

The Effect of Compensation and Work Discipline on Work Productivity through Job Satisfaction

Compensation and
Work Discipline on
Productivity

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371

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ABSTRACT

The tea plantation industry in Indonesia faces ongoing challenges in sustaining employee productivity due to cost pressures, competitive demands, and difficulties in implementing effective human resource management practices, where the combined effects of compensation and work discipline, particularly mediated by job satisfaction, remain underexplored. This study aims to examine the direct and indirect influences of compensation and work discipline on work productivity, with job satisfaction serving as an intervening variable, among employees. The research adopted a quantitative approach using path analysis. Data were collected from 100 purposively selected employees through questionnaires measured on a five-point Likert scale. Analysis was conducted with statistical software to test direct effects, indirect effects via the Sobel test, and total effects. The results indicate that compensation and work discipline significantly and positively affect job satisfaction, with compensation showing a stronger influence. Both variables also directly enhance work productivity, again with compensation exerting a greater impact. Job satisfaction partially mediates these relationships, contributing meaningful indirect effects. Compensation demonstrates a substantially larger total effect on work productivity compared to work discipline, highlighting the need for management to prioritize competitive compensation and disciplined work practices to boost employee productivity.

Keywords: Compensation, Human Resource Management, Job Satisfaction, Tea Plantation, Work Discipline, Work Productivity.

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INTRODUCTION

In the contemporary business landscape, Human Resource Management (HRM) has become essential for organizational success (Adriyanto & Timur, 2025). Strategic management of human capital supports a sustainable competitive advantage in the global market (Alfawaire & Atan, 2021; Suwandana et al., 2025). The primary objective of HRM is to ensure that employees are motivated, engaged, and productive (Saks, 2022). Work productivity is an important indicator of organizational efficiency and reflects the ratio of outputs to inputs, being shaped by factors such as workforce competency, the work environment, organizational culture, and managerial motivational strategies (Koehorst et al., 2021; Abane et al., 2022; Bankins et al., 2023; Adinew, 2023; Panjaitan et al., 2025). Among these factors, compensation and work discipline are often considered key antecedents of employee performance (Lukito et al., 2025). Compensation, including both monetary and non-monetary rewards, plays a vital role in attracting, retaining, and motivating employees, and equitable compensation structures are associated with higher job satisfaction, which can further enhance productivity (Mabaso & Dlamini, 2021; Alves & Lourenço, 2022; Alkandi et al., 2023).

Work discipline, on the other hand, refers to the adherence to organizational rules and standards (Oktafien et al., 2024). A disciplined workforce is essential for maintaining order, efficiency, and safety in the workplace (Kang, 2024). It fosters a culture of

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accountability and responsibility, which are conducive to high productivity. The relationship between work discipline and productivity is often mediated by job satisfaction, as employees who perceive a fair and consistent disciplinary system are more likely to be satisfied with their jobs and perform better (Fatmasari & Badaruddin, 2022; Lessy & Adnyana, 2024).

The tea plantation industry in Indonesia faces significant challenges in maintaining and improving employee productivity, including declining production trends, stagnant or decreasing export volumes, and persistent issues related to low labor productivity amid rising costs and competitive pressures. Despite the importance of compensation and work discipline, many companies in this sector struggle to implement effective HRM practices (Gultom et al., 2024; Sismiati et al., 2025; Supriyadi et al., 2025). PT. Perkebunan Teh Assam Jayanegara Indah Sukabumi, like many other tea plantations, faces the challenge of balancing the need for cost control with the requirement to provide competitive compensation and maintain work discipline. Understanding the mechanisms through which compensation and work discipline influence work productivity is crucial for addressing these challenges.

The novelty of this study lies not merely in examining compensation and discipline as independent drivers but in its sophisticated integration of these factors within a cohesive mediation framework. It moves beyond conventional direct-effect models to posit and empirically test job satisfaction as the essential psychological conduit that translates structural factors (fair pay, disciplined environment) into tangible performance gains (Hemsworth et al., 2024; Saidin et al., 2024). This approach provides a more nuanced, human-centric explanation of productivity dynamics (Krywalski-Santiago, 2024). Furthermore, applying this integrated model to the specific context of the tea plantation industry, a sector often underrepresented in rigorous organizational behavior research, adds significant contextual novelty, offering insights that are both theoretically contributory and practically actionable for a unique operational environment.

