HOW DO WORK DISCIPLINE, COMPENSATION AND COMPETENCE INFLUENCE EMPLOYEE PRODUCTIVITY?

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https://doi.org/10.46367/jps.v4i2.1390

Received: Aug 14, 2023 Revised: Sep 28, 2023 Accepted: Oct 06, 2023 Published: Oct 26, 2023

ABSTRACT

Islamic banks require employee productivity, where employee productivity indicates the continuity of bank business productivity. This research aims to analyze the extent to which work discipline, compensation, and competence impact employee productivity. The research uses a quantitative approach with primary data in the form of a questionnaire. The data analysis technique uses partial least squares structural equation modelling, and data processing is carried out using SmartPLS 3.0 software. The population of this study was all employees of Bank Muamalat, Yogyakarta’s main branch office (MBO), totalling 65 people. The research sample consisted of 65 employees selected using a saturated sampling procedure. The research results show a positive and statistically significant impact between work discipline and employee productivity. However, the results of this study did not identify a significant impact between compensation and competence on employee productivity. The results of this research can complement existing theories and can be used as material for consideration and information for Bank Muamalat Yogyakarta’s MBO in making decisions to increase employee productivity.

Keywords: employee productivity, work discipline, compensation, competence.

INTRODUCTION

The establishment of Islamic banks was accompanied by commendable performance, as evidenced by OJK's findings that in 2020, Islamic banking and business unit financing increased by around 8.08 percent, while third-party funds increased by 11.80 percent (OJK 2021). One of these Islamic banks, Bank Muamalat Indonesia, which operates solely based on Islamic principles, also continues to experience growth (Harahap 2021). This growth shows that the existence of Bank Muamalat Indonesia is acceptable. This is proven by operating a network of 240 Bank Muamalat service offices in Indonesia, with additional overseas service offices in Malaysia (Muamalat 2022). This also proves that public recognition and awareness of the existence of Islamic banks has grown very rapidly (Mahalizikri, Marmai, and Suri 2020).

This growth is supported by reliable human resources that have a competitive advantage in adapting to change (Pawirosumarto and Irioni 2018). Therefore, Islamic banks want reliable, professional human resources who can adapt and work hard to increase productivity. An organization or company has high expectations for employee productivity to achieve work results and maintain the smooth running of the business (Siddiqui 2014). Various factors can influence work productivity, such as individual knowledge (Kim et al. 2019; Óskarsdóttir et al. 2022), skills (Prada, Rucci, and Urzúa 2019; Khan et al. 2009), abilities (Kartinah et al. 2020), attitudes (Cabrera and Estacio 2022), discipline (Sutrisno and Sunarsi 2019), motivation (Puryanti, Supriyadi, and Rafikasari 2023),
competence (Fitriasari and Wulansari 2020), stress level, work environment, tenure (Mardikaningsih et al. 2022), and many others. This research will focus on work discipline, compensation, and competency factors.

Numerous research studies have investigated the impact of work discipline, compensation, and competence on employee productivity. For example, Puryanti, Supriyadi, and Rafikasari (2023) conducted research where they examined the variables of work discipline and compensation; however, this research added two variables, work motivation and work environment variables have a positive and significant impact on employee performance through job satisfaction and productivity employees. Similarly, Ghosh, Huang, and Sun (2020) examined how managerial ability relates to employee productivity. Another study by Khan et al. (2009) focused on the connection between education and skills development, which are crucial to improving and sustaining productivity and income-earning opportunities at work. Anggraini, Muchtar, and Masdupi (2019) developed the influence of remuneration, work motivation, and organizational commitment on job performance. Gallardo (2010); Khan et al. (2009) developed the concept of competence to improve productivity in employment. Alfarqi, Minaarsih, and Seputra (2022) explored the variables of competence, work motivation, and work discipline, but the difference with this research changed work motivation to compensation. Prasetyo et al. (2021) investigated work discipline and compensation, but this research investigated work stress and changed the environment.

