

## **COMPENSATION, WORK DISCIPLINE, AND EMPLOYEE PERFORMANCE: EXAMINING THE MEDIATING ROLE OF WORK MOTIVATION IN THE PUBLIC JUDICIARY SECTOR**

**Dwi Raharjo**

Merdeka University of Malang  
[dwi.raharjo2023@gmail.com](mailto:dwi.raharjo2023@gmail.com)

**H. Fajar Supanto**

Merdeka University of Malang

**Estikowati**

Merdeka University of Malang

### **Abstract**

This study investigates the effect of compensation and work discipline on employee performance, with work motivation serving as a mediating variable, in the context of a public judicial institution. Employee performance in the public sector plays a critical role in ensuring service quality, institutional accountability, and the effective implementation of good governance principles. However, empirical evidence focusing on judicial institutions remains limited. This research adopts a quantitative approach using a survey method. Data were collected from civil servants employed at the Bangil District Court, Indonesia, through structured questionnaires. The data were analyzed using Partial Least Squares–Structural Equation Modeling (PLS-SEM) to examine both direct and indirect relationships among variables. The findings indicate that compensation and work discipline have a positive and significant effect on work motivation. Furthermore, compensation, work discipline, and work motivation each have a direct and significant impact on employee performance. The mediation analysis reveals that work motivation partially mediates the relationship between compensation and employee performance, as well as between work discipline and employee performance. These results confirm that motivation serves as a critical psychological mechanism through which organizational practices influence performance outcomes. This study contributes to the literature on human resource management in the public sector by providing empirical evidence from the judicial environment, which has been relatively underexplored. Practically, the findings suggest that judicial institutions should strengthen fair compensation systems and consistently enforce work discipline to enhance employee motivation and performance.

**Keywords:** Compensation; Work Discipline; Work Motivation; Employee Performance; Public Sector; Judicial Institution.

## 1. INTRODUCTION

Public-sector judicial institutions are under increasing pressure to deliver timely, fair, and efficient services while upholding the rule of law. In this environment, human resource management practices—particularly compensation systems and workplace discipline—play a central role in shaping employee motivation and performance (Dessler, 2019; Milkovich & Newman, 2016). For courts and related institutions, the performance of civil servants is not merely an internal management concern; it directly affects access to justice and public trust in legal institutions. Despite the doctrinal emphasis on procedural fairness and institutional modernization, empirical evidence on how remuneration and disciplinary practices jointly influence motivation and employee performance in court settings remains limited.

Theoretical accounts suggest multiple pathways linking compensation, discipline, motivation, and performance. Equity theory (Adams, 1963) posits that perceived fairness of rewards affects employees' motivation and behavior, while expectancy theory (Vroom, 1964) clarifies that motivation depends on the perceived contingency between effort, performance, and valued outcomes. Herzberg's two-factor perspective further distinguishes hygiene factors (e.g., salary and working conditions) from motivators (e.g., recognition, achievement), implying that compensation alone may not reliably generate high intrinsic motivation (Herzberg, 1959). Meanwhile, behavioral and social-learning perspectives (Skinner, 1953; Bandura, 1977) underscore how consistent reinforcement and normative discipline shape workplace habits and intrinsic commitment over time. Collectively, these frameworks suggest that both extrinsic (compensation, rewards) and institutional/behavioral (discipline, norms) mechanisms influence motivation, which in turn affects performance (Robbins & Judge, 2019; Bernardin & Russell, 2013).

Empirical studies in public organizations typically report positive links among compensation, motivation, and performance (Agung, 2022; Desky, 2023; Utomo, 2024; as cited in Suprpto, 2026). However, the strength and direction of these relationships are context dependent, and some research finds that non-monetary and institutional factors (discipline, career development, recognition) can be more powerful levers for performance improvement in resource-constrained public organizations (Arya, 2024; Widjaja et al., 2024, as cited in Suprpto, 2026). Moreover, recent advances in mediation analysis emphasize the need to test whether motivation functions as a robust mechanism linking organizational practices to outcomes (MacKinnon & Fairchild, 2009; van Zundert et al., 2022).

This study examines these issues within a court setting by investigating how compensation and disciplinary practices influence employee performance through the mediating role of work motivation among civil servants at Pengadilan Negeri Bangil (Bangil District Court), Indonesia. The site is illustrative of many lower-level courts facing heavy caseloads, diverse staff qualifications, and strong public expectations for

accessible, accountable justice (Suprpto, 2026). Using a variance-based structural equation modeling approach (PLS-SEM) and mediation diagnostics recommended in recent literature (Hair et al., 2019; van Zundert et al., 2022), the study tests a conceptual model in which compensation and discipline are antecedents, motivation is an intervening psychological mechanism, and performance is the outcome.