This research is designed to systematically dissect the causal pathways through which compensation and work discipline influence work productivity, with a central focus on the pivotal mediating role of job satisfaction (Aman-Ullah et al., 2022). The primary objectives are to first quantify the direct impact of compensation on both job satisfaction and work productivity, and second, to similarly assess the direct effects of work discipline on these same outcomes. Subsequently, the study aims to delve deeper by rigorously examining whether job satisfaction functions as a critical intervening mechanism, thereby testing its hypothesized mediating role in the relationship between compensation and productivity, as well as between work discipline and productivity. By mapping these complex interrelationships, the research seeks to generate empirically grounded recommendations for managerial practices specifically within the tea plantation industry, thereby providing a strategic blueprint for enhancing overall employee productivity.

LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

The Influence of Compensation and Work Discipline on Job Satisfaction

Compensation represents all financial and non-financial rewards employees receive as part of their employment contract, including wages, salaries, incentives, allowances, and fringe benefits such as health insurance and retirement plans. It serves as a cornerstone of human resource management by influencing employees' perceptions of fairness and value within the organization (Mabaso & Dlamini, 2021). When compensation is perceived as equitable and competitive, employees are more likely to develop positive attitudes toward their jobs, as supported by equity theory, which emphasizes comparisons with others in similar roles (Chen et al., 2023). Research consistently by Alkandi et al. (2023) demonstrates a positive correlation between fair compensation and higher job satisfaction levels, as employees feel their contributions are adequately recognized and rewarded.

Similarly, work discipline refers to employees' adherence to organizational rules, regulations, punctuality, obedience to superiors, and a sense of responsibility in performing tasks (Oktafien et al., 2024). A well-implemented disciplinary system fosters

a structured and predictable work environment, which enhances feelings of security and fairness among employees (Arifin et al., 2024). Fair and consistent discipline prevents resentment and promotes accountability, ultimately contributing to greater job satisfaction by creating an orderly atmosphere conducive to personal fulfillment (Lessy & Adnyana, 2024). Both compensation and work discipline act as key antecedents that shape employees' evaluation of their work experience, with empirical evidence showing their combined positive influence on affective responses to the job (Syardiansah et al., 2022).

H1: Compensation has a significant influence on job satisfaction.

H2: Work discipline has a significant influence on job satisfaction.

The Determinants of Work Productivity

Work productivity reflects an employee's efficiency in converting inputs such as time, effort, and skills into valuable outputs, including task completion, quality of results, and overall contribution to organizational goals (Panjaitan et al., 2025). Compensation plays a direct motivational role in driving productivity, as adequate and fair pay provides financial incentives that encourage higher effort and commitment to performance targets (Alves & Lourenço, 2022). Employees who receive competitive compensation are more inclined to invest additional energy in their roles, leading to improved achievement of results and self-development (Mabaso & Dlamini, 2021). Work discipline directly supports productivity by ensuring adherence to procedures, maintaining order, and promoting accountability, which minimizes errors, enhances safety, and optimizes workflow efficiency (Chewe & Taylor, 2021; Kang, 2024).

A disciplined workforce operates with greater consistency and responsibility, directly translating into higher output levels and better organizational effectiveness (Bijalwan et al., 2024). Job satisfaction emerges as a central predictor of productivity, aligning with the "happy-productive worker" thesis that posits satisfied employees exhibit higher motivation, engagement, and performance (Costa et al., 2024). According to Judge et al. (2001) and Memon et al. (2023), extensive research, including meta-analyses, has confirmed a positive association between job satisfaction and individual productivity, as satisfied workers demonstrate reduced absenteeism, greater initiative, and sustained effort. These variables interact synergistically, where structural factors like pay and rules combine with attitudinal factors like satisfaction to elevate overall work output in demanding sectors (Alkandi et al., 2023).

H3: Compensation has a significant influence on work productivity.

H4: Work discipline has a significant influence on work productivity.

H5: Job satisfaction has a significant influence on work productivity.

