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The Influence of Compensation and Work Discipline on Employee Performance with Job Satisfaction as a Mediating Variable

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Abstracts

Research Background: Despite intense competition for Indonesian civil service roles, public employees are often associated with negative stigmas regarding their actual work performance. **Introduction / Main Objective:** This study investigates the direct and indirect effects of compensation and work discipline on employee performance, with job satisfaction acting as a mediating variable. **Method:** Focusing on the Malang City and Malang Regency Religious Courts, the research utilized a saturated sample of 88 employees. Data collected through questionnaires and interviews were analyzed using Partial Least Squares (PLS) and the Sobel Test for mediation. **Results/Findings:** Direct path analysis indicates that compensation, work discipline, and job satisfaction all have positive and significant direct impacts on employee performance (all p-values $\leq$ 0.001). Additionally, compensation and work discipline positively and significantly influence job satisfaction. Crucially, the Sobel Test confirmed that job satisfaction serves as a significant mediating variable, indirectly facilitating the positive influence of both compensation (p=0.000) and work discipline (p=0.000) on employee performance. **Conclusion:** Higher compensation and robust work discipline directly improve employee performance and job satisfaction. Because job satisfaction functions as a vital psychological bridge, organizations must design compensation and discipline structures that foster genuine satisfaction to successfully optimize employee outputs.

Keywords: Compensation; Discipline; Satisfaction; Performance

JEL Classification: M40; M41

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INTRODUCTION

Every organization carries out work activities and employs staff to execute tasks aimed at achieving performance targets. Employees are expected to translate the goals or programs of their organization into action; furthermore, they must be capable of devising activities that serve as a roadmap for achieving these established objectives. The resulting outputs must clearly support the attainment of the intended goals or programs. If activities fail to align with the planned objectives, they may be deemed useless or off-target. Therefore, an evaluation system is essential to ensure that implemented activities remain aligned with the desired goals or programs.

Performance measurement is necessary to determine whether execution deviates from the established plan, whether tasks are completed on schedule, and whether results meet expectations. Performance measurement can only be applied to actual, measurable performance. Understanding current performance is a prerequisite for improvement; if performance deviations can be measured, they can be rectified. The specific metrics used depend on what stakeholders and customers deem important. Measurement establishes the link between customer-oriented strategies and objectives on the one hand, and actual actions on the other (Wibowo, 2011).

Civil service employment is the most sought-after career path among the Indonesian public. Statistically, the civil servant profession remains highly attractive to the younger generation. Data from the National Civil Service Agency (BKN) indicates that approximately 1.7 million participants took part in the 2021 Basic Competency Selection (SKD). This number of applicants represents 89.5% of the total increase in the workforce for 2021—a figure exceeding 1.9 million people according to Statistics Indonesia (BPS). Various factors drive this high public interest in civil service roles, ranging from steadily increasing salaries and the absence of performance quotas to guaranteed retirement security (Fadly, 2017). However, despite the high number of applicants and the fierce competition required to secure a position, this does not necessarily translate into high performance; on the contrary, civil servants are often associated with negative stigmas regarding their work performance.

The challenge that arises, then, is how to foster job satisfaction among employees so that they can deliver optimal work results. Employees who are satisfied with their jobs will consistently produce work and provide services that align with the organization's established goals and objectives. Fundamentally, job satisfaction is an individual matter; each person possesses a unique level of satisfaction shaped by their own personal value system. The more an activity is perceived to align with an individual's desires, the higher their satisfaction with that activity will be. Thus, satisfaction is an evaluation reflecting an individual's feelings—whether of pleasure or displeasure, satisfaction or dissatisfaction—regarding their work (Rivai, 2008:476). Employees satisfied with their jobs perform their duties willingly and strive to continuously enhance their abilities and skills; conversely, dissatisfied employees tend to view their work as tedious and boring, leading them to perform their tasks reluctantly and haphazardly.

Research conducted by Hameed (2014) demonstrates that compensation has a positive and significant impact on performance. The relationship or influence involving compensation, satisfaction, and performance was also examined by Salisu (2015), who found a positive and significant effect. Similarly, Heninger (2019) found a significant influence of compensation on employee performance. While Rojikinnor et al. (2021) found that compensation had a negative and significant impact on employee performance.

Several research findings support the existence of a strong relationship between work discipline and employee performance; notably, studies by Tumilaar (2015) identified a significant influence between the two variables. Meanwhile, Hameed (2014) confirmed in his research that discipline influences job satisfaction. However, contrasting results were found by Amiroso and Mulyanto (2015), who observed that while work discipline affects

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performance, it does not impact job satisfaction. These discrepancies present a research gap that this study aims to address.