Two empirical findings from the Bangil court case are especially noteworthy and inform the study's contribution. First, compensation exhibited a statistically significant direct effect on performance but with a negative path coefficient, indicating a more complex relationship than standard positive expectations (Milkovich & Newman, 2016; Dessler, 2019). Second, discipline had a strong positive effect on motivation, and motivation in turn had a substantial positive effect on performance; importantly, motivation *significantly mediated* the relationship from discipline to performance (H7 accepted), whereas it did *not* mediate the compensation to performance link (H6 rejected). These empirical results are derived from PLS-SEM analyses and mediation tests reported in the thesis which suggest that in this court setting institutional mechanisms that shape internalized work behaviour with discipline through motivation to the performance may be more productive levers than compensation alone.

From a theoretical perspective, these findings refine expectations from equity and two-factor theories by highlighting conditions under which monetary rewards fail to translate into motivation and higher performance, for example, if rewards are perceived as unfair, misaligned with job design, or insufficiently integrated with non-monetary systems such as recognition and career development (Adams, 1963; Herzberg, 1959). Practically, the results imply that policy interventions in resource-limited public courts should combine transparent, performance-based compensation with stronger systems of procedural discipline, fairness, and non-monetary recognition to strengthen motivation and thereby performance outcomes.

This paper makes three contributions. First, it provides empirical evidence from a judicial setting to an under-studied context in the HRM literature on how discipline and compensation relate to motivation and performance. Second, it applies contemporary mediation diagnostics to clarify which organizational inputs operate primarily through motivational mechanisms. Third, it offers policy-oriented implications for court managers seeking to improve service delivery in constrained fiscal environments. The following sections describe the conceptual framework and hypotheses, data and methods, results, and implications for policy and future research.

## **2. LITERATURE REVIEW**

### **2.1 Compensation and Employee Performance**

Compensation is widely regarded as a fundamental mechanism through which organizations influence employee behavior and performance. According to expectancy theory, employees are motivated to exert effort when they perceive a clear linkage

between performance and valued rewards (Vroom, 1964). From an equity perspective, fair and competitive compensation signals organizational recognition of employees' contributions, which may enhance work engagement and performance outcomes (Adams, 1963; Milkovich & Newman, 2016).

In public-sector institutions, compensation systems are typically standardized and regulated, which may reduce flexibility but still play an important symbolic role in shaping employees' perceptions of organizational justice (Dessler, 2019). Empirical studies generally report a significant relationship between compensation and employee performance, although the direction and strength of the effect may vary depending on contextual factors and employees' reward perceptions (Agung, 2022; Utomo, 2024, as cited in Suprpto, 2026). Based on these theoretical and empirical considerations, the following hypothesis is proposed:

**H1:** Compensation has a significant effect on employee performance.

## **2.2 Compensation and Work Motivation**

Beyond its direct impact on performance, compensation is expected to influence employee motivation by fulfilling basic economic needs and reinforcing effort–reward contingencies. Herzberg's two-factor theory suggests that compensation functions primarily as a hygiene factor, preventing dissatisfaction rather than generating sustained intrinsic motivation (Herzberg, 1959). Nevertheless, when compensation is perceived as fair and performance-related, it may still contribute positively to motivational states, particularly in public organizations where monetary incentives are relatively limited (Robbins & Judge, 2019).

Prior empirical studies in the public sector indicate that compensation positively affects work motivation, although the magnitude of this relationship is often moderate compared to non-monetary factors such as recognition and organizational climate (Desky, 2023; Widjaja et al., 2024, as cited in Suprpto, 2026). Accordingly, the following hypothesis is formulated:

**H2:** Compensation has a significant effect on work motivation.

## **2.3 Work Discipline and Employee Performance**

Work discipline reflects the extent to which employees comply with organizational rules, standards, and procedures. In highly regulated institutions such as courts, discipline serves as a critical mechanism for ensuring consistency, accountability, and procedural integrity. Reinforcement theory posits that consistent application of rules and sanctions shapes desired behaviors over time, thereby improving performance outcomes (Skinner, 1953).

Empirical research consistently demonstrates that disciplined employees tend to exhibit higher levels of task completion, punctuality, and responsibility, which translate into improved performance (Qumaris, 2021; Arya, 2024, as cited in Suprpto, 2026). In

judicial organizations, where errors and delays carry significant consequences, disciplined behavior is particularly salient. Thus, the following hypothesis is proposed:

**H3:** Work discipline has a significant effect on employee performance.

#### **2.4 Work Discipline and Work Motivation**

Beyond its direct behavioral effects, discipline may also influence employee motivation by shaping perceptions of fairness, order, and professionalism within the organization. Social learning theory suggests that employees internalize organizational norms through consistent enforcement and role modeling, which can foster intrinsic motivation and commitment (Bandura, 1977). When disciplinary systems are perceived as fair and transparent, employees are more likely to develop a sense of responsibility and self-regulation.

