.932</td>
<td>0.943</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

*Source: Primary data processed, 2024*

Based on Table 3. above, it can be concluded that all reliable constructs, both *composite reliability* and *Cronbach’s alpha* have values above 0.70. So it can be concluded that all indicators are indeed measures of their respective constructs.

**Structural Model (Inner Model)**

The Structural Model (*Inner Model*) describes the causal relationship between latent variables which has been built based on the substance of the theory. In the structural model test (*Inner Model*) using the *Bootstrapping* and *Blindfolding procedures* in PLS-SEM. Tests on the structural model were carried out to test the relationship between latent constructs. Evaluation of the structural model (*Inner Model*) in PLS-SEM is carried out by testing the *R-Square value* on the endogenous construct, *Prediction Relevance (Q-Square)*, *Goodness of Fit (Gof)* and Hypothesis Testing.

**R-Square Test**

*R-Square* is a measure of the proportion of variation in the value of the variable that is influenced (endogenous) and can be explained by the variable that influences it (exogenous). The criteria for the *R-Square values* are 0.75, 0.50 and 0.25 which can be concluded that the model is strong, moderate/medium and weak. This means that the higher the $R^2$ value, the better the prediction model and research model proposed.

<table>
<thead>
<tr>
<th>Endogenous/Depended Variables</th>
<th>R-Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Performance</td>
<td>0.693</td>
</tr>
<tr>
<td>Work motivation</td>
<td>0.873</td>
</tr>
</tbody>
</table>

*Source: Primary data processed, 2024*

Based on Table 4. above, *the R-Square value* for the employee performance variable is 0.693, which means the category is medium, which means that the variables financial compensation ($X_1$) and job satisfaction ($X_2$) simultaneously influence the employee performance variable ($Y$) amounted to 69.3 %, while the rest was influenced by other variables not included in this research such as job satisfaction, work environment, leadership, work stress and so on. Furthermore, the work motivation variable obtained an *R-Square value* of 0.873, namely a strong category which means that the financial compensation variable ($X_1$) and work motivation ($X_2$) simultaneously influence the work motivation variable ($Z$) of 87.3 % and the remainder is
influenced by other variables not studied such as job satisfaction, work environment, leadership, work stress and so forth.

**Q-Square Test (Q²)**

Q-Square is used to measure how good the observation values produced by the model and its parameter estimates are. If the Q – Square value is greater than 0 (zero), it means the model has predictive relevance, and if the Q – Square value is smaller than 0 (zero), it means the model has less predictive relevance (Sulistyowati et al., 2022).

<table>
<thead>
<tr>
<th>Endogenous/Depended Variables</th>
<th>R-Square</th>
<th>1-((1- R₁ square)(1 - R₂ square))</th>
<th>Q-Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Performance</td>
<td>0.693</td>
<td>1-(1-0.693)(1-0.873)</td>
<td>0.961</td>
</tr>
<tr>
<td>Work motivation</td>
<td>0.873</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td>0.783</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Primary data processed, 2024*

From the calculation results above in Table 5, show that the Q-Square value is greater than 0 (zero), meaning that this research model has a predictive relevance value or percentage of the Q-Square test of 0.961 or 96.1% which is almost close to 1. It can be stated that this research has a fairly good model.

**Square Test (F²)**

F – Square is a measure used to see the relative impact of an independent variable on the dependent variable. If the f-square value is 0.02 then there is a small effect of the independent variable on the dependent variable, and if the f-square value is 0.15 then there is a moderate or moderate effect of the independent variable on the dependent variable and if the f-square value is 0.35, then there is a large effect of the independent variable on the dependent variable (Sulistyowati et al., 2022). Below are the f-square values of each variable in this research:

<table>
<thead>
<tr>
<th>Disciplined Work</th>
<th>Employee Performance</th>
<th>Financial Compensation</th>
<th>Work motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>X₁ – Z</td>
<td>0.330</td>
<td>0.330</td>
<td>0.330</td>
</tr>
<tr>
<td>X₁ – Y</td>
<td>0.169</td>
<td>0.437</td>
<td>0.330</td>
</tr>
</tbody>
</table>

*Source: Processed Primary Data, 2024*

Based on the table above, it can be seen that X₁-Z has a value of 0.330 (Strong), X₂-Z is 0.330 (Strong), X₁-Y is 0.169 (Medium), and YZ is 0.550 (Strong).

