

---

**THE EFFECT OF COMPENSATION ON PERFORMANCE MEDIATED BY  
EMPLOYEE WELFARE AND MODERATED BY EMPLOYEE MORALITY AT THE  
POPULATION AND CIVIL REGISTRY OFFICE SURABAYA CITY**

**Reza Santa Pratiwi\*<sup>1</sup>, Anang Kistyanto\*<sup>2</sup>, Dewie Tri Wijayanti Wardoyo\*<sup>3</sup>**

<sup>\*1,2,3</sup>Master Of Management Study Program, Faculty Of Economics And Business, Surabaya State  
University, Indonesia.

DOI : <https://www.doi.org/10.56726/IRJMETS60429>

---

**ABSTRACT**

This study aims to analyze the effect of compensation on employee performance, with employee welfare as an intervening variable and morality as a moderating variable. This research uses quantitative methods with a descriptive approach. The sample used was 61 respondents. The type of data used is primary data in the form of questionnaires and secondary data in the form of documents. The data analysis used is the path analysis model and moderation with Smart PLS (partial least square) tools.

The results of this study are compensation has a direct influence on employee welfare, compensation has a direct influence on employee performance. (3) employee welfare has a positive effect on employee performance. (4) compensation has a positive and significant effect on employee performance moderated by morality; (5) employee welfare has a negative and insignificant effect on employee performance moderated by morality; and (6) compensation has a positive and significant effect on employee performance through employee welfare.

**Keywords:** Kompensasi, Kinerja, Kesejahteraan, Morality.

---

**I. INTRODUCTION**

Transformation in the public sector with the aim of keeping up with the times and creating effective and efficient public services to date has actually been done a lot. Starting with President Joko Widodo's idea of bureaucratic reform and governance that can be felt directly by the community. The points in this idea are, 1) Bureaucracy that has an impact, felt directly by the community, 2) Bureaucratic Reform is not a pile of paper, and 3) Bureaucracy is agile and fast. President Joko Widodo's commitment to transforming changes in the government bureaucracy can be seen from the implementation that has occurred, such as streamlining public organizations, strengthening supervision, PPPK management, strengthening accountability.

The high commitment of the central government which has made many innovations and reforms in the body of public organizations and which will later be applied to the scale of local government authorities, there is one crucial aspect where local governments need to re-emphasize reforms or reforms in the aspect of human resource management with the aim of encouraging the achievement of good quality public services. This happens because human resources are a determining factor in achieving organizational goals, as the state apparatus directly intersects with the community in providing services. For this reason, the performance of employees must always be improved in order to provide optimal service and achieve good quality public services.

The government established the Public Service Law, namely Law Number 25 of 2009 concerning Public Services or Permenparb Number 4 of 2023 to provide legal guarantees between the public and public service providers that regulate the principles of governance that carry out government functions effectively to strengthen economic welfare, social cohesion, reduce poverty, and deepen trust in government and public administration.

In examining the quality of public services, of course, it cannot be separated from employee performance. This happens because if the quality of public services is good, it can be said that the service performance carried out by the service apparatus is also maximized. As performance according to Hasibuan is an achievement of work or the results of one's work in carrying out targeted work tasks, in this case based on skills, experience and seriousness (Hasibuan, 2016) Meanwhile, according to Mangkunegara, performance is the achievement or work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him (Irawati et al., 2017).

Performance in an organization is currently one of the serious concerns, as performance achievement is the result of each individual or collective in an organization that implements programs to achieve predetermined goals. In this case, of course, renewal is needed in human resource management with the aim that an organization can manage human resources that have an important role in the sustainability of public organizations.

Currently, the government through the Ministry of Administrative Reform and Bureaucratic Reform has made efforts by drafting a Government Regulation (RPP) after the issuance of Law No. 20 of 2023 concerning the State Civil Apparatus. The draft government regulation contains the management of the state civil apparatus, where the substance of the draft government regulation focuses on the management or management of ASN which aims to strengthen work culture, strengthen performance, develop talent and competence, expand the scope and mechanism of Government Employees with Work Agreements (PPPK), managerial and non-managerial positions, employee reciprocity, improve welfare, rights and obligations, determine the needs of the state civil apparatus. Through the draft government regulation on ASN management, it is clear that a renewal of the government in the management of the state civil apparatus can be seen in the hope of creating good quality and quantity of employee performance and encouraging the acceleration of the realization of the ideals of Good Governance.

Comprehensive and comprehensive transformation in human resource management has clearly become a new challenge for public organizations. In this case, an organization is expected to be able to solve various problems that arise fluctuatively with the aim of keeping employee performance well managed. As reviewing employee performance, there are at least several factors that affect performance, one of which is wages, salaries or compensation. The availability of compensation for employees will encourage productivity and motivate employees in carrying out their work. As compensation according to Dessler is a form of payment or reward or reward given to employees. Compensation aims as a benchmark for employee performance towards the organization, so that it is expected to contribute optimally (Dessler, 2016).

Meanwhile, according to Sastrohadiwiryono, compensation is an income in the form of money, goods directly or indirectly received by employees as a form of reward for services provided to the company. Compensation is one of the most effective ways to motivate employees (Rajagukguk, 2017) In another sense, the system for compensating employees has the potential to shape employee work behavior and affect employee performance. On the other hand, the availability of compensation to employees, compensation also provides benefits to employee welfare conditions. Employee Welfare is generally defined as a condition felt by employees or employees, where they feel fulfilled for their mental, physical, emotional and economic health. In another sense, employee welfare is all efforts made by the company to increase employee comfort and productivity without reducing wages. As according to Hasibuan, employee welfare programs are a form of complementary compensation where employees receive compensation based on organizational or company policies (Hasibuan, 2016).

Employee welfare is projected on mental, physical, and general health in the form of satisfaction in the family and work environment. Therefore, employee well-being can be operationalized in the form of psychological well-being, social well-being, workplace well-being, and subjective well-being (Mugizi et al., 2021). Through the achievement of employee welfare, it will encourage employees to have a good work ethic and motivation and have a good impact on employee performance.