The urgency of this study is grounded in its novelty and the existing body of research regarding relevant gaps and phenomena. Given the prevailing context, it is crucial to examine empirical findings and existing theories to analyze and identify the influence of key antecedents—specifically work discipline, employee compensation, and job satisfaction—on employee performance. Previous studies have yielded inconsistent results, showing both significant and non-significant findings. Therefore, this study aims to provide deeper insight into the mediating role of job satisfaction in the relationship between work discipline, employee compensation, and employee performance.

RESEARCH METHOD

This study aims to test hypotheses using a research methodology designed around the variables under investigation to ensure accurate results. The discussion of the methodology covers the research type and approach, data sources, population and sample, data collection methods, and data analysis techniques.

The study was conducted at the Malang Religious Court, focusing on employees with at least one year of service. This subject was selected due to the importance of identifying factors influencing employee performance at the Malang Religious Court, with the aim of contributing insights to the court's future growth and advancement. Furthermore, as a Court of First Instance in East Java Province, the Malang Religious Court must compete with other courts at the same level in enhancing public service delivery. Consequently, the findings are expected to assist the court by providing a basis for evaluation and future policy planning, serving as a means to improve overall court performance and meet existing demands.

The data sources for this study consist of both primary and secondary data. Primary data were obtained directly by distributing questionnaires to respondents selected for the study. Secondary data were gathered from research publications, academic journals, and other sources relevant to the research problem. A saturated sample—comprising the entire population—was used for this study. Consequently, the total sample consisted of 88 employees: 45 from the Malang Religious Court and 43 from the Malang Regency Religious Court. Data collection techniques employed in this study included questionnaires and personal interviews.

Statistical methods were used to draw conclusions in this study. Descriptive analysis was utilized to outline the characteristics of each variable based on various research indicators. Partial Least Squares (PLS) was employed for data analysis. PLS was chosen because it enables structural equation modeling with relatively small sample sizes and does not require the assumption of multivariate normality. Hypothesis testing regarding the mediating variable was conducted using the Sobel Test. The Sobel Test assesses the significance of the path coefficient for the indirect effect. A significance level of $\alpha = 0.05$ was adopted for this study. Calculations were performed using the online Sobel Test tool at http://quantpsy.org/sobel/sobel.htm, where the independent variable is denoted as X, the dependent variable as Y, and the mediating variable as Z.

RESULTS AND DISCUSSION

PLS model analysis comprises three forms of analysis: outer model analysis, inner model analysis, and hypothesis testing. The outer model is used to assess the validity and reliability of the model, as the indicators employed are reflective in nature. Additionally, this analysis defines the relationship between each indicator and its corresponding variable.

Table 1. Convergent Validity Test Results

Variable	Item	*Outer Loading*	Results
Compensation (X1)	X1.1	0.735	Valid
	X1.2	0.787	Valid
	X1.3	0.641	Valid
	X1.4	0.674	Valid
	X1.5	0.900	Valid
	X1.6	0.712	Valid
	X1.7	0.777	Valid
	X1.8	0.670	Valid
	X1.9	0.650	Valid
	X1.10	0.796	Valid
Work Discipline (X2)	X2.1	0.782	Valid
	X2.2	0.888	Valid
	X2.3	0.797	Valid
	X2.4	0.807	Valid
	X2.5	0.675	Valid
	X2.6	0.706	Valid
Employee performance (Y)	Y.1	0.813	Valid
	Y.2	0.743	Valid
	Y.3	0.810	Valid
	Y.4	0.851	Valid
	Y.5	0.687	Valid
	Y.6	0.840	Valid
	Y.7	0.858	Valid
	Y.8	0.672	Valid
	Y.9	0.762	Valid
Job satisfaction (Z)	Z.1	0.735	Valid
	Z.2	0.787	Valid
	Z.3	0.641	Valid
	Z.4	0.674	Valid
	Z.5	0.900	Valid
	Z.6	0.712	Valid
	Z.7	0.777	Valid
	Z.8	0.670	Valid
	Z.9	0.796	Valid

Source: Data Processed (2025)

Table 1 above presents the convergent validity test results, showing that all indicators have outer loading values of ≥ 0.5; this indicates that all indicators for the variables of Compensation, Work Discipline, Employee Performance, and Job Satisfaction are valid for measuring their respective variables.