The Mediating Influence of Job Satisfaction

Job satisfaction functions as a psychological mechanism that channels the effects of human resource practices into tangible performance outcomes, explaining how external factors translate into internal motivation and behavior (Turulja et al., 2023). In mediation models, satisfaction captures the pathway through which compensation influences productivity by first enhancing employees' positive feelings about their roles, which then boosts effort and efficiency (Aman-Ullah et al., 2022; Alananzeh et al., 2023). Fair compensation fosters a sense of equity and value, leading to higher satisfaction that motivates employees to reciprocate with greater productivity, consistent with social exchange theory (Ahmad et al., 2023; Alkandi et al., 2023; Supriyadi et al., 2025). Similarly, a fair disciplinary environment builds trust and predictability, elevating job satisfaction that indirectly drives productivity by increasing engagement and reducing disengagement (Syardiansah et al., 2022).

The mediating influence is particularly relevant in contexts where direct effects alone do not fully account for performance variations, as satisfaction acts as the conduit linking

HRM inputs to outputs (Alsafadi & Altahat, 2023). Empirical studies across various industries support partial or full mediation, highlighting the importance of job satisfaction in amplifying the benefits of compensation and discipline on employee performance (Hemsworth et al., 2024). This framework provides a more nuanced understanding of productivity dynamics by emphasizing psychological processes over purely structural ones.

- H6: Job satisfaction mediates the relationship between compensation and work productivity.
H7: Job satisfaction mediates the relationship between work discipline and work productivity.

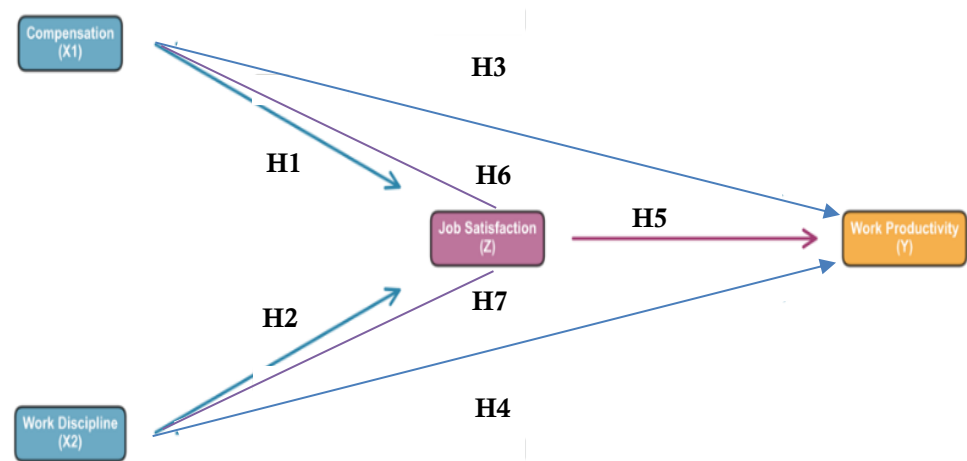


Figure 1. Research Framework

Figure 1 presents the comprehensive path model that illustrates the relationships between all variables in this study. The model is structured to show both direct and indirect effects, with color-coded variables to distinguish between different types of constructs. The blue boxes represent the exogenous (independent) variables: compensation (X1) and work discipline (X2). The purple box in the center represents the intervening variable, job satisfaction (Z), which plays a crucial mediating role in the model. The orange box on the right represents the endogenous (dependent) variable, work productivity (Y). The arrows in the diagram represent the hypothesized relationships between variables, with solid arrows indicating direct effects and dashed arrows indicating alternative pathways.

This study is grounded in several established theoretical frameworks. First, it draws upon equity theory, which posits that employees assess the fairness of their compensation through social comparisons with referent others, influencing their motivation and behavior (Chen et al., 2023; Ha & Moon, 2023). Second, it incorporates social exchange theory, which argues that the employment relationship is governed by reciprocal obligations; employees who perceive fair and supportive treatment from their organization are likely to reciprocate with higher commitment and performance (Judge et al., 2001; Ahmad et al., 2023; Costa et al., 2024). Third, it utilizes the Job Demands-Resources (JD-R) Theory, which proposes that employee well-being and satisfaction are functions of the interplay between job demands and the resources available to meet those demands (Sarwar et al., 2021; Syardiansah et al., 2022; Alkandi et al., 2023; Alsafadi & Altahat, 2023). These theories provide a robust foundation for examining the multifaceted relationships between compensation structures, workplace discipline, and subsequent employee productivity.