The influence of compensation and employee welfare on employee performance can be seen based on several previous studies. The results of Ferdinand's research are that the compensation received by employees affects employee performance (Ferdinand, 2023). In addition, research by Sunarni with the results of the study showed that remuneration, salaries and bonuses, as well as employee welfare benefits, including health insurance, leave benefits, and pension benefits, have a major effect on employee performance (Sunarni, 2023a). Meanwhile, Tanaya's research results show that financial compensation affects the welfare of its recipients, and increasing compensation in accordance with the point system method with company policy can lead to a new payroll system that can improve employee welfare (Tanaya, 2021).

Thus, based on some of the results of previous research, it can be seen that compensation is one of the factors that have a significant impact on employee welfare so that it also affects employee performance. However, even

though currently the application of compensation for employees has been widely implemented in the public sector, the problem of employee performance still exists.

According to the author, the problem of employee performance in public organizations today is no longer caused by a lack of facilities, or the ability and expertise of employees in carrying out their duties. Rather, it is the organizational culture that prevails in a public institution. As according to Campbell who states that a corrupt organizational culture for generations influences employee behavior in carrying out corrupt practices and makes them participate in corrupt practices in their work environment (Campbell, 2015). It can be seen that until now there are still many cases of corruptive organizational culture that occur and clearly affect the work culture of employees and have an impact on employee performance. One example of a case taken is the case of extortion by contract workers at the Population and Civil Registry Office of Surabaya City which led to dismissal (rmoljatim.id, 2024).

The occurrence of extortion cases by contract workers at the Surabaya City Population and Civil Registry Office is a form of low ethics and moral awareness of employees who justify actions that are not in accordance with applicable procedures or rules within the scope of public organizations. When viewed conceptually, morality is a principle or value that guides human behavior, determining what is considered right and wrong, both in terms of ethics and social norms. Meanwhile, Ethics is a set of rules or norms or guidelines governing behavior, both those that must be done and those that must be abandoned by a group or group of people or professions (Sholihin, 2006).

Meanwhile, according to Hu, morality is an attitude based on the organization's ethical policies that encourage employees to behave ethically (Hu, 2022). In this case, morality becomes a determination to follow everything that is in the human heart and is realized as an absolute obligation, whether it is a good consideration or a bad consideration and becomes the basis for ethical decisions and moral behavior of a person or group.

Some previous studies that examined the effect of morality on employee performance were conducted by Setyawati with the results of research that employee morality affects the performance of employees of the Revenue Service, Financial Management and Regional Assets Technical Implementation Unit (UPTD) Singosari Malang Regency (Setyawati, 2023). Research conducted by Juwita Sari shows that employee morale affects employee performance at Pt. Welling Tapioka Jaya Serdang Begadai.

Thus, based on the results of the previous research above, it can be seen that employee morale has an influence on employee performance. In other words, the condition of high employee morality will have a positive effect on employee performance. If correlated with the occurrence of extortion cases by contract workers at the Surabaya City Population and Civil Registry Office, it is clear that the low morality of employees has a negative influence on the work environment so that it will also have an impact on employee performance. This clearly requires ethical policies and organizational culture that can influence employee behavior patterns and change the bad organizational culture.

As the locus of this research, the Population and Civil Registry Office of Surabaya City is one of the Regional Apparatus Organizations (OPD) under the Surabaya City Government. In carrying out its main objectives and functions as a public organization, it certainly has a strategy in managing apparatus resources to realize a predetermined vision and mission. Based on the latest data from the 2023 performance report of the Surabaya City Population and Civil Registry Office, there are two strategic goals, including: (1) Improving the accountability of local government administration at the Population and Civil Registry Office; and (2) Improving the quality of administrative services..

The results of the performance achievement of the two strategic goals in 2023, namely, the first strategic goal was realized with a value of 91.7 or with an achievement of 112.52% exceeding the predetermined target value of 81.5. The second strategic goal is to improve the quality of population administration services with three target indicators. In the first indicator, namely the percentage of applications for Population Registration services that are completed on time with a target of 95% and realized 99.87% with an achievement of 105.13%. In the second indicator, namely the percentage of Civil Registration service applications completed on time with a target of 95% and has been realized 99.63 or with an achievement of 104.87%. Finally, in the third indicator, the average response time with a target of 24 hours and realized 39.1 or with an achievement of 183.71%.

Based on the presentation of the performance achievement data above, it can be seen that in 2023, the Surabaya City Population and Civil Registry Office has succeeded in achieving the strategic goals that have been

determined. As a whole realized well and exceeded the target. Based on this, the researcher is then interested in studying the existing problems. Thus determining the thesis research title "The Effect of Compensation on Employee Performance Mediated by Employee Welfare and Moderated by Employee Morality in Non-ASN Employees at the Population and Civil Registration Office of Surabaya City".

The objectives of this study are: (1) To determine and analyze the effect of Compensation on Non-ASN Employee Welfare at the Surabaya City Population and Civil Registration Office; (2) To determine and analyze the effect of Compensation on Non-ASN Employee Performance at the Surabaya City Population and Civil Registration Office; (3) To determine and analyze the effect of Employee Welfare on Non-ASN Employee Performance at the Surabaya City Population and Civil Registration Office; (4) To determine and analyze the effect of Compensation on Employee Performance moderated by Morality of Non-ASN employees at the Population and Civil Registration Office of Surabaya City; (5) To determine and analyze the effect of Employee Welfare on employee performance moderated by Morality of Non-ASN Employees at the Population and Civil Registration Office of Surabaya City; and (6) To determine and analyze the effect of Compensation on Employee Performance mediated by Non-ASN Employee Welfare at the Population and Civil Registration Office of Surabaya City.

## II. METHODOLOGY

This research is an explanatory type of research that explains the causality relationship between variables through hypothesis testing. The type of research used in this research is survey research with a quantitative approach.