Iftah and Afendi (2019) studied the influence of work experience, education, and motivation on employee performance. Riyanto, Adila, and Ali (2017) scrutinized the relationship between compensation, incentives, and job enthusiasm to productivity, but we added the competencies variable in this research. The study by Oktavianti and Maurelia (2022) specifically concentrated on work discipline and job training; even so, this research used three variables: work discipline, competence, and compensation. Nuy, Bayuni, and Manggala (2021) centered their research on competence; however, this research was developed with added other variables. Hutauruk, Matondang, and Pujangkoro (2022) examined the influence of work discipline, while Zahara, Ribhan, and Mardiana (2020) individuals ability to performance and workload on the performance and work environment against influencing the performance and productivity of employees. Kartinah et al. (2020) probed the connection between work discipline and ability.

Research on the influence of work discipline on employee productivity has been carried out by Prasetyo et al. (2021), which states that work discipline influences employee productivity and does not discuss compensation and competency. This differs from research conducted by Pawirosumarto and Irwani (2018), which states that work discipline does not affect employee productivity and does not discuss competence. Research regarding the effect of compensation on employee productivity has been conducted by Riyanto, Adila, and Ali (2017); Miswanto and Herawan (2020) stated that incentives or compensation positively affect employee productivity and do not discuss work discipline. However, this differs from research by Maya, Mandey, and Tumade (2015), which states that compensation does not affect employee productivity and does not discuss competence. Then Abebe's (2018) research stated that non-financial compensation
does not affect employee productivity and does not discuss work discipline and competency.

Furthermore, research on the influence of competency on employee productivity has been carried out by Miswanto and Hermawan (2020); Musfirah (2023) states that competency positively affects employee productivity and does not discuss work discipline. However, this differs from research conducted by Fitriasari and Wulansari (2020), which states that competency does not affect employee productivity and does not discuss work discipline and compensation. Based on the results of previous research, there are striking gaps and differences in discussion with this research, thus proving that the research focus on work discipline, compensation, and competency factors in employee productivity requires further research. Therefore, this research aims to analyze the extent of the influence of work discipline, compensation, and competence on employee productivity.

LITERATURE REVIEW

This research used the Goal-Setting theory that Locke and Latham (1968) presented as the grand theory. The Goal-Setting theory is one form of motivational theory. It focuses on the relationship between the goals set and the resulting performance. The basic concept is that someone can understand the goals expected by the organization and that understanding will affect their work behavior. The theory signifies an individual's commitment to the goal (Robbins 2008). If a person is committed to achieving their goals, according to Renaldo et al. (2022), commitment will affect his actions and impact his performance. The achievement of the goals that have been set can be viewed as goals/performance levels to be achieved by individuals. Generally, the intention concerning the goals set is a strong motivation in realizing its performance. Performance is the result of work achieved by a person in accomplishing the assigned tasks, which are accomplished with skill, experience, sincerity, and time. Performance is the result of work achieved by a person in accomplishing the tasks assigned to him following established criteria (M. S. P. Hasibuan 2017).

Theory of Employee Performance Productivity

Productivity is a metric that signifies the effectiveness of resource organization and utilization in achieving optimal outcomes (Slack, Brandon-Jones, and Johnston 2013). Corroborating this viewpoint, Patshala (1999) asserts that productivity involves the ratio between the effectiveness of output generation and the efficiency of input utilization. Similarly, Sena (2020) defines productivity as the correlation between output and input. The effectiveness is aligned with attaining peak work performance, accomplishing high-quality targets, fulfilling quantifiable benchmarks, and adhering to stipulated timelines. Efficiency pertains to the execution of tasks. Productivity is critical for organizations' long-term competitiveness and profitability (Spring 2011). It can be effectively raised if it is managed holistically and systematically. In addition, Daniels et al. (2017) expounds that effectiveness and efficiency hinge on employees' adept time management, the channeling of positive energy, and unwavering focus across diverse aspects of life that bolster work productivity. This is also underpinned by
factors such as motivation and hygiene (Herzberg 1959). Consequently, acknowledging employee achievements as a conduit for personal growth assumes pivotal significance and warrants engagement by leaders. Equally noteworthy, the work environment, remuneration structure, and organizational policies are pivotal contributors to fostering employee productivity. Consequently, nurturing a favorable milieu emerges as a paramount strategy that organizations should embrace. This imperative stems from negative hygiene-related factors' potential detrimental impact on satisfaction and productivity.