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Table 2. Discriminant Validity Test Results

Variable	*Average Varian Extracted* (AVE)	Results
Compensation	0.645	Valid
Work Dicipline	0.637	Valid
Employee Performance	0.606	Valid
Job Satisfaction	0.601	Valid

Source: Data Processed (2025)

The measurement results above indicate that, regarding discriminant validity, the variables of Compensation, Work Discipline, Employee Performance, and Job Satisfaction each have an Average Variance Extracted (AVE) value of ≥ 0.5; this signifies that the model employed in this study is valid and effective for measurement purposes.

Table 3. Composite Reliability and Cronbach's Alpha Results

Variable	*Composite Reliability*	*Cronbach's Alpha*
Compensation	0.922	0.905
Work Dicipline	0.897	0.856
Employee Performance	0.925	0.907
Job Satisfaction	0.931	0.917

Source: Data Processed (2025)

Based on Table 3 above, it can be seen that all variables in this study have composite reliability and Cronbach's alpha values of $\geqslant 0.5$; this indicates that all variables possess good reliability and are suitable for further measurement.

Structural model testing (inner model analysis) is employed to examine the relationships between latent variables; in other words, this analysis measures the overall fit of the research model, which is constructed from various variables and their respective indicators.

Table 4. Coefficient of Determination (R^2) Results

Variable	Nilai R *Square*
Employee Performance	0.556
Job Satisfaction	0.579

Source: Data Processed (2025)

The measurement result for the coefficient of determination (R^2) for the Employee Performance variable is 0.556 (or 55.6%); this indicates that 55.6% of the variance in the Employee Performance variable is explained by the variables of Compensation, Work Discipline, and Job Satisfaction, while the remaining 44.4% is explained by variables outside the scope of this study. Meanwhile, the measurement result for the coefficient of determination for the Job Satisfaction variable is 0.579 (or 57.9%); this means that 57.9% of the variance in the Job Satisfaction variable is explained by the variables of Compensation, Work Discipline, and Employee Performance, while the remaining 42.1% is influenced by variables outside this study.

Furthermore, the Q-square test measures how well the observations fit the research model. The Q-square value is determined and calculated using the following formula:

$$Q^2 = 1- (1-R^21)\ (1-R^22)$$

Where:

Q^2 = Coefficient of Determination

Total R^2 = Coefficient of Determination

The result of the calculation based on the formula above is:

Q^2 = 1 – (1 – 0.556) (1 – 0.579)
= 1 – (0.444) (0.421)
= 1 – 0.1869 = 0.813

Based on the calculations using the formula above, the total coefficient of determination (Q2) for the model—representing the explanatory power regarding the relationships involving the two dependent variables—is 0.556 (or 55.6%). This indicates the contribution of the variables included in the study (both direct and indirect), while 0.579 (or 57.9%) of the variance is attributable to other variables not included in this research.

Table 5. Results of Direct Effect Test

Path	***Original Sample***	***Standard Deviation***	***T Stastitic***	***P Values***	**Results**
Compensation → Employe Performance	0.321	0.111	2.502	0,001	H_1 Accepted
Work Dicipline → Employe Performance	0.258	0.139	3.504	0,001	H_2 Accepted
Compensation → Job Satisfaction	0.390	0.132	2.269	0,001	H_3 Accepted
Work Dicipline → Job Satisfaction	0.466	0.139	2.717	0,000	H_4 Accepted
Job Satisfaction → Employe Performance	0.311	0.100	6.769	0,000	H_5 Accepted

Source: Data Processed (2025)

The first hypothesis examines the direct effect of transformational leadership on employee performance. The research results indicate a path coefficient (original sample value) of 0.321, a standard deviation of 0.111, a T-statistic of 2.502, and a p-value of 0.001. These results imply that the null hypothesis (H0) is rejected and the hypothesis stating that compensation has a direct (significant) effect on employee performance (H1) is accepted. The positive direction of the relationship indicates that better compensation leads to improved employee performance. Thus, it can be concluded that there is a positive and significant effect of compensation on employee performance.

The second hypothesis examines the direct effect of work discipline on employee performance. The research results indicate a path coefficient (original sample value) of 0.258, a standard deviation of 0.139, a T-statistic of 3.504, and a P-value of 0.001. These results imply that the null hypothesis (H0) is rejected and the hypothesis stating that work discipline has a direct (significant) effect on employee performance (H2) is accepted. The positive direction of the relationship indicates that better work discipline leads to better employee

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performance. Thus, it can be concluded that there is a positive and significant effect of work discipline on employee performance.

The third hypothesis examines the direct effect of compensation on job satisfaction. The research results indicate a path coefficient (original sample value) of 0.390, a standard deviation of 0.132, a T-statistic of 2.269, and a P-value of 0.001. These results imply that the null hypothesis (H0) is rejected and the hypothesis stating that compensation has a direct (significant) effect on job satisfaction (H3) is accepted. The positive direction of the relationship indicates that better compensation leads to higher job satisfaction. Thus, it can be concluded that there is a positive and significant effect of compensation on job satisfaction.