The population in this study is Non-ASN employees at the Population and Civil Registry Office of Surabaya City with a total of 159 people. The sampling technique used in this research is Non-probability sampling. As according to Sugiyono (2017) Nonprobability sampling is one of the sampling techniques that does not provide equal opportunities for each element or member of the population to be selected as a sample.

Data collection techniques in this study used questionnaires and interviews. While the analysis technique used in this research is structural equation model (SEM) analysis using Smart-PLS 3 software. Analysis using SEM was chosen because the Structural Equation Model is able to provide complete information about the relationship between constructs and indicators and the relationship between constructs that are hypothesized simultaneously (Ghozali, 2005).

## III. ANALYSIS RESULTS

### 3.1. Respondent Characteristics

Berdasarkan hasil pengolahan data, terdapat responden perempuan sebanyak 43 orang atau 70% dan responden laki-laki sebanyak 18 orang atau 30% dengan status pegawai Non-ASN di lingkungan Dinas Kependudukan dan Catatan Sipil Kota Surabaya. Sedangkan hasil analisis karakteristik responden berdasarkan lama kerja pegawai mayoritas merupakan pegawai Non-ASN dengan lama kerja 4-6 tahun.

### 3.2. Descriptive Analysis

Hasil analisis distribusi frekuensi dapat diketahui bahwa nilai rata-rata variabel kompensasi sebesar 3,05. Nilai rata-rata variabel kinerja sebesar 3,11 sedangkan nilai rata-rata variabel kesejahteraan pegawai sebesar 3,19. Sedangkan nilai rata-rata variabel morality sebesar 2,80.

### 3.3. Analisis Partial Least Square (PLS)

#### 3.3.1. Outer Model Analysis

Statistical analysis using Smart PLS obtained the loading factor results in the following figure:

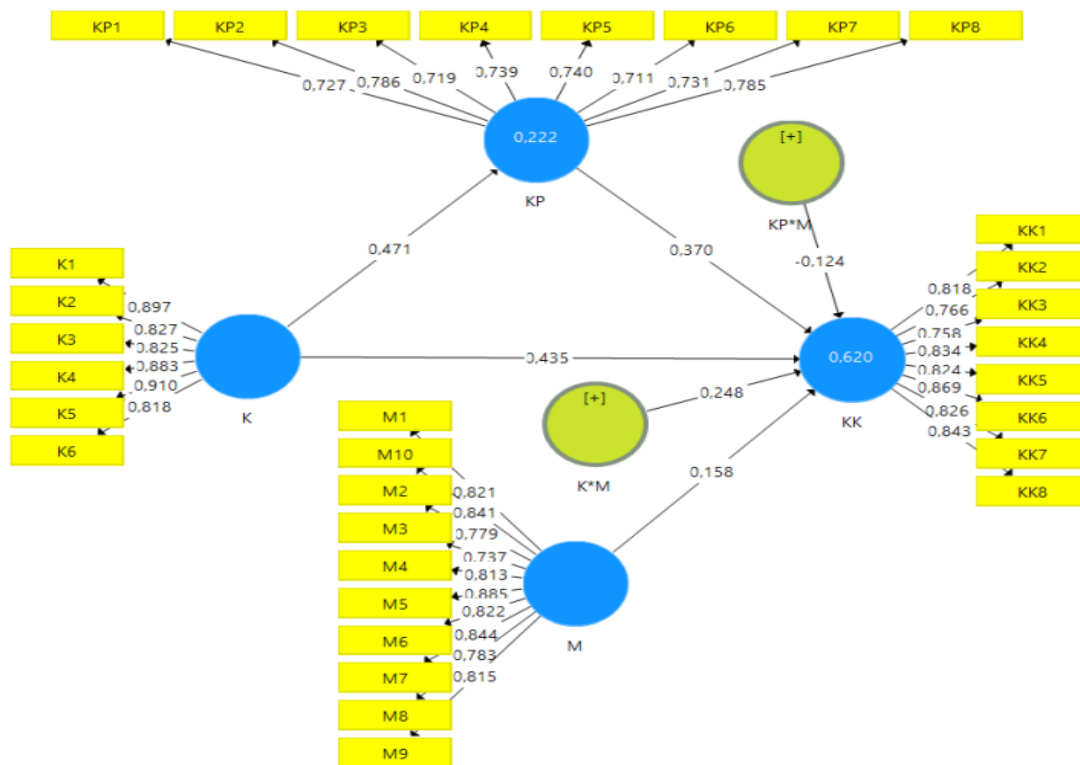


Figure 1: Model Structure

3.3.2. Convergent Validity

Convergent validity aims to determine the validity of each relationship between the question items used and the latent variable. The convergent validity of the measurement model with reflexive indicators is assessed based on the correlation between the item score or component score and the latent variable score or construct score calculated by PLS. The convergent validity test is shown in table 1.

Table 1: Convergent Validity Indicators

	K	K*M	KK	KP	KP*M	M
K*M		<b>1.194</b>				
K1	<b>0.897</b>					
K2	<b>0.827</b>					
K3	<b>0.825</b>					
K4	<b>0.883</b>					
K5	<b>0.910</b>					
K6	<b>0.818</b>					
KK1			<b>0.818</b>			
KK2			<b>0.766</b>			
KK3			<b>0.758</b>			
KK4			<b>0.834</b>			
KK5			<b>0.824</b>			
KK6			<b>0.869</b>			
KK7			<b>0.826</b>			
KK8			<b>0.843</b>			
KP*M					<b>1.151</b>	
KP1				<b>0.727</b>		
KP2				<b>0.786</b>		
KP3				<b>0.719</b>		
KP4				<b>0.739</b>		

	K	K*M	KK	KP	KP*M	M
KP5			<b>0.740</b>			
KP6			<b>0.711</b>			
KP7			<b>0.731</b>			
KP8			<b>0.785</b>			
M1					<b>0.821</b>	
M10					<b>0.841</b>	
M2					<b>0.779</b>	
M3					<b>0.737</b>	
M4					<b>0.813</b>	
M5					<b>0.885</b>	
M6					<b>0.822</b>	
M7					<b>0.844</b>	
M8					<b>0.783</b>	
M9					<b>0.815</b>	

Based on table 1 above, it can be seen that all items have a Convergent Validity value of more than 0.7, which means that all indicators of compensation, employee welfare, employee performance and morality are valid. With the factor loading value of the research variable indicators greater than 0.70 and has a t value > 1.96.