Work Discipline
Discipline is a rational and conscious form of obedience and self-regulation characterized by rationality without emotional influence or personal gain (Atmosudirjo 1982). Patshala (1999) expounds that discipline is exemplified through attitudes of respect, recognition, adherence, and compliance with both explicit and implicit regulations. It involves accepting the consequences when rules are breached and taking responsibility for assigned duties and authority. Pawirosumarto and Iriani (2018) suggest that the discipline of work is the nature of employees who consciously obey the norms and regulations of specific organizations in work. Being disciplined is the awareness of obeying all corporate rules and prevailing social norms. Consequently, this fosters a positive organizational atmosphere and hygiene, ultimately augmenting the effectiveness of organizational members or employees (Herzberg, Mausner, and Snyderman 1959).

Compensation
Compensation encompasses all concrete money, direct or indirect items that employees receive as a recompense for the services they render to the organization (Slack, Brandon-Jones, and Johnston 2013). Compensation entails the entire tangible or intangible income that employees obtain as a reward for their contributions to the workplace, including Islamic banks (Patshala 1999). As outlined by Anggraini, Muchtar, and Masdupi (2019), all forms of rewards, whether financial or non-financial, are allocated equitably and fittingly to employees as recognition for their contributions to the company.

Competence
Competency is an individual's ability to carry out tasks accurately while demonstrating excellence based on knowledge, skills, and attitudes (Demerjian et al. 2012). Competence encompasses motives, attributes, skills, facets of one's self-perception, or roles displayed in the social context. Similarly, competence is the amalgamation of knowledge, skills, and qualities of an effective manager or leader. This entails performing responsibilities responsibly and professionally, excelling in performance, and upholding high productivity levels. Kartinah et al. (2020) discovered that higher levels of employee competence, aligned with the requisites of their roles, lead to a notable augmentation in work productivity. Furthermore, the congruence between competence and task allocation impacts the anticipated productivity (Morais, Gomes, and Silva 2014).
Hypothesis Development

Following the research conducted by Puryanti, Supriyadi, and Rafikasari (2023), work discipline significantly influences employee performance outcomes. As affirmed by Tinovitasari, Yulianti, and Malati (2017), the stronger the work discipline exhibited by employees, the higher the work productivity. Nduka, Okorie, and Ikoro (2019) suggest that employees must uphold work discipline to attain predetermined objectives. This underscores the connection between enhanced work discipline and improved work productivity. Conversely, a decline in work discipline leads to decreased work productivity (Nasir et al. 2020). In alignment with Gallardo (2010), companies that cultivate strict discipline within their workforce will impact employee work productivity. Prasetyo et al. (2021), state that work discipline influences employee productivity. Therefore, the relationship between work discipline and employee productivity can be illustrated by the following hypotheses (H1): Work discipline positively influences employee productivity.

The primary purpose of compensation is to reciprocate the services employees provide. Its fundamental goal is to retain the available human resources (Morais, Gomes, and Silva 2014), ensuring optimal performance and productivity (Fareed et al. 2013). Consequently, an enhanced compensation system correlates positively with heightened work productivity. Conversely, a decline in compensation leads to reduced work productivity (Riyanto, Adila, and Ali 2017). Siddiqui (2014) affirms that an elevation in compensation corresponds to increased employee work productivity. An effective compensation structure within a company impacts productivity, provided that the company maintains appropriate alignment between employee compensation and job responsibilities (Sena 2020). Miswanto and Hermawan (2020) stated that incentives or compensation positively affect employee productivity. Therefore, the relationship between compensation and employee productivity can be illustrated by the following hypotheses (H2): Compensation positively influences employee productivity.