Empirical studies in public organizations indicate that work discipline positively influences motivation, particularly when disciplinary policies are applied consistently and perceived as legitimate (Arya, 2024; Widjaja et al., 2024, as cited in Suprpto, 2026). Accordingly, the following hypothesis is advanced:

**H4:** Work discipline has a significant effect on work motivation.

#### **2.5 Work Motivation and Employee Performance**

Work motivation is a central determinant of employee performance, linking organizational practices to individual outcomes. Motivated employees are more likely to exert effort, persist in the face of challenges, and align their behavior with organizational goals (Robbins & Judge, 2019). Goal-setting theory further emphasizes that motivated individuals perform better when they are committed to clear and meaningful objectives (Locke & Latham, 2002).

A substantial body of empirical evidence confirms a strong positive relationship between motivation and performance across public and private sectors (Bernardin & Russell, 2013; Utomo, 2024, as cited in Suprpto, 2026). In judicial institutions, motivated employees are expected to demonstrate higher accuracy, efficiency, and service quality. Therefore, the following hypothesis is proposed:

**H5:** Work motivation has a significant effect on employee performance.

#### **2.6 The Mediating Role of Work Motivation**

Recent organizational research increasingly emphasizes the importance of examining indirect effects to understand how HR practices translate into performance outcomes. Mediation theory suggests that organizational inputs such as compensation and discipline influence performance primarily through psychological mechanisms, including motivation (MacKinnon & Fairchild, 2009).

Compensation is expected to affect performance indirectly through motivation when rewards are perceived as meaningful and aligned with employees' expectations.

Similarly, discipline may enhance performance by fostering motivational states associated with responsibility, commitment, and internalized norms. Empirical studies in the Indonesian public sector provide evidence that motivation mediates the relationships between HR practices and performance, although the strength of mediation varies across contexts (Widjaja et al., 2024; van Zundert et al., 2022).

Based on these arguments, the following mediation hypotheses are formulated:

**H6:** Work motivation mediates the relationship between compensation and employee performance.

**H7:** Work motivation mediates the relationship between work discipline and employee performance.

## 2.7 Conceptual Framework

The proposed conceptual framework posits that employee performance in judicial institutions is shaped by both economic and institutional mechanisms. Compensation represents an extrinsic reward system designed to reinforce performance-related behavior, while work discipline reflects institutional norms and behavioral control mechanisms essential in highly regulated environments such as courts. Drawing on motivational theories, the framework assumes that these organizational practices influence employee performance not only directly but also indirectly through work motivation. By explicitly modeling work motivation as a mediating variable, the framework allows for a more nuanced examination of how compensation and discipline operate within public-sector judicial organizations. The conceptual framework integrates compensation and work discipline as exogenous variables influencing employee performance, both directly and indirectly through work motivation as a mediating variable.

- Direct paths:
  - Compensation → Employee Performance (H1)
  - Work Discipline → Employee Performance (H3)
  - Work Motivation → Employee Performance (H5)
- Indirect (mediated) paths:
  - Compensation → Work Motivation → Employee Performance (H6)
  - Work Discipline → Work Motivation → Employee Performance (H7)

This structure reflects the theoretical integration of expectancy theory, equity theory, and motivational perspectives, positioning motivation as the key psychological mechanism through which HR practices affect performance outcomes. The indicators of the variables are provided in the table below:

Table 1  
Measurement of Research Variables

Variable	Code	Indicators	Measurement Scale	Theoretical Source
<b>Compensation</b>	COM	COM1	Salary adequacy	5-point Likert (1 = strongly disagree; 5 = strongly agree)
		COM2	Incentives and allowances	
		COM3	Fairness of compensation	
		COM4	Timeliness of compensation payment	
		COM5	Compensation alignment with workload	
<b>Work Discipline</b>	DIS	DIS1	Attendance and punctuality	5-point Likert (1 = strongly disagree; 5 = strongly agree)
		DIS2	Compliance with work procedures	
		DIS3	Obedience to organizational rules	
		DIS4	Responsibility for assigned tasks	
		DIS5	Adherence to ethical standards	
<b>Work Motivation</b>	MOT	MOT1	Desire to achieve work targets	5-point Likert (1 = strongly disagree; 5 = strongly agree)
		MOT2	Enthusiasm in completing tasks	
		MOT3	Commitment to organizational goals	
		MOT4	Willingness to take responsibility	
		MOT5	Initiative in work activities	
<b>Employee Performance</b>	PER	PER1	Quality of work	5-point Likert (1 = strongly disagree; 5 = strongly agree)
		PER2	Quantity of work output	

Variable	Code Indicators	Measurement Scale	Theoretical Source
	PER3	Timeliness of task completion	
	PER4	Accuracy and attention to detail	
	PER5	Cooperation and coordination	

### 3. RESEARCH METHOD

Understanding employee performance in judicial institutions requires a research design that is both theoretically grounded and methodologically rigorous. Unlike private-sector organizations, judicial institutions operate within highly regulated environments characterized by formal rules, standardized procedures, and strong normative expectations. These institutional characteristics demand an analytical approach capable of capturing both structural influences (e.g., discipline and compensation systems) and psychological mechanisms (e.g., work motivation) that shape employee performance.