### 3.3.3. Discriminant Validity

After convergent validity, the next evaluation is to look at discriminant validity with cross loading, square root value of average variance extracted (AVE) and composite reliability. In this case, the measurement is assessed based on the measurement of cross loading with the construct. Discriminant validity aims to prove that latent constructs can predict the size of the constituent variables better than other variables. To see the validity of the instrument in this section, it can be done using the Cross Loading value. The discriminant validity value can be seen in table 2.

**Table 2:** Discriminant Validity Value

	K	K*M	KK	KP	KP*M	M
K*M	-2.58	1.000	-0.025	-0.260	0.673	-0.109
K1	<b>0.897</b>	-0.258	0.527	0.422	-0.246	0.538
K2	<b>0.827</b>	-0.331	0.494	0.419	-0.308	0.555
K3	<b>0.825</b>	-0.137	0.472	0.231	-0.181	0.442
K4	<b>0.883</b>	-0.186	0.576	0.396	-0.228	0.447
K5	<b>0.910</b>	-0.248	0.610	0.411	-0.224	0.479
K6	<b>0.818</b>	-0.169	0.683	0.491	-0.205	0.497
KK1	0.564	0.089	<b>0.818</b>	0.436	-0.044	0.443
KK2	0.474	-0.131	<b>0.766</b>	0.358	-0.113	0.452
KK3	0.452	0.118	<b>0.758</b>	0.582	-0.133	0.374
KK4	0.547	-0.030	<b>0.834</b>	0.516	-0.292	0.385
KK5	0.569	-0.033	<b>0.824</b>	0.623	-0.189	0.487
KK6	0.589	-0.049	<b>0.869</b>	0.467	-0.244	0.463
KK7	0.556	-0.061	<b>0.826</b>	0.489	-0.265	0.427
KK8	0.569	0.028	<b>0.843</b>	0.463	-0.176	0.389
KP*M	-0.270	0.673	-0.225	-0.385	1.000	-0.146
KP1	0.365	-0.243	0.358	<b>0.727</b>	-0.251	0.159
KP2	0.314	-0.041	0.518	<b>0.786</b>	-0.124	0.198
KP3	0.436	-0.385	0.514	<b>0.719</b>	-0.505	0.294
KP4	0.299	-0.164	0.462	<b>0.739</b>	-0.342	0.216
KP5	0.259	-0.136	0.474	<b>0.740</b>	-0.323	0.308
KP6	0.391	-0.238	0.349	<b>0.711</b>	-0.231	0.283

	K	K*M	KK	KP	KP*M	M
<b>KP7</b>	0.366	-0.208	0.409	<b>0.731</b>	-0.300	0.349
<b>KP8</b>	0.353	-0.113	0.483	<b>0.785</b>	-0.181	0.227
<b>M1</b>	0.528	-0.054	0.451	0.313	-0.094	<b>0.821</b>
<b>M2</b>	0.516	-0.173	0.356	0.283	-0.223	<b>0.841</b>
<b>M3</b>	0.342	0.125	0.307	0.164	0.069	<b>0.779</b>
<b>M4</b>	0.369	-0.106	0.336	0.139	-0.140	<b>0.737</b>
<b>M5</b>	0.571	-0.025	0.510	0.398	-0.134	<b>0.813</b>
<b>M6</b>	0.545	-0.086	0.493	0.283	-0.178	<b>0.885</b>
<b>M7</b>	0.385	0.000	0.298	0.233	-0.134	<b>0.822</b>
<b>M8</b>	0.517	-0.105	0.585	0.322	-0.109	<b>0.844</b>
<b>M9</b>	0.392	-0.230	0.342	0.273	-0.152	<b>0.783</b>
<b>M10</b>	0.389	-0.215	0.396	0.284	-0.070	<b>0.815</b>

Based on Table 2, it can be seen that the Discriminant Validity value shows that all indicators compile each variable in this study. The value has fulfilled Discriminant Validity because it has the largest outer loading value for the variable it forms and not on other variables.

Evaluation of the measurement model with the square root of average variance extracted is to compare the AVE root value with the correlation between constructs. If the root AVE value is higher than the correlation value between constructs, then good discriminant validity is achieved. In addition, an AVE value greater than 0.5 is highly recommended.

**Table 3:** Fornell Larcker Discriminant Validity Value

	AVE	K	K*M	KK	KP	KP*M	M
<b>K</b>	<b>0.741</b>	<b>0.861</b>					
<b>K*M</b>	<b>1.000</b>	<b>-0.258</b>	<b>1.000</b>				
<b>KK</b>	<b>0.669</b>	<b>0.662</b>	<b>-0.025</b>	<b>0.818</b>			
<b>KP</b>	<b>0.551</b>	<b>0.471</b>	<b>-0.260</b>	<b>0.606</b>	<b>0.743</b>		
<b>KP*M</b>	<b>1.000</b>	<b>-0.270</b>	<b>0.673</b>	<b>-0.225</b>	<b>-0.385</b>	<b>1.000</b>	
<b>M</b>	<b>0.664</b>	<b>0.574</b>	<b>-0.109</b>	<b>0.523</b>	<b>0.343</b>	<b>-0.146</b>	<b>0.815</b>

Based on the calculation of the Fornell-Larcker Criterion, it is found that the correlation value between variables is still below the square root value of the AVE (bold), thus all indicators in each variable in this study have met discriminant validity. The AVE value for the three constructs is greater than 0.5 so it can be concluded that the model measurement evaluation has good discriminant validity.