Larrick (1993) highlights that motivational factors, inherent characteristics, personal concepts, acquired knowledge, and skills influence the interrelation of competence and employee productivity. This notion is upheld by Musfirah (2023), where employees possessing domain-specific knowledge exhibit commendable work productivity. Likewise, Prada, Rucci, and Urzúa (2019) propose that honing personal concepts and refining employee skills through specialized training can unlock untapped potential, consequently elevating work productivity. Reinforcing this sentiment, the research conducted by Savery (1996); Abbritti and Consolo (2003); Demerjian et al. (2012) underscores that competence holds a positive sway on employee work productivity. This is attributed to employees who embody responsible attributes, harbor affirmative personal concepts, boast an expansive grasp of their field, wield dependable and pertinent skills, and embrace accountability for their workloads. This proactive approach of consistently evaluating output culminates in a discernible amplification of work productivity. Miswanto and Hermawan (2020); Musfirah (2023) stated that competency positively affects employee productivity. So, the proposed hypothesis is (H3): Competence positively influences employee productivity.
METHOD

This research uses quantitative methods. The population of respondents is all employees of Bank Muamalat, Yogyakarta’s main branch office. Respondents were selected using saturation sampling because relevant concepts have already been identified, and no new concepts will be identified. A total of 65 respondents were deemed adequate for data analysis purposes. This research uses partial least squares structural equation modeling (PLS-SEM) to analyze the transformed data. Many researchers recommend using PLS-SEM as a statistical tool for path modeling to solve complex multivariate models (Joseph F. Hair et al. 2019). Many researchers have also recommended PLS-SEM because it is a flexible, robust, and superior statistical tool for prediction and theory testing.

The questionnaire was distributed directly to the predetermined population, and a pilot study was conducted from February 17 to 24, 2023, involving 12 respondents. However, this number decreased after undergoing validity and reliability testing due to invalid responses and unreliable questions. After the questionnaire was revised, it was redistributed to the designated respondents through communication with Bank Muamalat's HRD from February 25 to March 17, 2023. This redistribution process reached 65 respondents, who are employees of Bank Muamalat in Yogyakarta.

The data analysis used in this paper transformed data were analyzed using the partial least squares structural equation modeling (PLS-SEM), which was recommended by many as an excellent statistical tool for path modeling to solve complex multivariate models (Joseph F. Hair et al. 2019). This approach has also been recognized as flexible. The Research model is elaborated using the variables work discipline (X1), which uses indicators of attitude discipline, regulatory discipline, and responsibility discipline. Compensation (X2) uses indicators of salary, allowances, incentives, and facilities indicators. Competence (X3) uses indicators of knowledge, skills, and attitude indicators. Employee productivity (Y) uses indicators of ability, increasing results achieved, work enthusiasm, self-development, and efficiency. The effect of constructs on employee productivity is presented in Figure 1.

![Figure 1 Research Model](image-url)
RESULTS AND DISCUSSIONS

Table 1 Respondents’ Descriptive Details

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Description</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>52</td>
<td>79</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>13</td>
<td>21</td>
</tr>
<tr>
<td>Age</td>
<td>&lt; 25 years old</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>26-35 years old</td>
<td>30</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td>36-45 years old</td>
<td>28</td>
<td>43</td>
</tr>
<tr>
<td>Education</td>
<td>Diploma</td>
<td>11</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>Bachelor’s degree</td>
<td>50</td>
<td>77</td>
</tr>
<tr>
<td></td>
<td>Master’s degree</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Job Title</td>
<td>Front Liner</td>
<td>13</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>Staff Back Office</td>
<td>12</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>Manager</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>SPV Operation</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>Operational</td>
<td>9</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>Operation Service</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Internal Control</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Admin</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Run Montage</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Marketing</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Unit Appraisal</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Length of Employment</td>
<td>&lt; 1 year</td>
<td>11</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>1 – 5 year</td>
<td>11</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>6 – 10 year</td>
<td>28</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td>&gt; 10 year</td>
<td>15</td>
<td>23</td>
</tr>
<tr>
<td>Monthly Income</td>
<td>2.000.000 – 4.000.000 (IDR)</td>
<td>24</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td>4.000.000 – 6.000.000 (IDR)</td>
<td>26</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>&gt; 6.000.000 (IDR)</td>
<td>15</td>
<td>23</td>
</tr>
</tbody>
</table>