Accordingly, this study adopts a quantitative explanatory research design aimed at testing theoretically derived relationships among compensation, work discipline, work motivation, and employee performance. The design is guided by institutional theory, public service motivation theory, and contemporary motivation theories, which collectively emphasize that organizational behavior in public institutions is shaped not only by incentives but also by internalized norms and motivational processes (Perry & Wise, 1990; Olsen, 2006). By employing a structured research design and advanced statistical modeling, this study seeks to provide robust empirical evidence on how organizational mechanisms operate within a judicial context and to contribute to the broader literature on public-sector performance management.

#### 3.1 Research Approach and Design Type

This study utilizes a quantitative, explanatory, and cross-sectional research design. The explanatory approach is appropriate because the primary objective of the study is to examine causal relationships between independent variables (compensation and work discipline), a mediating variable (work motivation), and a dependent variable (employee performance).

A quantitative design allows for systematic measurement of latent constructs and statistical testing of hypotheses derived from established theories. The cross-sectional nature of the study reflects the practical realities of data collection within judicial institutions, where longitudinal access is often constrained by administrative and ethical considerations. Despite this limitation, cross-sectional designs remain widely

accepted in organizational behavior and public administration research, particularly when supported by strong theoretical justification and rigorous analytical techniques (Hair et al., 2019).

### **3.2 Research Setting and Unit of Analysis**

The research was conducted at a district-level judicial institution, which operates as part of the national court system. Judicial institutions represent a unique organizational setting due to their dual mandate of administrative efficiency and legal integrity. Employees are expected to balance workload demands with strict adherence to procedural and ethical standards. The unit of analysis in this study is the individual employee, as perceptions of compensation, discipline, motivation, and performance are inherently individual-level phenomena. Examining these constructs at the individual level allows for a more precise understanding of how institutional structures are internalized and translated into work behavior.

### **3.3 Population and Sampling Technique**

The population of this study comprises all permanent employees working at the selected judicial institution, including administrative staff and functional employees directly involved in judicial support activities. These employees are subject to standardized compensation systems and formal disciplinary regulations, making them an appropriate population for examining institutional effects on motivation and performance. Given the relatively limited size of the population and the importance of capturing diverse functional roles, this study employs a census sampling technique, in which all eligible employees are invited to participate. Census sampling is particularly suitable in public-sector organizational research, as it minimizes sampling bias and enhances representativeness (Sekaran & Bougie, 2016). The final sample size met the minimum requirements for Partial Least Squares Structural Equation Modeling (PLS-SEM), ensuring adequate statistical power for hypothesis testing.

### **3.4 Data Collection Method**

Data were collected using a **structured self-administered questionnaire** distributed directly to respondents. The questionnaire was designed to measure perceptions of compensation, work discipline, work motivation, and employee performance using previously validated scales adapted to the judicial context. Prior to distribution, the questionnaire underwent a content validation process, including expert review to ensure clarity, relevance, and contextual appropriateness. Respondents were informed of the voluntary nature of participation and assured of confidentiality to reduce social desirability bias and encourage honest responses.

### 3.5 Measurement of Variables

All constructs in this study are treated as **latent variables** measured using multiple indicators on a Likert-type scale ranging from 1 (“strongly disagree”) to 5 (“strongly agree”). The use of multi-item measures enhances construct reliability and validity as mentioned in tabel 1.

- **Compensation** reflects employees’ perceptions of financial rewards, fairness, and adequacy relative to workload and responsibility.
- **Work Discipline** captures adherence to rules, punctuality, compliance with procedures, and consistency in carrying out assigned duties.
- **Work Motivation** represents internal drive, enthusiasm, and willingness to exert effort in performing work tasks.
- **Employee Performance** reflects task completion, accuracy, timeliness, and responsibility in carrying out job duties.

The measurement model was specified as reflective, consistent with theoretical assumptions that indicators are manifestations of underlying constructs (Hair et al., 2019).

### 3.6 Data Analysis Technique

This study employs Partial Least Squares Structural Equation Modeling (PLS-SEM) using SmartPLS software. PLS-SEM was selected for several methodological reasons. First, PLS-SEM is well suited for theory development and prediction-oriented research, particularly in contexts where theoretical relationships are being tested within specific institutional settings. Second, PLS-SEM performs well with relatively small to medium sample sizes and does not require strict normality assumptions (Hair et al., 2019). Third, the method allows for simultaneous assessment of the measurement model (outer model) and the structural model (inner model), including mediation effects. The analysis followed a two-stage procedure:

1. Measurement model evaluation, assessing indicator reliability, internal consistency reliability, convergent validity, and discriminant validity.
2. Structural model evaluation, examining path coefficients, coefficient of determination ( $R^2$ ), effect sizes, and mediation effects using bootstrapping techniques.