RESEARCH METHODS

This study adopted a quantitative research design employing path analysis to examine the direct and indirect effects of variables within a theoretical mediation model. Path analysis serves as an effective statistical approach for dissecting causal relationships, particularly in testing mediating mechanisms and elucidating how independent variables influence outcomes through intervening factors. The research was conducted at PT. Perkebunan Teh Assam Jayanegara Indah Sukabumi, a tea plantation company in Sukabumi, West Java, Indonesia, specializes in tea cultivation, processing, and marketing. The population comprised all employees of the company, from which a sample of 100 respondents was drawn using purposive sampling based on criteria directly relevant to the study's objectives, such as active employment status and sufficient exposure to the measured constructs.

Data collection was carried out through a structured questionnaire distributed to the selected respondents. The instrument consisted of four main sections designed to measure the key variables: compensation (X1), work discipline (X2), job satisfaction (Z) as the intervening variable, and work productivity (Y) as the dependent variable. All items were assessed using a 5-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree), to capture respondents' perceptions reliably. Compensation was operationalized through four indicators: salary and wages, incentives, allowances, and facilities, each supported by multiple items. Work discipline was measured via five indicators: attendance rate, adherence to work procedures, obedience to superiors, work awareness, and responsibility, also with multiple items per indicator. Job satisfaction drew on five established dimensions: the work itself, non-material compensation, supervision, coworkers, and promotion opportunities. Work productivity was evaluated using six indicators: ability, achievement of results, work spirit, self-development, quality, and efficiency, each assessed through multiple questionnaire items.

The collected data underwent comprehensive analysis using SPSS software to perform path analysis. The process began with descriptive statistics to summarize the characteristics and distributions of the variables. Validity and reliability of the measurement instruments were then evaluated through factor analysis for construct validity and Cronbach's alpha coefficients for internal consistency. Prior to the main analysis, key assumptions of path analysis, including normality of residuals, absence of multicollinearity, and homoscedasticity, were rigorously tested to ensure the robustness of the results. Path analysis itself involved multiple regression-based steps to estimate the direct and indirect effects among the variables. The significance of path coefficients was examined using t-tests, while the mediating effect of job satisfaction was assessed through the Sobel (1982) test to determine the statistical importance of indirect pathways.

RESULTS

This section presents the empirical findings of the study, beginning with descriptive statistics of the research variables, followed by assessments of instrument validity and reliability, assumption testing, and the results of path analysis. The analysis reveals the patterns of respondents' perceptions regarding compensation, work discipline, job satisfaction, and work productivity, as well as the direct and indirect relationships among these variables. All statistical procedures were conducted using SPSS software, with path coefficients estimated through multiple regression analysis and the mediating effect of job satisfaction evaluated via the Sobel (1982) test. The results provide clear evidence supporting the proposed theoretical model, highlighting the relative strengths of compensation and work discipline in influencing employee productivity, both directly and through the intervening role of job satisfaction, within the specific context of a tea plantation company in Indonesia.

Table 1. Descriptive Statistics of Research Variables

Variable	Mean	Std. Deviation	Min.	Max.
Compensation	3.25	0.68	1.50	5.00
Work Discipline	4.87	0.34	3.80	5.00
Job Satisfaction	4.42	0.55	2.60	5.00
Work Productivity	4.39	0.52	2.80	5.00

The descriptive statistics of the research variables are summarized in Table 1. The results indicate relatively high mean scores for work discipline ($M = 4.87$, $SD = 0.34$) and job satisfaction ($M = 4.42$, $SD = 0.55$), suggesting that employees at PT. Perkebunan Teh Assam Jayanegara Indah Sukabumi perceives a strong culture of adherence to rules and standards, as well as a generally positive attitude toward their jobs and work environment. Work productivity also scores highly ($M = 4.39$, $SD = 0.52$), reflecting employees' self-perceived capability, motivation, and contribution to organizational goals. In contrast, compensation records a moderate mean score ($M = 3.25$, $SD = 0.68$), indicating that employees view their pay, incentives, allowances, and facilities as adequate but not particularly competitive or generous compared to other constructs.