Source: primary data (processed)

Measurement Model

The analysis of the measurement model involved assessing the weight of indicators, average variance, and composite reliability, collectively known as convergent validity. Another crucial evaluation was discriminant validity, encompassing factor weights and correlations among latent variables. Convergent and discriminant validity scrutiny aims to establish content authenticity through confirmed item factor weights (Josep F. Hair et al. 2019). The factor weight of the 34 questions in the instrument was 0.70, indicating a significant contribution to elucidating latent constructs. Overall the reflective evaluation of the measurement model ensured convergent and discriminant validity at various phases.

Convergent Validity

The reliability test results demonstrated that each underlying variable possessed a Cronbach's alpha value exceeding 0.6, indicating a reliable measure. Additionally, the composite reliability of all latent variables was considered appropriate as the estimate exceeded 0.7, falling within the recommended range.
Conversely, the assessment of convergent validity for each latent construct relied on the average variance extracted (AVE), following the suggestion by (Joseph F. Hair et al. 2019). The AVE values for the five latent variables were more significant than 0.5, signifying strong convergent validity as they fulfilled the criteria. Table 2 displays the results of the AVE scores for each variable and the outer loading values for each indicator in this study. The Table 2 shows that the AVE values are > 0.5 for all variables, indicating that each variable has met the AVE criteria, and the correlation values between constructs and variables satisfy the requirement, being above the minimum value of 0.50.

### Table 2 Convergent Validity

<table>
<thead>
<tr>
<th>Variable</th>
<th>AVE</th>
<th>Indicator</th>
<th>Outer Loading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work Discipline (X1)</td>
<td>0.534</td>
<td>X1.1</td>
<td>0.684</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X1.2</td>
<td>0.873</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X1.3</td>
<td>0.720</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X1.4</td>
<td>0.639</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X1.5</td>
<td>0.819</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X1.6</td>
<td>0.747</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X1.7</td>
<td>0.744</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X1.8</td>
<td>0.582</td>
</tr>
<tr>
<td>Compensation (X2)</td>
<td>0.565</td>
<td>X2.1</td>
<td>0.734</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X2.2</td>
<td>0.617</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X2.3</td>
<td>0.665</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X2.4</td>
<td>0.642</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X2.5</td>
<td>0.795</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X2.6</td>
<td>0.926</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X2.7</td>
<td>0.745</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X2.8</td>
<td>0.837</td>
</tr>
<tr>
<td>Competence (X3)</td>
<td>0.698</td>
<td>X3.1</td>
<td>0.840</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X3.2</td>
<td>0.856</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X3.3</td>
<td>0.811</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X3.4</td>
<td>0.797</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X3.5</td>
<td>0.828</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X3.6</td>
<td>0.849</td>
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<td></td>
<td></td>
<td>X3.7</td>
<td>0.813</td>
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<td></td>
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<td>X3.8</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>X3.9</td>
<td>0.763</td>
</tr>
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<td></td>
<td></td>
<td>X3.10</td>
<td>0.899</td>
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<tr>
<td></td>
<td></td>
<td>X3.11</td>
<td>0.831</td>
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<tr>
<td>Employee Productivity (Y)</td>
<td>0.687</td>
<td>Y1</td>
<td>0.864</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Y2</td>
<td>0.927</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Y3</td>
<td>0.865</td>
</tr>
<tr>
<td></td>
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<td>Y4</td>
<td>0.889</td>
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<td></td>
<td></td>
<td>Y5</td>
<td>0.849</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Y6</td>
<td>0.786</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Y7</td>
<td>0.572</td>
</tr>
</tbody>
</table>