**Goodness of Fit Index (GoF) Test**

The GoF test is used to test the overall model suitability for either the outer model or the inner model with the observed values and the expected values in the model. A value of 0.00-0.24 is in the small category, 0.25-0.37 is in the moderate category and 0.38-1 is in the high category.
\[
\text{GoF} = \sqrt{R \text{ata} - \text{rata AVE} \times \text{Rata} - \text{rata} R \text{ Square}}
\]
\[
= \sqrt{0.823 \times 0.783}
\]
\[
= \sqrt{0.644}
\]
\[
= 0.710
\]

Based on the calculations above, the GoF value is included in the high category.

Table 7
Path Coefficient Test Results

<table>
<thead>
<tr>
<th></th>
<th>Original Sample (O)</th>
<th>t Statistics (t0/STDEVI)</th>
<th>P Values</th>
<th>Significant Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Compensation_-&gt; Employee Performance</td>
<td>0.126</td>
<td>2.953</td>
<td>0.021</td>
<td>Significant</td>
</tr>
<tr>
<td>Work Motivation -&gt; Employee Performance</td>
<td>0.284</td>
<td>3.987</td>
<td>0.049</td>
<td>Significant</td>
</tr>
<tr>
<td>Financial Compensation -&gt; Work Discipline</td>
<td>0.106</td>
<td>2.256</td>
<td>0.024</td>
<td>Significant</td>
</tr>
<tr>
<td>Work Motivation -&gt; Work Discipline</td>
<td>0.981</td>
<td>35.616</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>Work Discipline -&gt; Employee Performance</td>
<td>0.500</td>
<td>2.542</td>
<td>0.011</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Source: Processed Primary Data, 2024

Based on the results of testing Table 7, it can be concluded that:

1) Testing Hypothesis 1, namely the direct influence of Financial Compensation on Employee Performance, obtained a positive original sample value of 0.126, which means that the higher the Financial Compensation, the Employee Performance will also increase, the t-statistic value is 2.953 > 1.96, and the P-Value is 0.021 (< 0.05), it can be concluded that Financial Compensation has a positive and significant effect on Employee Performance, and thus **Hypothesis 1 is accepted.**

2) Testing Hypothesis 2, namely the direct influence of Work Motivation on Employee Performance, obtained a positive original sample value of 0.284, which means that the higher the Work Motivation, the Employee Performance will also increase, the t-statistic value 3.987 > 1.96, and the P-Value value is 0.049 (< 0.05), it can be concluded that Work Motivation has a positive and significant effect on Employee Performance, and thus **Hypothesis 2 is accepted.**

3) Testing Hypothesis 3, namely the direct influence of Financial Compensation on Work Discipline, obtained a positive original sample value of 0.106, which means that the higher the Financial Compensation, the Work Discipline also increases, the t-statistic value 2.256 > 1.96, and the P-Value value is 0.024 (< 0.05), it can be concluded that Financial Compensation has a positive and significant effect on Work Discipline, and thus **Hypothesis 3 is accepted.**

4) Testing Hypothesis 4, namely the direct influence of Work Motivation on Work Discipline, obtained a positive original sample value of 0.981, which means that the higher the Work Motivation, the Work Discipline also increases, the t-statistic value 35.616 > 1.96, and the P-Value value is 0.000 (< 0.05), it can be concluded that Work Motivation has a positive and significant effect on Work Discipline, and thus **Hypothesis 4 is accepted.**

5) Testing Hypothesis 5, namely the direct influence of Work Discipline on Employee Performance, obtained a positive original sample value of 0.500, which means that the higher the Work Discipline, the Employee Performance will also increase, the t-statistic value 2.542 > 1.96, and the P-Value value is 0.011 (< 0.05), it can be concluded that Work Discipline has a positive and significant effect on Employee Performance, and thus **Hypothesis 5 is accepted.**