This pattern highlights a notable disparity within the organization's HRM system: while discipline, satisfaction, and productivity are perceived favorably, supporting the notion that satisfied and disciplined employees tend to be more productive, compensation emerges as the weakest area. The moderate compensation level, when juxtaposed with the strong path analysis effects of compensation on both job satisfaction and productivity, points to significant untapped potential for improvement. Addressing this compensation gap could yield substantial gains in employee satisfaction and overall work productivity, providing a clear priority for management intervention in this tea plantation context.

Table 2. Validity & Reliability Coefficients

Variable	Coefficient (Range)	Cronbach's Alpha	Number of Items
Compensation	0.70-0.79	0.782	12
Work Discipline	0.80-0.89	0.815	15
Job Satisfaction	0.70-0.78	0.798	16
Work Productivity	0.80-0.89	0.821	18

The validity of the measurement instruments was assessed using factor analysis. As shown in Table 2, all items had factor loadings greater than 0.50, indicating adequate validity. The reliability of the instruments was assessed using Cronbach's alpha coefficient. All variables had Cronbach's alpha values greater than 0.70, indicating adequate reliability.

Table 3. Normality test

Variable	KS Z	Asymp. Sig. (2-tailed)	Conclusion
Compensation	1.041	0.118	Normal
Work Discipline	0.972	0.194	
Job Satisfaction	1.012	0.138	
Work Productivity	1.031	0.122	

Table 3 shows the results of the normality test using the Kolmogorov-Smirnov method. KS Z values range from 0.972 to 1.041, with asymp. sig. values between 0.118 and 0.194, indicating that all variables have distributions that are reasonably normal. These results satisfy the normality assumption for regression and mediation analysis.

Table 4. Multicollinearity & Heteroskedasticity Test

Variable	VIF	Tolerance	T-statistic (Glejser)	Sig. (2-tailed)	Conclusion
Compensation	1.58	0.63	1.205	0.230	No multicollinearity, no heteroskedasticity
Work Discipline	1.47	0.68	1.034	0.304	
Job Satisfaction	1.39	0.72	1.115	0.266	

Table 4 presents the results of multicollinearity and heteroskedasticity tests for the study variables. The VIF values range from 1.39 to 1.58, all below the threshold of 10, while tolerance values are above 0.6, indicating no multicollinearity among the independent variables. The Glejser test results show t-values between 1.034 and 1.205 with corresponding significance levels above 0.05, confirming the absence of heteroskedasticity. These results demonstrate that the data meet the classical assumptions for regression analysis, supporting the validity of subsequent path and mediation analyses.

Table 5. Path Coefficients and Significance Test

Path	Coefficient	T-statistic	P-value	Significant
Compensation -> Job Satisfaction	0.461	5.427	<0.001	Yes
Work Discipline -> Job Satisfaction	0.347	4.088	<0.001	
Compensation -> Work Productivity	0.428	5.265	<0.001	
Work Discipline -> Work Productivity	0.253	3.276	<0.001	
Job Satisfaction -> Work Productivity	0.260	3.056	0.003	

The path analysis results, as presented in Table 5, confirm the significant direct effects of compensation and work discipline on job satisfaction. Compensation exerts the strongest influence on job satisfaction ($\beta = 0.461$, $p < 0.001$), indicating that employees who perceive their pay, incentives, allowances, and facilities as fair and adequate tend to experience substantially higher levels of job contentment. Similarly, work discipline shows a notable positive direct effect on job satisfaction ($\beta = 0.347$, $p < 0.001$), suggesting that a consistent, transparent, and fair application of rules, punctuality requirements, and accountability standards fosters a greater sense of security, fairness, and fulfillment in the workplace. These findings support the notion that both structural HRM elements, compensation and discipline, serve as key antecedents that shape employees' attitudinal responses toward their jobs in this tea plantation setting.