The fourth hypothesis examines the direct effect of work discipline on job satisfaction. The research results show a path coefficient (original sample value) of 0.466, a standard deviation of 0.139, a T-statistic of 2.217, and a P-value of 0.000. These results indicate that the null hypothesis (H0) is rejected and the hypothesis stating that work discipline has a direct (significant) effect on job satisfaction (H4) is accepted. The positive direction of the relationship indicates that higher levels of work discipline lead to higher levels of job satisfaction. Thus, it can be concluded that there is a positive and significant effect of work discipline on job satisfaction.

The fifth hypothesis examines the direct effect of job satisfaction on employee performance. The research results show a path coefficient (original sample value) of 0.311, a standard deviation of 0.100, a T-statistic of 6.769, and a P-value of 0.000. These results indicate that the null hypothesis (H0) is rejected and the hypothesis stating that job satisfaction has a direct (significant) effect on employee performance (H5) is accepted. The positive direction of the relationship indicates that higher levels of job satisfaction lead to better employee performance. Thus, it can be concluded that there is a positive and significant effect of job satisfaction on employee performance.

The results of the hypothesis test regarding the indirect effect of the mediating variable can be seen in Table 6 below:

Table 6. Results of Indirect Effect Test

Hipotesis	*Original Sample*	*Standard Deviation*	T *Stastitic*	P *Values*	Results
Compensation → Job Satisfaction → Employee Performance	0.390	0.110	2.916	0,000	H_6 Accepted
Work Dicipline → Job Satisfaction → Employee Performance	0.466	0.188	2.197	0,000	H_7 Accepted

Source: Data Processed (2025)

The sixth hypothesis examines the indirect effect of compensation on employee performance through job satisfaction. The research results indicate a path coefficient (original sample) of 0.390, a standard deviation of 0.110, a T-statistic of 2.916, and a p-value of 0.000. Based on these test results, the null hypothesis (H0) is rejected, and the alternative hypothesis (Ha)—stating that compensation has an indirect effect on employee performance through job satisfaction (H6)—is accepted. The positive direction of the relationship indicates that better compensation leads to higher job satisfaction. Higher job satisfaction, in turn, leads to a higher level of employee performance. Thus, it can be concluded that there is a positive effect of compensation on employee performance mediated by job satisfaction.

The seventh hypothesis examines the indirect effect of work discipline on employee performance through job satisfaction. The research results indicate a path coefficient (original sample) of 0.466, a standard deviation of 0.188, a T-statistic of 2.197, and a p-value of 0.000. Based on these test results, the null hypothesis (H0) is rejected, and the alternative hypothesis (Ha)—stating that work discipline has an indirect effect on employee performance through job satisfaction (H7)—is accepted. The positive direction of the relationship indicates that better work discipline leads to higher job satisfaction. Higher job satisfaction, in turn, leads to a higher level of employee performance. Thus, it can be concluded that there is a positive effect of work discipline on employee performance mediated by job satisfaction.

Descriptive analysis indicates that compensation at the Religious Courts of Malang City and Malang Regency is rated favorably. This assessment is based on ten items, including receiving a salary commensurate with the work performed; fair salary administration; receiving incentives or bonuses aligned with overtime hours worked; receiving incentives based on role or position; receiving bonuses reflecting personal effort and work outcomes; receiving allowances that meet expectations, including a proper holiday allowance; and the provision of necessary employee facilities that align with job functions and regulatory standards.

The positive correlation observed indicates that improved compensation leads to enhanced employee performance; thus, it can be concluded that compensation has a positive and significant impact on employee performance. Compensation is a crucial instrument in human resource management, designed to reward employees for their contributions to the organization. It encompasses not only financial elements—such as salaries, bonuses, allowances, and incentives—but also non-financial aspects, including recognition, career development opportunities, and a supportive work environment. Theoretically, compensation is closely linked to motivation, job satisfaction, and employee performance.

According to Expectancy Theory, employees are motivated to perform better when they believe that their effort and resulting performance will lead to appropriate rewards. Thus, fair, performance-based compensation can serve as a key driver for enhancing individual productivity. Furthermore, based on Equity Theory, employees assess the fairness of their compensation by comparing their inputs (contributions, time, effort, and skills) against their outputs (rewards received). When employees perceive fair treatment, they are motivated to maintain or even improve their performance; conversely, perceived unfairness can lead to diminished morale and an intention to leave the organization.