After carrying out the Path Coefficient test based on the P-Values and t-statistics, the next is to test the indirect effect through the Intervening Variable. The results of the tests carried out using the bootstrapping test in the analysis using Smart PLS are as follows:
Table 8
Specific Indirect Effects Test Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Original Sample (O)</th>
<th>Sample Mean (M)</th>
<th>Standard Deviation (STDEV)</th>
<th>T Statistics (IO/STDEV)</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Compensation -&gt; Work Discipline -&gt; Employee Performance</td>
<td>0.053</td>
<td>0.054</td>
<td>0.035</td>
<td>3.529</td>
<td>0.027</td>
</tr>
<tr>
<td>Work Motivation -&gt; Work Discipline -&gt; Employee Performance</td>
<td>0.491</td>
<td>0.491</td>
<td>0.196</td>
<td>2.509</td>
<td>0.012</td>
</tr>
</tbody>
</table>

Source: Processed Primary Data, 2024

Based on the results of testing Table 8, it can be concluded that:

Testing Hypothesis 6, namely the influence of Financial Compensation on Employee Performance through Work Discipline, obtained a positive original sample value of 0.053, which means the Work Discipline variable plays a role in mediating the influence of Financial Compensation on Employee Performance, $t$-statistic value $3.529 > 1.96$, and the $P$-Value value is $0.027 (< 0.05)$, it can be concluded that Financial Compensation has a positive and significant effect on Employee Performance through Work Discipline as a mediating variable, and thus Hypothesis 6 is accepted.

Testing Hypothesis 7, namely the influence of Work Motivation on Employee Performance through Work Discipline, obtained a positive original sample value of 0.491, which means that the Work Discipline variable plays a role in mediating the influence of Job Satisfaction on Employee Performance, $t$-statistic value $2.509 > 1.96$, and the $P$-Value value is $0.012 (< 0.05)$, it can be concluded that Work Motivation has a positive and significant effect on Employee Performance through Work Discipline as a mediating variable, and thus Hypothesis 7 is accepted.

3.2 Discussions

Based on the results of the analysis and various tests that have been carried out, a discussion of the results of data processing in the research will then be carried out so that a clearer picture can be given regarding the influence between variables, both direct and indirect relationships mediated by the intervening variables contained in the research. This.

The effect of financial compensation on employee performance

All the test results that have been carried out, show that the Financial Compensation variable has a positive and significant effect on Employee Performance. This is proven by the positive original sample value, namely 0.126, which means that the higher the Financial Compensation, the Employee Performance will also increase, the $t$-statistic value is $2.953 > 1.96$, and the $P$-Value value is $0.021 (< 0.05)$, so it can be concluded that Financial Compensation has a positive effect and significant to employee performance, and thus Hypothesis 1 is accepted.

These results are in line with previous research conducted by Maryani et al. (2020), who in their research stated that financial compensation is important for employees because with this compensation they can meet their needs directly, especially their physiological needs. The results of this research are also strengthened by research by Panjaitan et al. (2018), which states that compensation has a positive and significant effect on the performance of PT Sentral Pembangunan Indonesia employees. Likewise, the results of research by Aulia et al. (2019), state that there is a positive and significant influence between compensation on employee performance.

From this description, it can be concluded that the financial compensation provided by Siti Fatimah Regional Hospital, South Sumatra Province to BLUD employees is good enough to improve the performance of its employees. This can be seen in the frequency distribution table, which shows that the dominant respondents answered in agreement with the statement that Participate in overtime work to get additional rewards. This is in contrast to the phenomenon in the background which states that BLUD employees often...
complain about low salaries and a large workload, so it can be concluded that the phenomenon in the background is only felt by BLUD employees, but it produces results different when researched.

The influence of work motivation on employee performance

All the test results that have been carried out, show that the Work Discipline variable has a positive and significant effect on Employee Performance. This is proven by the positive original sample value, namely 0.284, which means that the higher the work motivation, the employee performance will also increase, the t-statistic value is 3.987 > 1.96, and the P-Value value is 0.049 (< 0.05), it can be concluded that Work Motivation has a positive and significant effect on Employee Performance, and thus Hypothesis 2 is accepted.