Table 3 further reveals the direct relationships with work productivity, supporting the hypothesized influences. Compensation demonstrates a robust direct effect on work productivity ($\beta = 0.428$, $p < 0.001$), implying that competitive and equitable remuneration directly motivates employees to exert greater effort, achieve higher output quality, and engage more fully in self-development and task efficiency. Work discipline also positively and significantly affects work productivity ($\beta = 0.253$, $p < 0.001$), highlighting how adherence to procedures, obedience, and responsibility directly enhances organizational order, reduces inefficiencies, and sustains consistent performance. In addition, job satisfaction exerts a meaningful direct influence on work productivity ($\beta = 0.260$, $p < 0.001$), reinforcing the "happy-productive worker" proposition that employees who are more satisfied with their roles, supervision, coworkers, and growth opportunities are more likely to demonstrate elevated motivation, commitment, and productive behaviors.

Table 6. Mediating Effect of Job Satisfaction using the Sobel Test (1982)

Mediating Path	Indirect Effect	z-value	p-value	Mediating Effect
Compensation -> Job Satisfaction -> Work Productivity	0.119	2.660	0.008	Partial Mediation
Work Discipline -> Job Satisfaction -> Work Productivity	0.090	2.449	0.014	Partial Mediation

Table 6 presents the results of the Sobel test, which confirm that job satisfaction partially mediates the relationships between the independent variables and work productivity. Specifically, job satisfaction significantly mediates the effect of compensation on work productivity (indirect effect = 0.119, $z = 2.660$, $p = 0.008$), indicating that a portion of compensation's influence operates indirectly by first enhancing employees' positive job attitudes, which then translate into higher productivity levels. Likewise, job satisfaction partially mediates the relationship between work discipline and work productivity (indirect effect = 0.090, $z = 2.449$, $p = 0.014$), suggesting

that a fair disciplinary environment boosts satisfaction, which in turn contributes to improved performance outcomes. The partial nature of this mediation underscores that while job satisfaction serves as an important psychological mechanism linking HRM practices to productivity, direct pathways remain substantial, particularly for compensation, offering a balanced view of how these factors interact in the organizational context.

Table 7. Total Effects on Work Productivity

Variable	Direct Effect	Indirect Effect	Total Effect
Compensation	0.428	0.119	0.547
Work Discipline	0.253	0.090	0.343

The total effects of the independent variables on work productivity, calculated by summing the direct and indirect pathways, are summarized in Table 7. Compensation exhibits a substantially higher total effect on work productivity (0.547) compared to work discipline (0.343), indicating that compensation serves as the more dominant driver of productivity in this organizational setting. This larger total effect for compensation arises from the combination of its strong direct influence (0.428) and a meaningful indirect contribution through job satisfaction (0.119), underscoring the multifaceted ways in which fair and competitive remuneration motivates and sustains employee performance. In contrast, the total effect of work discipline (0.343) stems from its direct effect (0.253) and a smaller indirect effect via job satisfaction (0.090), reflecting that while discipline contributes significantly to productivity, its overall impact remains less pronounced than that of compensation.

These findings highlight the relative priority of compensation over work discipline in influencing work productivity within the tea plantation industry, where improvements in pay structures appear to offer greater potential returns in terms of enhanced output and organizational efficiency. The disparity, approximately 1.6 times stronger for compensation, reinforces the strategic value of addressing compensation gaps as a primary lever for productivity gains, while still maintaining disciplined practices as a complementary foundation. The path analysis results provide robust empirical support for the proposed model, demonstrating significant direct and mediated relationships among compensation, work discipline, job satisfaction, and work productivity. These insights lay the groundwork for deeper interpretation and practical implications in the subsequent discussion.

DISCUSSION

The findings of this study provide valuable insights into the factors influencing work productivity in the tea plantation industry, confirming the significant positive effects of compensation and work discipline on both job satisfaction and work productivity. The strong direct effect of compensation on job satisfaction ($\beta = 0.461, p < 0.001$) underscores that employees in this sector are particularly responsive to fair and competitive remuneration, aligning with equity theory where perceptions of pay fairness shape attitudes and behaviors (Chen et al., 2023). This moderate mean compensation score ($M = 3.25$) indicates substantial room for improvement, potentially leading to notable gains in satisfaction and performance. Similarly, work discipline's positive effect on job satisfaction ($\beta = 0.347, p < 0.001$) demonstrates that a consistent and transparent disciplinary framework fosters security and accountability, as evidenced by the high mean score ($M = 4.87$), which reflects successful implementation in this context (Arifin et al., 2024). These results are consistent with prior research by Mabaso and Dlamini (2021), emphasizing the role of HRM practices in enhancing employee attitudes.