Compensation systems well-designed by the Religious Courts of Malang City and Malang Regency yield a dual effect. First, from a financial perspective, compensation provides economic security and alleviates the psychological burden associated with meeting living expenses, thereby allowing employees to focus more effectively on achieving work targets. Second, from a non-financial perspective, compensation fosters a sense of being valued and recognized, which in turn strengthens loyalty and organizational commitment. Consequently, there is a positive relationship between compensation and employee

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performance, wherein fair and adequate compensation results in higher levels of performance.

The results of this study are supported by research conducted by Odunlade (2012), Dias et al. (2020), Heninger (2019), Hameed (2014), all of which indicate that compensation has a positive and significant effect on employee performance. Compensation is closely linked to employee performance; when provided fairly, transparently, and in alignment with employee contributions, it boosts motivation, satisfaction, and loyalty. Ultimately, this leads to improved performance at both the individual and organizational levels. In other words, compensation serves not merely as a means to meet employees' financial needs but also as a managerial strategy to optimize organizational performance and competitiveness.

Descriptive analysis reveals that work discipline at the Religious Courts of Malang City and Malang Regency is categorized as good. Six specific indicators—punctuality (arriving and leaving at scheduled times), performing duties according to applicable rules and procedures, adhering to established work standards, and completing tasks with care and precision—are consistently practiced in accordance with Standard Operating Procedures (SOPs).

The positive relationship observed indicates that higher levels of work discipline lead to better employee performance. Thus, it can be concluded that work discipline has a positive and significant impact on employee performance. Work discipline is a key factor in human resource management, playing a crucial role in shaping the behavior of employees at the Religious Courts of Malang City and Malang Regency to ensure alignment with organizational standards, rules, and values. Discipline can be defined as an attitude of compliance and obedience, as well as an employee's awareness of the need to fulfill responsibilities in accordance with applicable regulations. It encompasses punctuality, adherence to rules, compliance with superiors' instructions, and a sense of responsibility in task completion.

The relationship between work discipline and employee performance can be explained through organizational behavior theory. According to Robbins & Judge (2017), high discipline reflects an employee's self-control and commitment to performing their duties. Disciplined employees at the Religious Courts of Malang City and Malang Regency demonstrate greater work consistency, minimize errors, and maintain productivity. This leads to improved performance at both the individual and team levels.

Furthermore, work discipline is closely linked to motivation and job satisfaction. Employees accustomed to discipline find it easier to manage their time, adhere to procedures, and maintain work quality in line with established targets. Discipline fosters an orderly and professional work climate, thereby making work processes more effective and efficient. Consequently, the higher the level of employee work discipline, the greater the contribution to enhancing organizational performance.

This aligns with research by Zulkifli (2022), Mabaso and Dlamini (2017), Aman-Ullah et al. (2022), Salisu (2015), Nasurdin et al. (2020), Rojikinnor et al. (2021), all of which confirm that work discipline has a strong influence on employee performance in the service sector. Employees who are punctual, rule-abiding, and responsible in their work tend to exhibit higher performance levels. Disciplined employees are more focused in completing tasks, possess better productivity levels, and are capable of contributing to the achievement of organizational goals. Therefore, the implementation and oversight of effective work discipline serve as crucial strategies for enhancing employee performance and organizational competitiveness.

Descriptive analysis indicates that compensation is a form of reward received by employees in return for their contributions to the organization, encompassing both financial elements (salaries, bonuses, incentives, allowances) and non-financial aspects (recognition, facilities, promotions, and opportunities for personal development). Meanwhile, job satisfaction refers to the positive or negative feelings employees hold regarding their work, influenced by both internal and external factors, including compensation.

A positive relationship indicates that better compensation leads to higher job satisfaction; thus, it can be concluded that compensation has a positive and significant impact on job satisfaction. This relationship can be explained by Adams' (1965) equity theory, which posits that job satisfaction arises when employees perceive their compensation as commensurate with their contributions and comparable to the rewards received by peers in similar organizations. When compensation is perceived as fair, employees feel satisfied; conversely, perceived inequity leads to dissatisfaction.

Furthermore, Herzberg's Two-Factor Theory (1959) identifies compensation as a hygiene factor that significantly influences job satisfaction. Adequate compensation not only meets the basic needs of employees at the Religious Courts of Malang City and Malang Regency but also instills a sense of being valued. When employees feel their economic needs are met and their efforts are acknowledged, their job satisfaction increases.