*Source: primary data (processed)*
Discriminant Validity

Discriminant validity pertains to the capacity of individual latent variables to differentiate from each other (Joseph F. Hair et al. 2019). This concept emphasizes that the correlation between indicators belonging to distinct latent variables should be substantial yet weak with other variables. The assessment of the measurement model's discriminant validity involved examining the cross-loading values. As indicated in Table 3, one variable displayed a cross-loading value exceeding 0.7, while the corresponding indicator assessing the latent variable exceeded the others in terms of these values.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Work Discipline</th>
<th>Compensation</th>
<th>Competence</th>
<th>Employee Productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work Discipline</td>
<td>0.733</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation</td>
<td>0.326</td>
<td>0.745</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competence</td>
<td>0.651</td>
<td>0.517</td>
<td>0.843</td>
<td></td>
</tr>
<tr>
<td>Employee Productivity</td>
<td>0.644</td>
<td>0.50</td>
<td>0.601</td>
<td>0.821</td>
</tr>
</tbody>
</table>

Source: primary data (processed)

Based on Table 3, each question's average outer loading values for every variable exhibit higher values within their respective constructs than other constructs in terms of cross-loading. Therefore, based on the data results managed by the researcher, the indicator data of this study demonstrate good discriminant validity as they meet the criteria. From the obtained results, the statement items within the variables in this research model have passed the test of discriminant validity in order to construct each variable. In addition to observing the cross-loading values, one can also assess the AVE values for each variable (Table 4). The model can be deemed satisfactory if the AVE value is more significant than 0.50, signifying that the latent variables successfully explain over half of the variance.

<table>
<thead>
<tr>
<th>Variable</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work Discipline</td>
<td>0.534</td>
</tr>
<tr>
<td>Compensation</td>
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</tr>
<tr>
<td>Competence</td>
<td>0.698</td>
</tr>
<tr>
<td>Employee Productivity</td>
<td>0.687</td>
</tr>
</tbody>
</table>

Source: primary data (processed)

Consistency Reliability

Consistency reliability is assessed by testing consistency by measuring Cronbach's Alpha values. A composite reliability value is considered acceptable when it ranges from 0.60 to 0.70, and a Cronbach's Alpha value exceeds 0.70. A reliable consistency measure is within the range of 0.60 to 0.70 (Joseph F. Hair et al. 2019). However, if the consistency values fall between 0.70 and 0.90, they can be considered as meeting the satisfaction threshold. Based on the provided table, the assessment of consistency through composite reliability measurements reveals
values that surpass the range of 0.70 up to 0.90. As a result, the consistency reliability within this study can be considered as meeting the satisfaction level. Furthermore, the table demonstrates that all items belonging to the indicators for each variable exhibit Cronbach's Alpha values exceeding 0.6. Thus, all items within the indicators for each variable showcase a strong level of reliability, aligning with the previously noted results of composite reliability.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach's Alpha</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work Discipline</td>
<td>0.877</td>
<td>0.901</td>
</tr>
<tr>
<td>Compensation</td>
<td>0.918</td>
<td>0.911</td>
</tr>
<tr>
<td>Competence</td>
<td>0.957</td>
<td>0.962</td>
</tr>
<tr>
<td>Employee Productivity</td>
<td>0.920</td>
<td>0.938</td>
</tr>
</tbody>
</table>

*Source: primary data (processed)*

**Structural Model Evaluation (Inner model)**

Subsequently, the inner model examination involves presented outcomes from tests of coefficients, goodness of fit, and assessments of direct and indirect effects through mediation. Hence, the subsequent section outlines the inner model assessment conducted within this research (Figure 2).

**Path Coefficient**

Path coefficient testing evaluates the extent of impact exerted by independent variables on the dependent variable. This testing methodology considers a standardized range of values, spanning from -1 to +1. A path coefficient with a correlation nearing +1 signifies a robust positive relationship. Conversely, as the correlation approaches 0, the relationship becomes weak, and when the value dips below 0 or approaches -1, it suggests a lack of correlation within that specific path coefficient (Joe F Hair et al. 2012).
Goodness of Fit