This is in line with previous research conducted by Putra et al. (2018), which found that work motivation has a positive influence on performance, meaning that when employees have high motivation, employees can optimize their abilities at work. This condition causes employee work results to increase. Furthermore, research conducted by Kurniawan & Heryanto (2019), found that the work motivation variable had a positive and significant relationship with employee performance, meaning that employee performance could be improved by motivating employees.

From this description, it can be concluded that the work motivation of BLUD employees is sufficient to improve their performance. This can be seen in the frequency distribution table, which shows that the dominant respondents answered in agreement with the statement that employees are motivated to gain greater responsibility. This shows that BLUD employees have an internal drive to do their work better continuously and this is in line with the phenomenon that exists in the background that there are motivational variables at work which make BLUD employees still work even though the financial compensation is felt to be not appropriate with workload (Perdamean et al., 2021).

The influence of financial compensation on work discipline

All the test results that have been carried out, show that the Financial Compensation variable has a positive and significant effect on Work Motivation. This is evident from the positive original sample value, namely 0.106, which means that the higher the Financial Compensation, the Work Discipline also increases, the t-statistic value 2.256 > 1.96, and the P-Value value is 0.024 (< 0.05), it can be concluded that Financial Compensation has a positive and significant effect on Work Discipline, and thus Hypothesis 3 is accepted.

Hasibuan & Silvya (2019), if the remuneration or compensation given is large enough, managers will easily motivate their subordinates. Rivai et al. (2021), that the rewards received by employees, both intrinsic rewards and extrinsic rewards, greatly influence their work enthusiasm and motivation. If compensation is managed effectively, it will directly influence employee work motivation.

This is in line with previous research conducted by Mushawir et al. (2019), which found that financial and non-financial compensation had a positive and significant influence on work motivation. Similar results were also found in research conducted by Aulia et al. (2019), stating that financial compensation had a positive and significant influence on work motivation, and the results of research by Maryani et al. (2020), at PT Arta Sedana Retailindo Hardys Malls Sanur Branch stated that financial compensation had a positive and significant impact on employee work motivation.

The influence of work motivation on work discipline

All the test results that have been carried out, show that the Work Motivation variable has a positive and significant effect on Work Discipline. This is proven by the positive original sample value, namely 0.981, which means that the higher the work motivation, the work discipline also increases, the t-statistic value 35.616 > 1.96, and the P-Value value is 0.000 (< 0.05), it can be concluded that Work Motivation has a positive and significant effect on Work Discipline, and thus Hypothesis 4 is accepted.

Work motivation is one of the factors that influences employee work discipline. Work motivation can strengthen employee work discipline. The higher the work motivation felt by employees, the higher the employee's work discipline. On the other hand, employees who do not have work motivation also have low
discipline. If employee motivation is high, the employee will try to complete his work as best as possible (Saragih, 2024).

These results are also in line with previous research conducted by Dewi et al. (2023), showing that work motivation variables have a positive and significant effect on work discipline. Furthermore, research by Rst et al. (2019), states that work motivation has a positive and significant influence on discipline.

The influence of work discipline on employee performance

All the test results that have been carried out, show that the Work Discipline variable has a positive and significant effect on Employee Performance. This is proven by the positive original sample value, namely 0.500, which means that the higher the work discipline, the employee performance will also increase, the t-statistic value is 2.542 > 1.96, and the P-value value is 0.011 (<0.05), it can be concluded that Work Discipline has a positive and significant effect on Employee Performance, and thus Hypothesis 5 is accepted.

Employee performance is said to be good if the work discipline carried out by the employee is also getting better. In other words, good employee performance can be influenced by the employee's work discipline. Thus, work discipline in an agency is needed to boost employee performance.

Research by Albar & Rialmi (2023), shows the results that compensation, work discipline and work motivation simultaneously have a significant effect on employee performance and work discipline has a positive and significant effect on employee performance. Furthermore, research conducted by Bimantoro & Sulaimiah (2023), also shows that work discipline has a positive and significant influence on employee performance.

From this description, it can be concluded that the financial compensation provided by Siti Fatimah Regional Hospital is good enough to motivate employees to work. This can be seen in the frequency distribution table, which shows that the dominant respondents answered in agreement with the statement about completing additional work and working outside working hours to get additional incentives.