### 3.7 Hypothesis Testing and Mediation Analysis

Hypotheses were tested by evaluating the significance of path coefficients obtained through bootstrapping with a large number of resamples. Mediation analysis was conducted to assess whether work motivation serves as an intervening mechanism linking compensation and work discipline to employee performance. The mediation analysis follows contemporary guidelines, emphasizing the significance of indirect effects rather than relying solely on the significance of direct paths (MacKinnon &

Fairchild, 2009). This approach allows for a more nuanced understanding of how organizational practices influence performance through psychological mechanisms.

### 3.8 Ethical Considerations

Ethical considerations were carefully addressed throughout the research process. Participation was voluntary, and respondents were informed of the purpose of the study and their right to withdraw at any time. Data were anonymized to protect respondent confidentiality and used solely for academic purposes. Conducting ethical research is particularly important in judicial institutions, where trust, integrity, and accountability are core organizational values.

## 4. RESULT AND DISCUSSION

### 4.1 Respondent Characteristics

Analyzing respondent characteristics is a fundamental step in empirical research, particularly in studies relying on self-reported perceptions of organizational practices. Demographic attributes—including gender, age, length of service, and educational attainment—shape individuals’ cognitive frameworks, evaluative standards, and interpretations of abstract constructs such as work motivation, discipline, and performance (Hair et al., 2019).

In judicial institutions, educational background is especially critical. The complexity of administrative procedures, legal documentation, and performance accountability requires employees to possess adequate cognitive and analytical skills. Therefore, examining respondents’ highest level of education provides important insight into their capacity to understand survey instruments, evaluate organizational mechanisms, and provide reliable responses. Table 1 presents the complete demographic profile of respondents, including a detailed breakdown of educational attainment.

**Table 2. Respondent Characteristics**

<i>Characteristic</i>	<i>Category</i>	<i>Frequency</i>	<i>Percentage (%)</i>
<i>Gender</i>	<i>Male</i>	29	56.9
	<i>Female</i>	22	43.1
<i>Age</i>	<i>≤ 30 years</i>	11	21.6
	<i>31–40 years</i>	19	37.3
	<i>&gt; 40 years</i>	21	41.1
<i>Length of Service</i>	<i>≤ 5 years</i>	14	27.5

<b>Characteristic</b>	<b>Category</b>	<b>Frequency</b>	<b>Percentage (%)</b>
	6–10 years	18	35.3
	> 10 years	19	37.2
<i>Educational Level</i>	<i>Elementary School (SD)</i>	1	1.7
	<i>Junior High School (SMP)</i>	1	1.7
	<i>Senior High School (SMA)</i>	7	12.1
	<i>Diploma (D3)</i>	5	8.6
	<i>Bachelor’s Degree (S1)</i>	27	46.6
	<i>Master’s Degree (S2)</i>	16	27.6
	<i>Doctoral Degree (S3)</i>	1	1.7

**Source:** Data processed from the questionnaire (N = 58).

The respondent profile reveals a workforce that is highly educated, professionally mature, and institutionally experienced, providing a strong empirical foundation for the study’s analytical results.

With respect to educational attainment, the sample is dominated by respondents with tertiary education. A substantial majority—75.9% of respondents—hold at least a bachelor’s degree (S1, S2, or S3). Specifically, 46.6% possess a bachelor’s degree, while 27.6% hold a master’s degree, and 1.7% have completed doctoral education. This educational composition is particularly significant in the context of judicial institutions, where administrative accuracy, regulatory compliance, and procedural reasoning are core job requirements.

From a methodological perspective, the high proportion of respondents with advanced education enhances the cognitive validity of the data. Individuals with higher educational backgrounds are more likely to comprehend abstract survey items, differentiate between closely related constructs, and provide consistent evaluations across indicators (Podsakoff et al., 2003). This is especially relevant for reflective constructs such as work motivation and employee performance, which rely heavily on respondents’ interpretative abilities.

The presence of respondents with secondary and basic education levels (SD, SMP, and SMA), although numerically small, is theoretically meaningful. It reflects the heterogeneous occupational structure of judicial organizations, which include both professional and support staff. Including these respondents improves the internal representativeness of the sample and ensures that the findings are not biased toward

exclusively managerial or professional viewpoints (Conway & Lance, 2010). At the same time, their limited proportion minimizes the risk that lower educational attainment could distort the overall measurement quality.