**3.3.4. Reliabilitas**

Composite reliability merupakan pengukuran reliabilitas suatu konstruk. Pada bagian ini menganalisis outer model dengan melihat reliabilitas konstruk variabel laten yang diukur dengan dua kriteria yaitu composite reliability dan cronbach alpha dari blok indikator yang mengukur konstruk. Dalam hal ini konstruk dinyatakan reliabel jika nilai composite reliability maupun nilai cronbach alpha diatas 0,70. Dalam menganalisis outer model diperlukan konfirmasi realibiltas konstruk variabel yang di ukur terhadap composite reliability dan cronbach's alpha. Adapun hasil evaluasi Composite Reliability dan cronbach's alpha dapat terlihat pada tabel berikut ini:

**Table 4:** Composite Reliability and Cronbach Alpha

	Cronbach's Alpha	Composite Reliability
K	0.930	0.945
K*M	1.000	1.000
KK	0.929	0.942
KP	0.884	0.908
KP*M	1.000	1.000
M	0.944	0.952

Based on table 4, it can be seen that each latent variable shows good as the Cronbach alpha value and the Composite reliability value which is greater than 0.600, so it can be concluded that all variables have met the

internal consistency reliability aspect and can be used in the model or in other words that the indicators consistently and reliably represent the latent variables.

**3.6 Inner Model**

Testing the inner model or structural model is carried out to see the relationship between the constructs of the significance value and Rsquare of the research model. The structural model is evaluated using the R-square for the dependent construct t-test as well as the significance of the structural path parameter coefficients.

As with testing the structural model in the inner model using the predictive-relevance Q-Square value (Q2). In this case the R square value shows the diversity of all variables. The square value ranges from -1 to 1, where the greater the Q-squared value (close to one), the greater the total diversity that can be explained by the model. The R-square value of each endogenous variable in this study is as follows:

**Table 5:** R Square Value

	<b>R Square</b>	<b>R_Square Adjusted</b>
Compensation	0.222	0.209
Employee Performance	0.620	0.585

In this study using 2 variables that are influenced by other variables, namely the Employee Welfare variable which is influenced by the Compensation variable, and also by the Employee Performance variable which is influenced by the Compensation variable, the Employee Welfare variable and Morality as a moderating variable. Table 5 above shows that the R-square value for the Employee Welfare variable is obtained at 0.222, which means that 22.2% of the Employee Welfare variable can be influenced by the Compensation variable, and the remaining 77.8% is influenced by other variables outside the study. Meanwhile, the Employee Performance variable was obtained at 0.620. This shows that 62% of the Employee Performance variable can be influenced by the Compensation, Employee Welfare and Morality variables as moderation, and the remaining 38% is influenced by other variables outside the study.

In the overall goodness of fit assessment, it is known from the Q2 (predictive relevance) value, where the higher the Q2, the model can be said to be more fit with the data. From Table 5, the Q2 value can be calculated as follows:

$$Q2 \text{ value} = 1 - (1 - R2) \times (1 - R2) \times (1 - R2)$$

$$Q2 \text{ value} = 1 - (1 - 0.222) \times (1 - 0.620)$$

$$= 0.7039$$

From the calculation results, it is known that the Q2 value is 0.7039, meaning that the amount of diversity from the research data that can be explained by the structural model is 70.39%, while the remaining 29.61% is explained by other factors outside the model. Based on these results, the structural model in the study can be said to have good goodness of fit.

**3.7. Hypothesis Testing**

Testing the research hypothesis is by using the significance value of the estimated parameters to see the relationship between research variables. In this section, the bootstrap method is carried out on the sample with the aim of minimizing the problem of research data abnormalities. The results of hypothesis testing through bootstrapping can be seen in table 6.

**Table 6:** Path Coefficient (Mean, STDEV, T-Values)

	<b>Original Sample (O)</b>	<b>T Statistics (O/STDEV)</b>	<b>P Value</b>	<b>Keterangan</b>
K -> KP	0,471	4,815	0,000	Signifikan
K -> KK	0,435	4.162	0,000	Signifikan
KP -> KK	0,370	3.191	0,002	Signifikan
K*M -> KK	0,248	2.250	0,025	Signifikan
KP*M -> KK	-0,124	1.151	0,250	Tidak Signifikan

Based on table 6 above, it can be seen that the structural equation obtained is:  $Z = 0.471 X + 0.435 X + 0.370 Z + 0.248 XM - 0.124 ZM$  In hypothesis testing using the t value. In this case, the t-count is compared with the t-table. The results of hypothesis testing can be seen below.



**3.7.1. Direct Effect Testing**

**1. Compensation Significantly Affects Employee Welfare**

Based on the results of hypothesis testing, it is known that the effect of compensation on employee welfare is indicated by a coefficient value of 0.471 and a t value of 4.815 with a p value of 0.000. This value is smaller than alpha 0.05. This result means that Compensation has a positive and significant effect on Employee Welfare, which means it is in accordance with the first hypothesis where Compensation has a significant effect on Employee Welfare. So it can be concluded that the first hypothesis of compensation on Employee Welfare is accepted.

**2. Compensation Has a Significant Effect on Employee Performance**

Based on the results of hypothesis testing, it is known that the effect of compensation on employee performance is shown by the coefficient value of 0.435 with a t value of 4.162 and a p value of 0.000. This result means that compensation has a positive and significant effect directly on employee performance, which means that it is in accordance with the second hypothesis where compensation has a significant effect on employee performance so that it can be concluded that the second hypothesis of compensation on job satisfaction is accepted.

**3. Employee Welfare Has a Significant Effect on Employee Performance**

Based on hypothesis testing, it is known that the effect of employee welfare on employee performance shows a coefficient value of 0.370 with a t value of 3.191 and a p value of 0.002. The magnitude of the p-value is still below 0.05 which indicates that employee welfare has a positive and significant effect on employee performance. So it can be concluded that the third hypothesis Employee welfare on employee performance is accepted.