Thus, adequate, fair, and competitive compensation can boost employee job satisfaction, which in turn impacts their loyalty, motivation, and productivity. Compensation plays a strategic role in shaping employee job satisfaction. Providing appropriate and equitable compensation not only addresses financial needs but also reflects appreciation for the employees' contributions to the organization. Employees at the Religious Courts of Malang City and Malang Regency who perceive their compensation as commensurate with their workload, responsibilities, and achievements tend to experience higher levels of job satisfaction.

Job satisfaction stemming from adequate compensation fosters a positive attitude toward the work, high organizational loyalty, and a commitment to maintaining optimal performance. Conversely, dissatisfaction arising from unfair compensation or pay that falls short of expectations can lead to work-related stress, reduced motivation, and even an increased intention to leave the organization. Therefore, organizational management needs to design compensation systems that are not solely focused on financial aspects but also consider non-financial elements capable of generating intrinsic satisfaction for employees.

This aligns with research by Odunlade (2012), Amiroso and Mulyanto (2015), all of which indicate a strong and significant relationship between compensation and job satisfaction. Fair and adequate compensation that reflects an employee's contribution fosters a sense of satisfaction, appreciation, and organizational loyalty. Conversely, inequity or inadequacy in compensation can diminish job satisfaction and negatively impact both performance and employee retention.

Descriptive analysis reveals that work discipline refers to an employee's attitude of obedience and compliance, as well as their awareness regarding the rules and responsibilities established by the organization. Discipline encompasses aspects such as punctuality,

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adherence to regulations, responsibility in completing tasks, and compliance with supervisory instructions. Job satisfaction, on the other hand, is an employee's positive sentiment toward their work, arising when the reality of the situation aligns with their expectations. Job satisfaction is influenced by factors such as compensation, the work environment, leadership, career opportunities, and work discipline.

The positive direction of the relationship indicates that higher levels of work discipline lead to greater job satisfaction; thus, it can be concluded that work discipline has a positive and significant influence on job satisfaction. This relationship can be explained through organizational behavior theory (Robbins & Judge, 2017), wherein disciplined behavior fosters an orderly, organized, and productive work environment. Such conditions allow employees to feel more comfortable and valued while providing a sense of certainty in their work, thereby enhancing job satisfaction. Furthermore, work discipline instills a sense of fairness, as all employees are subject to the same rules, which reduces the potential for conflict and fosters satisfaction.

Work discipline plays a crucial role in boosting employee job satisfaction. Disciplined employees at the Religious Courts of Malang City and Malang Regency tend to adhere to regulations, respect time, and complete tasks with a strong sense of responsibility. This creates a conducive and professional work atmosphere, ultimately leading to higher job satisfaction. Discipline also impacts employees' psychological well-being; when rules are applied consistently, employees feel they are treated fairly, gain a sense of job certainty, and have clear guidelines regarding their duties. These conditions foster a sense of comfort and security in the workplace, which serves as a key indicator of job satisfaction.

Conversely, a lack of work discipline can lead to uncertainty, workflow chaos, and even conflict among employees. This can diminish motivation and result in job dissatisfaction. Therefore, the higher the level of work discipline practiced within the organization, the greater the likelihood of increased job satisfaction among employees of the Malang City and Malang Regency Religious Courts.

This aligns with research by Luviansi (2012), all of which indicate a positive and significant relationship between work discipline and employee job satisfaction. Discipline fosters order, certainty, and a sense of fairness within the organization, contributing to greater employee comfort and satisfaction in their work. Consequently, the consistent and fair application of work discipline is essential not only for maintaining productivity but also for building sustainable job satisfaction.

Descriptive analysis results indicate that job satisfaction is a positive emotional state experienced by employees resulting from their assessment of their work—including factors such as salary, work discipline, relationships with colleagues, leadership, and opportunities for personal development. Satisfied employees at the Malang City and Malang Regency Religious Courts demonstrate a positive attitude toward their work, whereas dissatisfaction can lead to reduced motivation, absenteeism, and even turnover.

A positive relationship indicates that higher job satisfaction leads to better employee performance; thus, it can be concluded that job satisfaction has a positive and significant influence on employee performance. Employee performance refers to the qualitative and quantitative work results achieved by an individual in carrying out tasks aligned with their responsibilities. Psychological factors, including job satisfaction, play a crucial role in determining the level of employee performance. The relationship between job satisfaction and performance can be explained through Herzberg's Two-Factor Theory (1959).

According to this theory, job satisfaction derived from "motivator" factors—such as recognition, achievement, and responsibility—encourages employees to work more productively. Similarly, Robbins and Judge (2017) note that high job satisfaction is closely linked to improved performance, as employees become more motivated, loyal, and committed to the organization.