When considered alongside age and length of service, the education profile further strengthens the study’s validity. Employees with higher education and long organizational tenure tend to develop more stable expectations regarding compensation systems and are more likely to internalize disciplinary norms as part of professional identity. This demographic configuration helps explain why work discipline emerges as a dominant predictor in the structural model, while compensation exhibits weaker motivational effects.

Overall, the respondent characteristics—particularly the educational distribution—indicate that the data were collected from individuals who are capable of critically evaluating organizational mechanisms and experienced enough to assess performance outcomes realistically. This enhances confidence in the robustness of the measurement model and supports the credibility of subsequent structural analyses.

**Tabel 3 Descriptive Statistics of Research Variables**

<b>Variable</b>	<b>Mean</b>	<b>Standard Deviation</b>	<b>Interpretation</b>
Compensation	3.21	0.64	Moderate
Work Discipline	4.12	0.51	High
Work Motivation	3.98	0.56	High
Employee Performance	4.05	0.49	High

The descriptive statistics reveal a distinct asymmetry among the study variables, which provides an important interpretive foundation for the structural model results. First, compensation is perceived at a moderate level ( $M = 3.21$ ), indicating that employees neither strongly reject nor strongly endorse the adequacy and fairness of existing compensation systems. In public judicial institutions, compensation is largely standardized and centrally regulated, leaving limited room for performance-based differentiation. As a result, compensation may be viewed as a fixed entitlement rather than a motivational incentive. This perception aligns closely with Herzberg’s two-factor theory, which conceptualizes salary as a hygiene factor that prevents dissatisfaction but does not actively enhance motivation or performance (Herzberg, 1959).

In contrast, work discipline, work motivation, and employee performance are all perceived at high levels, suggesting that institutional norms, procedural compliance, and professional commitment are deeply embedded within the organization. The high discipline score reflects the rigid regulatory environment of courts, where adherence to rules, punctuality, and ethical standards is non-negotiable. High motivation and

performance scores further suggest that employees internalize these norms and translate them into consistent work behavior.

Importantly, this descriptive pattern already hints at a non-financial pathway to performance, where discipline and motivation—not compensation—serve as the primary behavioral drivers. This observation becomes crucial in understanding the later finding that compensation does not significantly influence motivation and exhibits a negative relationship with performance.

#### 4.2 Measurement Model Evaluation (Outer Model)

Prior to assessing the hypothesized relationships among constructs, it is necessary to evaluate the measurement model to ensure that the latent variables are measured reliably and validly. Measurement model evaluation is a critical step in PLS-SEM analysis, as structural relationships can only be meaningfully interpreted when constructs demonstrate adequate psychometric properties (Hair et al., 2019). In this study, the measurement model evaluation focuses on indicator reliability, internal consistency reliability, and convergent validity, following established methodological guidelines.

##### 4.2.1 Indicator Reliability

Indicator reliability assesses the extent to which individual indicators adequately represent their respective latent constructs. High indicator loadings indicate that observed variables share a substantial proportion of variance with the underlying construct, thereby confirming the appropriateness of the measurement items. Evaluating indicator reliability is particularly important in institutional research settings, where abstract constructs such as motivation and discipline must be captured through perceptual measures.

**Table 3**  
**Outer Loadings**

<b>Variable</b>	<b>Indicator</b>	<b>Loading</b>
Compensation	COM1	0.742
	COM2	0.781
	COM3	0.813
	COM4	0.756
	COM5	0.728
Work Discipline	DIS1	0.834
	DIS2	0.862
	DIS3	0.801
	DIS4	0.847

Variable	Indicator	Loading
Work Motivation	DIS5	0.819
	MOT1	0.811
	MOT2	0.836
	MOT3	0.854
	MOT4	0.798
Employee Performance	MOT5	0.822
	PER1	0.846
	PER2	0.812
	PER3	0.834
	PER4	0.791
	PER5	0.819

The outer loading results demonstrate that all indicators load strongly on their respective constructs, confirming robust indicator reliability. Loadings exceeding 0.70 indicate that a substantial proportion of variance in each indicator is explained by the latent construct, supporting the reflective measurement specification (Hair et al., 2019). Notably, indicators for work discipline and employee performance show consistently higher loadings compared to compensation indicators. This pattern reflects the behavioral clarity of discipline and performance constructs within judicial settings. Attendance, procedural compliance, and task accuracy are concrete, observable behaviors governed by formal rules, making them easier for respondents to evaluate consistently.

In contrast, compensation perceptions are inherently subjective and influenced by comparisons, expectations, and external benchmarks. The slightly lower (yet acceptable) loadings for compensation indicators may therefore reflect heterogeneity in employees' evaluative frames, rather than measurement weakness. This nuance reinforces the appropriateness of examining compensation effects cautiously in institutional contexts.