The coefficient of determination (R-Square) measures the magnitude of the influence between exogenous and endogenous variables. The determination coefficient (R-Square) reflects the combination of latent variables, encompassing both dependent and independent variables. The Adjusted R-Square value spans from 0 to 1, such as 0.75, 0.50, and 0.25. Adjusted R-Square values of 0.75, 0.50, and 0.25 within the structural model correspond to substantial, moderate, weak, and strong effects, respectively (Joseph F. Hair et al. 2019). When the Adjusted R-Square value falls between 0.50 and 0.75, it falls within the moderate range. Likewise, when the Adjusted R-Square value ranges from 0.25 to 0.50, it indicates a weak influence of exogenous variables on endogenous variables. Based on the determination coefficient results, the Adjusted R-Square value for the endogenous variable of work productivity is 0.650. This result signifies that work productivity accounts for 65%. This R-Square outcome falls into the moderate category, given that it falls within the range of 0.50 to 0.75.

Hypothesis Test

In the process of hypothesis testing, whether conducted directly or involving mediation variables, the assessment revolves around the examination of t-statistic and p-values. The hypotheses put forth in this research will be deemed acceptable under the condition that the p-values are less than 0.05, and the t-statistics exceed the critical value from the t-table. The subsequent table presents the outcomes of the hypothesis test conducted via the inner model examination.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Original Sample</th>
<th>T-Statistics</th>
<th>P-Values</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁</td>
<td>0.617</td>
<td>2.683</td>
<td>0.008</td>
<td>Supported</td>
</tr>
<tr>
<td>H₂</td>
<td>0.005</td>
<td>0.026</td>
<td>0.979</td>
<td>Unsupported</td>
</tr>
<tr>
<td>H₃</td>
<td>0.243</td>
<td>1.064</td>
<td>0.288</td>
<td>Unsupported</td>
</tr>
</tbody>
</table>

Source: primary data (processed)

Based on Table 6, the results of hypothesis testing in this study indicate that out of the three proposed hypotheses, one hypothesis has been supported as it meets the criteria, namely, t-statistics > t-table and p-values < 0.05. Work discipline to employee productivity (H₁) has been supported because t-statistics value (2.683) > t-table (1.689) and p-value (0.008) < 0.05. Compensation to employee productivity (H₂) has been unsupported because t-statistics value (0.026) < t-table (1.689) and p-value (0.979) > 0.05. Competence to employee productivity (H₃) has been unsupported because t-statistics value (1.064) < t-table (1.689) and p-value (0.288) > 0.05.

Influence of Work Discipline on Employee Productivity

The research results show that the hypothesis (H₁) is supported. This indicates that work discipline positively and statistically significantly influences employee productivity at Bank Muamalat. Consequently, employees' higher levels of work discipline correlate with heightened work productivity within the Islamic bank. This study gauges work discipline through three indicators and a single variable, encompassing eight question items. Analysis of the distributed
questionnaires reveals that the highest average score is associated with the statement item "I am diligent in carrying out tasks. This observation underscores respondents' favorable perceptions of work discipline, primarily attributed to the commendable seriousness demonstrated by Bank Muamalat in their work tasks, as evidenced by the elevated average scores of the question items. Conversely, the lowest average score is linked to "I never leave the workplace during working hours." This finding underscores employees' lapse in work discipline in managing their time, as they occasionally depart from tasks that should ideally be completed at the workplace. The conclusions drawn from this research indicate that the work discipline variable positively impacts work productivity. This echoes the sentiments of Sutrisno and Sunarsi (2019), whose theory stipulates a direct correlation between an employee's strong work discipline and their resultant work performance.

These findings gain reinforcement from the investigations conducted by Prasetyo et al. (2021), which state that work discipline influences employee productivity. It is also in line with research by Tinovitasari, Yuliastanti, and Malati (2017); Nduka, Okorie, and Ikoro (2019); Nasir et al. (2020); Sena (2020); Prasetyo et al. (2021); Purianti, Supriyadi, and Rafikasari (2023) all of which emphasize the significant and affirmative relationship between work discipline and work productivity among employees at Bank Muamalat. In the absence of robust work discipline among employees, an Islamic bank would undoubtedly grapple with realizing its objectives to their utmost potential. Therefore, the essence of work discipline emerges as a pivotal determinant of an Islamic bank's triumph in accomplishing its designated goals. However, the results of this study are different from research Pawirosumarto and Iriani (2018), which states that work discipline does not affect employee productivity.