**4. Morality has a Significant Effect in moderating Compensation on Employee Performance**

Based on testing this hypothesis, it is known that the effect of compensation on employee performance moderated by morality is indicated by a coefficient value of 0.248 with a t value of 2.250 and a p-value of 0.025. Thus, the magnitude of the p-value is still below 0.05, indicating that compensation has a positive and significant effect directly on employee performance moderated by morality, so it can be concluded that the fourth hypothesis is accepted..

**5. Morality has a significant effect in moderating employee welfare on employee performance**

Based on hypothesis testing, it can be seen that the effect of Employee Welfare on Employee Performance moderated by morality is indicated by a coefficient value of -0.124 with a t value of 1.151 and a p-value of 0.25. Thus, the magnitude of the p-value shows a value greater than 0.05 so that Employee Welfare has a negative and insignificant effect directly on Employee Performance moderated by Morality, so it can be concluded that the fifth hypothesis is rejected.

**3.7.2. Testing the Indirect Effect**

To determine the indirect effect of independent variables on the Employee Performance variable through Employee Welfare, the Sobel Test calculation is used. The results of the calculation of indirect effects using the sobel test can be seen in Table 7 below.

**Table 7:** Testing the Indirect Effect

	Original Sampel (O)	T Statistics (O/STDEV)	P Value
K-> KP -> KK	0.174	2.432	<b>0,015</b>

Based on the results of testing the sixth hypothesis, it shows that the relationship between the Compensation variable and Employee Performance (Y) through Employee Welfare shows an indirect path coefficient value of 0.174 with a t value of 2.432 with a p value of 0.015. This value is smaller than alpha (0.05). This result means that Employee Welfare has a significant influence in mediating Compensation on Employee Performance. So it can be concluded that the sixth hypothesis is accepted.

#### IV. RESULT AND DISCUSSION

##### **4.1. The Effect of Compensation on Employee Welfare of Non-ASN Employees at the Population and Civil Registry Office of Surabaya City**

The results of this study on non-ASN employees at the Population and Civil Registry Office of Surabaya City in the first hypothesis, namely compensation to employee welfare, show a coefficient value of 0.471. This means that there is a positive relationship between the compensation variable and the employee welfare variable. In this case, the availability of compensation in an organization encourages employee welfare. The analysis results show that the probability value or significant t of 0.000 is smaller than alpha, so the first hypothesis is accepted and it can be concluded that the compensation variable has a significant effect on employee welfare. The results of this study are in line with the results of Tanaya's research showing that financial compensation affects the welfare of its recipients. As the availability of compensation and the point system method policy in the new payroll system can improve employee welfare (Tanaya, 2021). Providing compensation aims to encourage good employee performance and realize employee welfare. As according to Dong, employee welfare is a condition of happiness, satisfaction, and health experienced by employees in their work environment which includes various aspects, including physical, mental, social, and economic (Dong & Yan, 2022). Thus, the availability of compensation for employees is a form of effort made by the organization in realizing a good level of employee welfare. In this study, the Surabaya City Population and Civil Registration Office has provided compensation to non-ASN employees with the aim and hope of improving the welfare of non-ASN employees within the Surabaya City Population and Civil Registration Office.

##### **4.2. The Effect of Compensation on the Performance of Non-ASN Employees at the Population and Civil Registry Office of Surabaya City**

The results of this study on non-ASN employees at the Surabaya City Population and Civil Registry Office in the second hypothesis, namely compensation on employee performance which shows a coefficient value of 0.435. This means that there is a positive relationship between the compensation variable and the employee performance variable. In this case, the availability of compensation in an organization encourages employee performance. The analysis results show that the probability value or significant t of 0.000 is smaller than alpha, so the second hypothesis is accepted and it can be concluded that the compensation variable has a significant effect on employee performance. The results of this study are in line with Ferdinand's research which shows that the compensation received by employees affects employee performance (Ferdinand, 2023). Providing compensation to employees in the hope that employees can improve their work performance, therefore compensation is said to be a substitute for employees' service contributions to the organization so that this becomes a differentiator between compensation and wages (Prasetyo et al., 2021). Likewise, Hasibuan's opinion states that compensation aims to manage, maintain, and maintain a productive workforce and create good quality and quantity of employee performance (Hasibuan, 2017). Thus in this study, the Surabaya City Population and Civil Registration Office has provided compensation to non-ASN employees with the aim and hope of encouraging non-ASN employees to have good quality and quantity of performance, both individually and in groups in carrying out the duties and functions of the Surabaya City Population and Civil Registration Office.

##### **4.3. The Effect of Employee Welfare on the Performance of Non-ASN Employees at the Population and Civil Registry Office of Surabaya City**

The results of research on non-ASN employees at the Surabaya City Population and Civil Registry Office on the third hypothesis, namely the effect of employee welfare on employee performance which shows a coefficient value of 0.370. This means that there is a positive relationship between the employee welfare variable and the employee performance variable. In this case, employee welfare in an organization affects employee performance. The analysis results show that the probability value or significant t of 0.002 is smaller than alpha, so the third hypothesis is accepted and it can be concluded that the employee welfare variable has a significant effect on employee performance. The results of this study are in line with research conducted by Mantiri (2016) with the results of research that employee welfare has a positive effect on employee performance. As well as Dananjaya's research (2019) with the results of research that employee welfare has a significant effect on employee performance at the Bandung City Population and Civil Registry Office. According to Lahat, employee welfare is generally defined as a condition felt by employees or employees, where they feel fulfilled for their

mental, physical, emotional and also economic health (Lahat & Ofek, 2022). In another sense, Welfare is the health of social relationships, and the enjoyment of life that a person has, especially in the family environment and in the work environment.