#### 4.2.2 Internal Consistency and Convergent Validity

After establishing indicator reliability, the next step is to assess internal consistency reliability and convergent validity. Internal consistency reliability examines whether indicators of a construct consistently measure the same underlying concept, while convergent validity evaluates the extent to which indicators converge to explain a substantial portion of construct variance. Together, these assessments ensure that the constructs are both stable and conceptually coherent, thereby supporting their inclusion in the structural model.

**Table 4 Reliability and Convergent Validity**

<b>Variable</b>	<b>Cronbach's Alpha</b>	<b>Composite Reliability</b>	<b>AVE</b>
Compensation	0.81	0.87	0.58
Work Discipline	0.88	0.91	0.67
Work Motivation	0.87	0.91	0.66
Employee Performance	0.86	0.90	0.64

The reliability and convergent validity results confirm that all constructs meet or exceed recommended thresholds. Composite reliability values above 0.90 for discipline and motivation indicate **high internal consistency**, suggesting that these constructs are conceptually cohesive and well understood by respondents. The AVE values further confirm that each construct explains more than half of the variance in its indicators, demonstrating strong convergent validity. From a theoretical standpoint, these results indicate that discipline, motivation, and performance function as **distinct yet internally coherent psychological and behavioral domains** within the organization. Methodologically, the strength of the measurement model provides a solid foundation for interpreting structural relationships without concern that results are driven by measurement artifacts.

#### **4.3 Structural Model Evaluation (Inner Model)**

Once the measurement model has been validated, the analysis proceeds to the structural model evaluation, which examines the hypothesized relationships among constructs. Structural model evaluation focuses on assessing multicollinearity, explanatory power, and the significance of direct and indirect effects. This stage addresses the core research objectives by determining whether compensation and work discipline influence employee performance directly and indirectly through work motivation.

##### **4.3.1 Collinearity Assessment**

Before interpreting the structural relationships among latent constructs, it is essential to examine potential multicollinearity issues within the structural model. Multicollinearity occurs when predictor constructs are highly correlated, which can inflate standard errors, distort path coefficient estimates, and compromise the stability and interpretability of the model (Hair et al., 2019). In PLS-SEM, collinearity is commonly assessed using the Variance Inflation Factor (VIF). Evaluating VIF values ensures that each exogenous construct contributes unique explanatory variance to the endogenous constructs and that the estimated path relationships are not biased by overlapping predictors.

**Table 5 Variance Inflation Factor (VIF) Values**

<b>Endogenous Variable</b>	<b>Predictor Variable</b>	<b>VIF</b>	<b>Interpretation</b>
Work Motivation	Compensation	1.21	No multicollinearity
Work Motivation	Work Discipline	1.87	No multicollinearity
Employee Performance	Compensation	2.11	No multicollinearity
Employee Performance	Work Discipline	2.34	No multicollinearity
Employee Performance	Work Motivation	1.96	No multicollinearity

From the table above, a methodological standpoint, the absence of multicollinearity confirms that compensation, work discipline, and work motivation function as distinct explanatory constructs, each contributing unique variance to the prediction of employee performance and work motivation. This distinction is particularly important in public-sector and judicial research, where organizational practices may conceptually overlap due to standardized administrative procedures.

Substantively, the low VIF values suggest that compensation and work discipline are not redundant predictors, despite both being formal organizational mechanisms. This supports the theoretical argument that financial rewards and institutional discipline operate through different motivational logics within judicial institutions. While compensation reflects economic exchange, discipline embodies normative and procedural governance, reinforcing their conceptual separation (Perry & Wise, 1990; Olsen, 2006).

Moreover, the low collinearity between work discipline and work motivation indicates that discipline does not merely duplicate motivational constructs but serves as a structural antecedent that shapes motivation rather than substituting for it. This finding strengthens the credibility of the mediation analysis, as it confirms that the observed indirect effects are not artifacts of overlapping predictors. Overall, the collinearity assessment confirms that the structural model is statistically sound and theoretically coherent, allowing for confident interpretation of path coefficients and mediation effects in subsequent analyses.

#### **4.3.2 Coefficient of Determination**

The coefficient of determination ( $R^2$ ) is used to assess the explanatory power of the structural model by indicating the proportion of variance in endogenous constructs explained by their predictors. In organizational and behavioral research,  $R^2$  values provide important information regarding the substantive relevance of the model, particularly in public-sector contexts where multiple institutional constraints exist.

**Table 5 Coefficient of Determination (R<sup>2</sup>)**

<i>Endogenous Variable</i>	<i>R<sup>2</sup></i>	<i>Interpretation</i>
<i>Work Motivation</i>	<i>0.53</i>	<i>Moderate</i>
<i>Employee Performance</i>	<i>0.61</i>	<i>Substantial</i>

The R<sup>2</sup> value of 0.53 for work motivation indicates that compensation and discipline jointly explain more than half of the variance in motivation, which is considered substantial in organizational behavior research. This finding suggests that motivation in judicial institutions is not merely an individual trait but is strongly shaped by organizational systems and institutional controls.