Furthermore, the direct impacts on work productivity reveal that compensation ($\beta = 0.428, p < 0.001$) and work discipline ($\beta = 0.253, p < 0.001$) both contribute significantly, with compensation emerging as a stronger driver, likely due to its motivational incentives in resource-constrained environments like tea plantations (Alkandi et al., 2023). Job

satisfaction also directly influences productivity ($\beta = 0.260$, $p < 0.001$), supporting the happy-productive worker thesis and indicating that satisfied employees exhibit greater engagement and output (Judge et al., 2001; Costa et al., 2024). This interplay suggests that structural HRM elements not only motivate directly but also sustain performance through attitudinal pathways, as seen in comparable studies on organizational behavior (Hemsworth et al., 2024).

The study further establishes job satisfaction as a partial mediator in these relationships, with indirect effects of compensation (0.119, $p = 0.008$) and work discipline (0.090, $p = 0.014$) on productivity operating through satisfaction. This mediation highlights how compensation enhances productivity both directly, via financial motivation, and indirectly by fostering positive job attitudes that boost engagement (Aman-Ullah et al., 2022; Suwandana et al., 2025). Similarly, work discipline's indirect pathway via satisfaction emphasizes its role in creating a fair environment that translates into motivated performance (Syardiansah et al., 2022). The partial nature of mediation implies multiple mechanisms at play, consistent with social exchange theory, where employees reciprocate organizational support (Ahmad et al., 2023).

A comparative analysis of effects offers deeper insights, with compensation's direct effect (0.428) surpassing work discipline's (0.253), and total effects reinforcing this dominance (0.547 vs. 0.343). This suggests that in labor-intensive sectors like tea plantations, financial rewards may yield quicker productivity returns than disciplinary measures, though both are essential for balance (Alfawaire & Atan, 2021). The larger indirect effects for compensation further underscore its potency in leveraging satisfaction for performance gains (Alsafadi & Altahat, 2023).

These results contribute to HRM literature by empirically validating job satisfaction's mediating role, extending beyond direct models to a nuanced framework in underrepresented contexts (Turulja et al., 2023; Al-refaei et al., 2023). For a tea plantation company in Sukabumi, prioritizing compensation enhancements, such as performance bonuses and benefits, could amplify satisfaction and productivity, while sustaining discipline ensures accountability (Lukito et al., 2025). Broader implications for the tea industry include developing standardized compensation benchmarks to address sector-wide deficits, fostering best practices in discipline, and encouraging further research on longitudinal effects or additional mediators like organizational culture (Saks, 2022; Adinew, 2023). Ultimately, these insights advocate for integrated HRM strategies that promote employee well-being and competitive advantage in global markets.

CONCLUSION

This study has demonstrated the significant positive effects of compensation and work discipline on work productivity, both directly and indirectly through the mediating role of job satisfaction. The findings reveal that compensation exerts a stronger influence on productivity compared to work discipline, as evidenced by its higher total effect, while job satisfaction serves as an important partial mediator that translates fair pay and consistent discipline into enhanced employee performance. These results affirm the critical interplay among key HRM practices and highlight how structural factors, when supported by positive job attitudes, contribute to greater efficiency and output in a labor-intensive tea plantation setting. By empirically mapping these relationships, the study offers a clearer understanding of the mechanisms driving productivity in an industry often challenged by resource constraints and operational demands.

The practical implications suggest that management should prioritize improvements in compensation systems, such as more competitive wages, performance-based incentives, and better benefits, to unlock substantial gains in employee satisfaction and productivity, while continuing to maintain and reinforce fair disciplinary practices as a foundational element. However, the study has limitations, including its cross-sectional design, reliance on self-reported data from a single organization, and purposive sampling, which may limit generalizability to other tea plantations or industries. Future research could adopt longitudinal approaches to examine the stability of these effects over time, incorporate

objective productivity measures, explore additional mediators or moderators such as organizational culture or work environment, and extend the model across multiple companies in the Indonesian tea sector to enhance the broader applicability and robustness of the findings.

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