Job satisfaction significantly influences employee performance. Employees at the Religious Courts of Malang City and Malang Regency who are satisfied with their work tend to exhibit positive attitudes, high work morale, and consistency in completing tasks. This sense of satisfaction enables employees to remain focused, creative, and motivated to make their best contributions to the organization. Job satisfaction also fosters loyalty and commitment; satisfied employees at these Religious Courts develop a sense of ownership, prompting them to safeguard the organization's reputation and contribute to the achievement of its goals. Conversely, when job satisfaction is low, employees may lose motivation, engage in counterproductive behavior, experience a decline in work quality, and even consider leaving the organization.

Thus, job satisfaction can be viewed as a key factor in organizational success. The higher the job satisfaction experienced by employees, the greater their contribution to enhancing performance at both individual and organizational levels. This aligns with research by Agusalim et al. (2016), Amiroso and Mulyanto (2015), Tumilaar (2015), all of which indicate a strong relationship between job satisfaction and employee performance. High satisfaction encourages employees to work better and more productively, while fostering greater loyalty to the organization. Conversely, dissatisfaction diminishes motivation, increases absenteeism, and potentially leads to higher turnover. Numerous studies support the existence of a significant positive relationship between job satisfaction and performance; therefore, organizations must pay attention to the factors influencing job satisfaction to achieve optimal performance.

Hypothesis testing reveals an indirect effect of compensation on employee performance, mediated by job satisfaction. The research findings demonstrate a positive relationship wherein compensation influences employee performance through job satisfaction. This implies that appropriate compensation leads to higher employee job satisfaction, which in turn results in improved employee performance.

Compensation is a human resource management instrument designed to reward employees for their contributions to the organization. It can take the form of financial compensation (salaries, allowances, incentives, bonuses) or non-financial compensation (recognition, career development opportunities, a supportive work environment). Providing fair, adequate, and competitive compensation is crucial for enhancing employee well-being while simultaneously encouraging optimal performance.

However, the impact of compensation on performance is not always direct. In many instances, compensation first influences job satisfaction, and it is this satisfaction that subsequently drives improved employee performance. This aligns with Equity Theory, proposed by Adams (1965), which emphasizes that employees feel satisfied when the compensation they receive is commensurate with the effort and contributions they provide. It is this satisfaction—stemming from a perception of fairness—that generates the motivation to perform better.

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Job satisfaction serves as a vital psychological link between compensation and performance. Employees at the Religious Courts of Malang City and Malang Regency who are satisfied with their compensation tend to exhibit high morale, greater motivation, and organizational loyalty, as well as a strong commitment to completing their tasks. Conversely, compensation perceived as inadequate can lead to dissatisfaction and reduced motivation, and even increase turnover intention, ultimately having a negative impact on performance.

Thus, job satisfaction acts as a mediating variable explaining how compensation significantly influences employee performance. It is not enough for an organization merely to provide good compensation; it must also ensure that such compensation fosters job satisfaction to achieve optimal employee performance. This aligns with research by Maguongo et al. (2015), Nasurdin et al. (2020), Rojikinnor et al. (2021), leading to the conclusion that compensation significantly affects employee performance through job satisfaction. Fair and adequate compensation boosts job satisfaction, while job satisfaction drives higher levels of motivation, loyalty, and commitment. Consequently, job satisfaction serves to strengthen the relationship between compensation and performance, enabling optimal employee output.

Hypothesis testing reveals an indirect effect of work discipline on employee performance mediated by job satisfaction. The results indicate a positive influence of work discipline on employee performance through job satisfaction; in other words, good work discipline leads to higher employee job satisfaction, which in turn results in improved employee performance.

Work discipline is a crucial factor in human resource management, reflecting an employee's adherence to and compliance with the rules, procedures, and work standards established by the organization. Good discipline is evidenced by punctuality, responsibility in task execution, compliance with regulations, and a commitment to maintaining work ethics and order. According to Hasibuan (2019), work discipline refers to an employee's awareness and willingness to comply with all company regulations and prevailing norms.

Work discipline has a significant influence on employee performance. Disciplined employees at the Religious Courts of Malang City and Malang Regency tend to be more focused, efficient, and productive, thereby enabling them to meet established performance targets. However, the impact of discipline on performance is often indirect, occurring instead through job satisfaction as a mediating variable.

Job satisfaction is defined as a positive and pleasant emotional state resulting from the appraisal of one's job. Disciplined employees at the Religious Courts of Malang City and Malang Regency typically experience job satisfaction because the orderliness, engagement, and consistency inherent in their work make them feel valued and recognized. Good discipline fosters a conducive work atmosphere, minimizes conflict, and enhances a sense of security, ultimately cultivating job satisfaction.