**Influence of Compensation on Employee Productivity**

The research results show that the hypothesis (H₂) is unsupported. These results show that compensation does not significantly impact employee productivity at Bank Muamalat because compensation is not the main factor in improving work productivity, but there are many factors besides compensation. These findings are in line with research by Maya, Mandey, and Tumade (2015), which states that compensation does not affect employee productivity. Then Abebe (2018), which states that non-financial compensation does not affect employee productivity. This finding contrasts with previous research conducted Riyanto, Adila, and Ali (2017); Anggraini, Muchtar, and Masdupi (2019); Wijayanti, Praptapa, and Irianto (2019); Miswanto and Hermawan (2020) where in their studies, compensation was found to affect employee productivity.

In this research, although most respondents agreed, the hypothesis testing conducted by the researcher has not proven that compensation significantly affects employee work productivity. Even though some respondents feel content and fairly compensated with their wages, salaries, benefits, and relevant job-related facilities, some still feel that the compensation, both in material and non-material forms, needs to correspond more to their job responsibilities. Inadequate compensation provisions cannot enhance employee work productivity. Conversely, appropriate compensation provisions can boost employee work productivity. The respondents' feedback with the highest score was related to the
statement, "Provision of health benefits makes me more loyal to the company." In contrast, the lowest score was related to the statement "the company implements proper wage procedures.

Influence of Competence on Employee Productivity

The research results show that the hypothesis (H₃) is unsupported. These results show that competence does not significantly impact employee productivity because this variable is not a factor that causes employees to improve their work productivity. Their perspective is that they could improve their work productivity if they feel comfortable with the work environment. These findings align with research by Fitriasari and Wulansari (2020), which states that competency does not affect employee productivity. The findings of this research differ from those of Khan et al. (2009); Gallardo (2010); Miswanto and Hermawan (2020); Musfirah (2023), where in their studies, competence was found to affect employee productivity.

However, this study is supported by research conducted by Abbritti and Consolo (2003); P. W. H. Hasibuan and Bangun (2020), which stated that competence, when considered individually, does not significantly influence employee work productivity. Based on the distributed questionnaire data, the respondents' feedback with the highest score for statements related to this variable is "I am capable of making decisions related to work," while the lowest score is related to the statement "I am capable of refining ideas verbally and in writing." In this context, employees of Bank Muamalat possess good soft skills concerning problem-solving in their job execution. However, they need help when they have to respond to their opinions in written or verbal form to refine existing ideas.

CONCLUSIONS

Based on the conducted research concerning the impact of work discipline, compensation, and competence on employee work productivity within the context of Bank Muamalat Yogyakarta’s MBO as a case study, the subsequent conclusions can be derived: Work discipline demonstrates a positive and substantial correlation with employee productivity. Thus, the higher the work discipline employees exhibit, the higher their work productivity at Bank Muamalat Yogyakarta’s MBO. The influence of compensation on employee productivity is not significant. Consequently, the impact of remuneration, regardless of its magnitude, on employee productivity at Bank Muamalat Yogyakarta’s MBO is negligible. The influence of competence on employee productivity is not significant. Hence, the level of competence exhibited by employees at Bank Muamalat Yogyakarta’s MBO does not significantly impact their work productivity. The results of this study can be considered in making decisions and providing information to Bank Muamalat Yogyakarta’s MBO to improve employee productivity.

This research has several limitations, including a small sample size representing a restricted scope. Furthermore, it should be noted that data obtained via surveys may not consistently provide an accurate representation of the factual circumstances or reactions of the individuals involved. The limited information acquired may be attributed to diverse perspectives and ideas among the
respondents. Therefore, it is recommended that future studies consider utilizing a mixed methods methodology in order to achieve more in-depth, complete, and insightful results. Furthermore, researchers should contemplate augmenting the sample size to enhance the findings’ validity and reliability in future investigations.

REFERENCES