#### **4.4 The Effect of Compensation on Non-Civil Servant Performance with Morality as a Moderating Variable at the Surabaya City Population and Civil Registry Office**

The results of research on non-ASN employees at the Surabaya City Population and Civil Registry Office in testing the fourth hypothesis, namely the effect of compensation on employee performance through employee welfare, show a coefficient value of 0.784 and a pvalue of 0.000. The p-value is still below 0.05, indicating that compensation has a positive and significant effect on employee performance through employee welfare.

#### **4.5. The Effect of Employee Welfare on Non-ASN Employee Performance with Morality as a Moderating Variable at the Surabaya City Population and Civil Registry Office**

The results of research on non-ASN employees at the Population and Civil Registry Office of Surabaya City on testing the fifth hypothesis, namely Morality moderates the effect of employee welfare on employee performance, showing a coefficient value of 0.883 and a p-value of 0.000. The p-value is still below 0.05, indicating that workload can significantly moderate the effect of employee welfare on employee performance.

#### **4.6. The Effect of Compensation on Non-Civil Servant Performance with Employee Welfare as an Intervening Variable at the Surabaya City Population and Civil Registry Office**

The results of research on non-ASN employees at the Surabaya City Population and Civil Registry Office in testing the sixth hypothesis, namely that the relationship between the Compensation variable and Employee Performance (Y) through Employee Welfare shows an indirect path coefficient value of 0.174 with a t value of 2.432 with a p value of 0.015. This value is smaller than alpha (0.05). This result means that Employee Welfare has a significant influence in mediating Compensation on Employee Performance. So it can be concluded that the sixth hypothesis is accepted.

## **V. CONCLUSION**

Based on the problems that have been formulated, the results of the analysis and hypothesis testing that have been carried out in the previous chapter, the following conclusions can be drawn from the research conducted:

1. The results showed that the Compensation variable (X) has a direct influence on Employee Welfare (Z) because it has a probability value (0.000) <0.05 which means there is a significant influence.
2. The results showed that the Compensation variable (X) has a direct influence on Employee Performance (Y) because it has a probability value (0.000) <0.05 which means there is a significant influence
3. The results showed that the Employee Welfare variable (Z) had a positive effect on Employee Performance (Y) because it had a probability value (0.000) <0.05, which means there is a significant effect.
4. The results showed that the Compensation variable (X) had a positive and significant effect on Employee Performance (Y) which was moderated by Morality. because it has a probability value (0.025) <0.05 which means there is a significant effect.
5. The results showed that the Employee Welfare variable (Z) had a negative and insignificant effect on Employee Performance (Y) which was moderated by Morality because it had a probability value (0.250) > 0.05, which means there is an insignificant effect.
6. The results showed that the Compensation variable (X) had a positive and significant effect on Employee Performance (Y) through Employee Welfare (Z) because it had a probability value (0.015) <0.05, which means there is a significant effect.

## **VI. REFERENCES**

- [1] Afrizal. (2022). Mediating Role of Job Satisfaction in Relationship of Compensation, Motivation and Organizational Commitment on.
- [2] Akib. (2022). The Effect of Compensation and Work Discipline on Employee Performance in State Islamic Religious Higher Education.
- [3] Amin et al. (2021). Pengaruh Pemberian Kesejahteraan Pegawai Dan Disiplin Kerja Terhadap Kepuasan Kerja Di Lingkungan Kantor Pelayanan Perbendaharaan Negara Padang.
- [4] Anjarwati, S. (2018). The Analysis of Public Service Quality to The Community in The Wonotirto Sub-District Office of Blitar Regency. Jurnal Translitera , 6, 1–12.