It is this job satisfaction that subsequently drives employee performance. Satisfied employees are more motivated, loyal, and willing to exert extra effort in their work. Thus, work discipline not only directly affects performance but also has a significant impact through the enhancement of job satisfaction. This aligns with research by Amiroso and Mulyanto (2015), Ardiansyah (2019), and Wijayanti & Prasetyo (2020), all of which conclude that work discipline significantly influences performance via job satisfaction. Discipline creates order, compliance, and a conducive work environment, leading employees to feel satisfied with their work. Increased job satisfaction encourages employees to be more productive, loyal, and motivated. Therefore, job satisfaction reinforces the impact of work discipline on employee performance.

CONCLUSIONS

Several conclusions can be drawn from the results of this study. Higher compensation leads to higher employee performance. Compensation is a crucial instrument in human resource management, designed to reward employees for their contributions to the organization. It encompasses not only financial aspects—such as salaries, bonuses, allowances, and incentives—but also non-financial elements like recognition, career development opportunities, and a supportive work environment. Theoretically, compensation is closely linked to motivation, job satisfaction, and employee performance.

Higher levels of work discipline result in higher employee performance. Work discipline is a key factor in human resource management, playing a vital role in shaping the behavior of employees at the Religious Courts of Malang City and Malang Regency to ensure alignment with organizational standards, rules, and values. Discipline can be defined as an attitude of compliance and obedience, as well as an employee's awareness of the need to fulfill responsibilities in accordance with established regulations. It encompasses punctuality, adherence to rules, compliance with superiors' instructions, and a sense of responsibility in completing tasks.

The greater the compensation received, the higher the level of job satisfaction. Adequate compensation not only meets the basic needs of employees at the Malang City and Malang Regency Religious Courts but also fosters a sense of being valued. When employees feel their economic needs are met and their efforts are appreciated, job satisfaction rises. Similarly, higher levels of work discipline among employees correlate with higher levels of job satisfaction. Work discipline plays a crucial role in enhancing employee job satisfaction. Disciplined employees at the Malang City and Malang Regency Religious Courts tend to work in accordance with regulations, respect time, and complete tasks with a strong sense of responsibility. This fosters a conducive and professional work environment, which ultimately boosts job satisfaction. Discipline also impacts employees psychologically; when rules are applied consistently, employees feel they are treated fairly, gain a sense of job certainty, and have clear guidelines on what is expected of them. These conditions create a sense of comfort and security in the workplace, which are key indicators of job satisfaction.

Job satisfaction significantly influences employee performance; the higher the job satisfaction, the higher the level of performance. Employees at the Malang City and Malang Regency Religious Courts who are satisfied with their work tend to exhibit a positive attitude, high morale, and consistency in task completion. Satisfaction enables employees to be more focused, creative, and motivated to make their best contributions to the organization. Job satisfaction also fosters loyalty and commitment. Satisfied employees at the Malang City and Malang Regency Religious Courts develop a sense of ownership, leading them to safeguard the organization's reputation and contribute to the achievement of its goals. Conversely, low job satisfaction can cause employees to lose motivation, engage in counterproductive behavior, lower their work quality, or even consider leaving the organization.

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Higher compensation can enhance employee performance by boosting job satisfaction. Job satisfaction acts as a mediating variable that explains the significant impact of compensation on employee performance. It is not enough for an organization merely to provide good compensation; it must also ensure that such compensation fosters job satisfaction, thereby enabling optimal employee performance.

Improved work discipline also influences employee performance by enhancing job satisfaction. Disciplined employees at the Religious Courts of Malang City and Malang Regency typically experience job satisfaction because the orderliness, engagement, and consistency inherent in their work make them feel valued and recognized. Good discipline creates a conducive work environment, minimizes conflict, and fosters a sense of security, all of which ultimately cultivate job satisfaction. It is this job satisfaction that drives employee performance; satisfied employees are more motivated, loyal, and willing to exert extra effort in their work.

Based on the study's conclusions and acknowledging its various limitations, the researcher offers several recommendations. Policymakers should consider implementing comprehensive, periodic performance assessments for employees as well as evaluations for leadership; this could be realized through weekly, monthly, or annual performance reviews. Furthermore, upon the conclusion of these evaluations, management should acknowledge the employees' presence and achievements, ensuring they feel valued and motivated to improve their performance.

Leaders should facilitate and encourage informal office discussion forums to address issues as they arise—whether anticipated or unexpected—thereby enabling rapid, effective, and efficient problem-solving. Such forums should foster a relaxed, pressure-free atmosphere that allows employee ideas to flow freely. Future research should aim to incorporate additional variables relevant to the issues or phenomena under study.

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