The effect of financial compensation on employee performance through work discipline as an intervening variable

All the test results that have been carried out, show that the Financial Compensation variable has a positive and significant effect on Employee Performance through Work Discipline as an intervening variable. This is evident from the positive original sample value, namely 0.053, which means that the Work Discipline variable plays a role in mediating the influence of Financial Compensation on Employee Performance, the t-statistic value is 3.529 > 1.96, and the P-Value is 0.027 (< 0.05), so it can be concluded that Compensation Finances have a positive and significant effect on employee performance through work discipline as a mediating variable, and thus Hypothesis 6 is accepted.

The above results are in line with previous research conducted by Jufrizen (2021), that work motivation can moderate the relationship between work compensation and performance, and work motivation cannot moderate the relationship between work discipline and performance, therefore work motivation is not a moderating variable for work discipline, however moderating variables for compensation. Maryani et al. (2022), show that the research results show that: 1) Financial compensation has a positive and significant effect on employee performance, 2) Financial compensation has a positive and significant effect on motivation, 3) Work motivation has a significant positive effect on employee performance, 4) Financial compensation has a positive influence on employee performance through work motivation as an intervening variable.

From this description it can be concluded that work motivation is a mediating variable in providing financial compensation by RSUD Siti Fatimah to BLUD employees, thereby providing a positive impact by increasing employee performance. This means that the existence of work motivation as a mediating variable of financial compensation becomes a factor in increasing employee performance.

The influence of work motivation on employee performance through work discipline as an intervening variable

All the test results that have been carried out, show that the Work Motivation variable has a positive and significant effect on Employee Performance through Work Discipline as an intervening variable. This is evident...
from the positive original sample value, namely 0.491, which means that the Work Discipline variable plays a role in mediating the influence of Job Satisfaction on Employee Performance, the t-statistic value is 2.509 > 1.96, and the P-Value is 0.012 (< 0.05), so it can be concluded that Motivation Work has a positive and significant effect on employee performance through work discipline as a mediating variable, and thus Hypothesis 7 is accepted.

There is an indirect relationship between work discipline and employee performance, namely work discipline will influence employee performance if there is a mediating factor in the form of work discipline. This indirect relationship between job satisfaction and employee performance is supported by previous research done by Noverahman et al. (2023), which from the results study found work motivation has a positive influence on performance through work discipline. Similar results were also found in research by Agil (2023), which shows work discipline as an intervening variable between work motivation and employee performance. From this description, it can be concluded that work discipline is a mediating variable in influencing the work motivation of BLUD employees at Siti Fatimah Regional Hospital so that it has a positive impact by increasing employee performance, which means that work discipline as a mediating work motivation variable is a factor in increasing employee performance.

4 Conclusion

Based on the explanation outlined in the previous chapter, several conclusions can be drawn, namely as follows: Financial compensation directly has a positive and significant effect on the performance of BLUD employees at Siti Fatimah Hospital, South Sumatra Province. Work Motivation directly has a positive and significant effect on employee performance at Siti Fatimah Regional Hospital, South Sumatra Province. Financial Compensation directly has a positive and significant effect on Work Discipline at Siti Fatimah Regional Hospital, South Sumatra Province. Work Motivation directly has a positive and significant effect on Work Discipline at Siti Fatimah Regional Hospital, South Sumatra Province. Work Discipline directly has a positive and significant effect on employee performance at Siti Fatimah Regional Hospital, South Sumatra Province. Work Discipline has a positive and significant influence in mediating the relationship between financial compensation and employee performance at Siti Fatimah Regional Hospital, South Sumatra Province. Work Discipline has a positive and significant influence in mediating the relationship between work motivation and employee performance at Siti Fatimah Regional Hospital, South Sumatra Province.

Based on the research results, to improve employee performance at Siti Fatimah Regional Hospital, South Sumatra Province, the author suggests that agencies give additional rewards to employees who participate in overtime work, improve work motivation of BLUD employees by giving BLUD employees greater responsibility, and improve work discipline especially related to complying with regulations on how to do work.

Acknowledgements

The author realizes that this thesis would not have been possible to complete without the support, assistance, guidance and advice from various parties during the preparation of this thesis.
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<table>
<thead>
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