- [5] Arif, M., Endah Syaifani, P., & Siswadi, Y. (2019). Effect of Compensation and Discipline on Employee Performance. Proceeding of The 3 Rd International Conference on Accounting, Business & Economics, 264–281.
- [6] Azmy, A. (2022). Effect of Compensation and Organizational Commitment on Employee Performance During WFH at Digital Company. *Jurnal Economia*, 18(1), 70–88.  
<https://doi.org/10.21831/economia.v18i1.44949>
- [7] Campbell. (2015). Culture corrupts! A qualitative study of Organizational Culture in Corrupt Organizations. *Journal of business ethics*. 117
- [8] Dananjaya. (2019). Pengaruh Kesejahteraan Pegawai Dan Lingkungan Kerja Terhadap Pelayanan Data Kependudukan Dinas Kependudukan Dan Catatan Sipil Kota Bandung Provinsi Jawa Barat.
- [9] Dessler. (2016). *Manajemen Sumber Daya Manusia : Jilid 10*. Jakarta: PT Indeks.
- [10] Dong, J., & Yan, S. (2022). A Multicriteria Approach for Measuring Employee Well-Being. *Frontiers in Psychology*, 13, 1–12. <https://doi.org/10.3389/fpsyg.2022.795960>
- [11] Ferdinand. (2023). Pengaruh Kompensasi Terhadap Kinerja Pegawai Dengan Motivasi Sebagai Variabel Mediasi Pada PT. Pos Indonesia Kantor Pos Palangka Raya. *Economics Journal*, 4(2), 144–166.
- [12] Fulmer, I. S., Gerhart, B., & Kim, J. H. (2023). Compensation and performance: A review and recommendations for the future. *Personnel Psychology*, 76(2), 687–718.  
<https://doi.org/10.1111/peps.12583>
- [13] Garry Dessler. (2016). *Manajemen Sumber Daya Manusia*.
- [14] Garson. (2016). *Partial Least Squares : Regression & Structural Equation Models*. Statistical Associates Publishing.
- [15] Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt. (2014). Common Beliefs and Reality About PLS: Comments on Rönkkö and Evermann.
- [16] Hasibuan. (2016). *Manajemen Sumber Daya Manusia Edisi Revisi*, Cetakan Kesembilan Belas, PT.Bumi Aksara, Jakarta. *Manajemen Sumber Daya Manusia Edisi Revisi*, Cetakan Kesembilan Belas, PT.Bumi Aksara, Jakarta.
- [17] Henry Simamora. (2014). *Manajemen Sumber Daya Manusia*. *Manajemen Sumber Daya Manusia*.
- [18] Hu, S. (2022a). Social and Moral Practices of the Organizations and Employee-Based Brand Equity: Female Digital Labor Perspective. *Frontiers in Psychology*, 13.  
<https://doi.org/10.3389/fpsyg.2022.910483>
- [19] Hu, S. (2022b). Social and Moral Practices of the Organizations and Employee-Based Brand Equity: Female Digital Labor Perspective. *Frontiers in Psychology*, 13.  
<https://doi.org/10.3389/fpsyg.2022.910483>
- [20] Irawati, R., Arimbi, D., Prodi, C., Bisnis, A., Politeknik, T., Batam, N., Yani, J. A., & Tering, T. (2017). ANALISIS PENGARUH BEBAN KERJA TERHADAP KINERJA KARYAWAN OPERATOR PADA PT GIKEN PRECISION INDONESIA.
- [21] Lahat, L., & Ofek, D. (2022). Emotional Well-being Among Public Employees: A Comparative Perspective. *Review of Public Personnel Administration*, 42(1), 31–59.  
<https://doi.org/10.1177/0734371X20939642>
- [22] Mangkunegara. (2017). *Manajemen Sumber Daya Manusia Perusahaan*. Bandung: PT Remaja Rosdakarya. *Manajemen Sumber Daya Manusia Perusahaan*. Bandung: PT Remaja Rosdakarya.
- [23] Mantiri et al. (2016). Pengaruh Kompensasi, Kesejahteraan, Dan Iklim Kerja Terhadap Kinerja Karyawan Pada BPJS Kesehatan Manado.
- [24] Mugizi. (2021). Compensation Management and Employee Wellbeing of Academic Staff in Ugandan Private Universities during COVID-19 Lockdown. *Interdisciplinary Journal of Education Research*, 3(1), 1–12. <https://doi.org/10.51986/ijer2021.vol3.01.01>
- [25] Mugizi, W., Rwothumio, J., & Amwine, C. M. (2021). Compensation Management and Employee Wellbeing of Academic Staff in Ugandan Private Universities during COVID-19 Lockdown. *Interdisciplinary Journal of Education Research*, 3(1), 1–12.  
<https://doi.org/10.51986/ijer2021.vol3.01.01>
- [26] Novadjaja. (2017). Pengaruh Dimensi Kesejahteraan Pegawai Terhadap Kinerja Pegawai Pada Kantor

- Sekretariat Daerah Kota Magelang.
- [27] Nurhayati, N. (2022). Komitmen Organisasi, Pengendalian Internal, Kesesuaian Kompensasi terhadap Kecurangan Pengelolaan Keuangan Desa dengan Moralitas Individu sebagai Variabel Moderasi. *Jurnal Penelitian Universitas Kuningan*, 13(1), 114–136. [www.rakyatjelata.net](http://www.rakyatjelata.net)
- [28] Prasetyani. (2023). Pengaruh Moralitas Individu, Pengendalian Internal, Dan Reward System Terhadap Pencegahan Fraud: Studi Pada Pegawai Inspektorat Daerah Kabupaten Kudus.
- [29] Prasetyo, I., Wahyu Endarti, E., Endarto, B., Aliyyah, N., Tjaraka, H., Kalbuana, N., Syafi, A., & Rochman, ur. (2021). Effect of Compensation and Discipline on Employee Performance: A Case Study Indonesia. *Journal of Hunan University (Natural Sciences)* , 48(6), 277–299.
- [30] Rahmah, R., T, S., & Baridwan, Z. (2021). Quality Services Moderation on Moral Impact of Taxpayers and Tax Penalties on Compliance Taxpayers. *ATESTASI : Jurnal Ilmiah Akuntansi*, 4(2), 145–153. <https://doi.org/10.33096/atestasi.v4i2.762>
- [31] Rajagukguk. (2017). Pengaruh Kompensasi, Motivasi Karyawan, dan Komitmen Organisasi Terhadap Kinerja Karyawan Article Sidebar.
- [32] Saman, A. (2020). Effect of Compensation on Employee Satisfaction and Employee Performance. *Business and Accounting Research (IJEBAR)*, 4, 185–191. <https://jurnal.stieaas.ac.id/index.php/IJEBAR>
- [33] Sarstedt, Ringle, & & Hair. (2014). Partial least squares structural equation modeling (PLS-SEM): A useful tool for family business researchers.
- [34] Setyawati, A., Sugangga, A., Widyanto, W. R., & Rahma, A. (2023). Analysis of Factors Affecting Employee Morale in the Technical Implementation Unit Office of the Singosari Revenue Agency, Malang Regency. *LITERACY : International Scientific Journals Of Social, Education and Humaniora*, 2(1), 61– 83. <http://jurnal-stiepari.ac.id/index.php/LITERACY>
- [35] Sholihin. (2006). Pengantar Bisnis (Pengenaklan Praktik Dan Studi Kasus). Sunarni. (2023a). Pengaruh Kesejahteraan Karyawan dan Kompensasi Terhadap Kinerja Karyawan di Salah Satu Bank Konvensional di Kota Bandung. In *Jurnal Bisnis dan Manajemen West Science (Vol. 2, Issue 02)*.
- [36] Sunarni. (2023b). Pengaruh Kesejahteraan Karyawan dan Kompensasi Terhadap Kinerja Karyawan di Salah Satu Bank Konvensional di Kota Bandung.
- [37] Tanaya. (2021). ANALYSIS OF JOB VALUE-BASED COMPENSATION SYSTEM AT AUTOMOTIVE COMPANY XYZ IN BALI PROVINCE. In *Jurnal Bisnis dan Manajemen West Science (Vol. 2, Issue 02)*.
- [38] Yemima. (2020). Analisis pengaruh kompensasi dan motivasi terhadap kinerja pegawai dengan perilaku melayani sebagai variabel intervening