More strikingly, the R<sup>2</sup> value of 0.61 for employee performance indicates that the model explains a large proportion of performance variance, particularly given the complexity and rigidity of public-sector environments. Performance in courts is influenced by numerous external constraints—legal procedures, workload fluctuations, and resource limitations—yet the model captures a majority of its determinants. This level of explanatory power supports the theoretical proposition that internal organizational mechanisms (discipline and motivation) are central levers for performance improvement in judicial organizations.

#### 4.3.3 Hypothesis Testing (Direct Effects)

Following the assessment of model explanatory power, hypothesis testing is conducted to evaluate the significance and direction of the proposed relationships among constructs. Path coefficients, t-values, and p-values obtained through bootstrapping procedures are used to determine whether each hypothesis is empirically supported. This analysis directly addresses the theoretical assumptions derived from motivation, institutional, and public-sector performance theories.

**Table 6**  
**Path Coefficients and Hypothesis Testing**

<b>Hypothesis</b>	<b>Path</b>	<b>β</b>	<b>t-value</b>	<b>p-value</b>	<b>Result</b>
H1	Compensation → Performance	-0.21	2.11	0.035	Supported
H2	Compensation → Motivation	0.09	1.12	0.263	Not Supported
H3	Discipline → Performance	0.34	3.98	<0.001	Supported
H4	Discipline → Motivation	0.62	7.41	<0.001	Supported
H5	Motivation → Performance	0.41	4.86	<0.001	Supported

#### **Compensation → Employee Performance (H1)**

The negative and significant relationship between compensation and performance represents one of the most theoretically provocative findings of

this study. Contrary to traditional assumptions that higher compensation leads to better performance, the negative coefficient suggests that increased perceptions of compensation may be associated with reduced performance intensity.

From an equity theory perspective, this finding may indicate perceptions of distributive injustice, where compensation is viewed as insufficient relative to workload or responsibility. Alternatively, it may reflect an entitlement effect, whereby standardized compensation reduces the perceived need for discretionary effort. In highly bureaucratic environments, fixed compensation may inadvertently weaken performance incentives by decoupling rewards from individual contributions. This result challenges simplistic reward-based management approaches in public institutions and underscores the importance of contextualizing compensation effects.

### **Compensation → Work Motivation (H2)**

The non-significant effect of compensation on motivation further reinforces Herzberg's two-factor theory. While compensation may prevent dissatisfaction, it does not actively stimulate motivational energy in environments where monetary rewards are expected rather than earned.

In the judicial context, motivation appears to stem more from professional identity, ethical responsibility, and institutional discipline than from financial incentives. This finding suggests that attempts to enhance motivation solely through compensation adjustments may yield limited returns.

### **Work Discipline → Employee Performance (H3)**

Work discipline exhibits a strong and positive direct effect on performance, confirming its role as a **core performance driver** in judicial organizations. Discipline ensures consistency, reduces procedural errors, and promotes accountability—outcomes that directly translate into performance effectiveness. This result aligns with reinforcement theory, which posits that consistent rule enforcement shapes reliable behavior over time (Skinner, 1953). In courts, where procedural deviations can have serious legal consequences, discipline becomes a functional necessity rather than a mere managerial tool.

### **Work Discipline → Work Motivation (H4)**

The exceptionally strong effect of discipline on motivation suggests that discipline operates not merely as external control but as a **source of internalized motivation**. When rules are clear, consistently enforced, and perceived as fair, employees develop a sense of order, responsibility, and professional pride. This finding extends social learning theory by demonstrating how institutional

discipline fosters intrinsic motivational states through norm internalization and role modeling.

**Work Motivation → Employee Performance (H5)**

The significant positive effect of motivation on performance confirms motivation as a central psychological mechanism translating organizational structures into behavioral outcomes. Motivated employees are more willing to exert effort, persist under pressure, and maintain accuracy and service quality. In judicial institutions, where errors and delays undermine public trust, motivated performance is particularly critical.

**5.4 Mediation Analysis**

Beyond direct relationships, this study examines whether work motivation functions as a mediating mechanism linking compensation and work discipline to employee performance. Mediation analysis allows for a deeper understanding of how and why organizational practices influence performance outcomes, moving beyond simple cause–effect associations. Indirect effects are assessed using bootstrapping procedures, in line with contemporary mediation analysis guidelines.

**Table 7**  
**Indirect Effects (Bootstrapping)**

Hypothesis	Indirect Path	$\beta$	t-value	p-value	Mediation
H6	Compensation → Motivation → Performance	0.04	0.98	0.327	Not Supported
H7	Discipline → Motivation → Performance	0.25	4.12	<0.001	Supported

The mediation results reveal a clear structural asymmetry. Motivation does not mediate the compensation–performance relationship, indicating that compensation does not meaningfully influence employees’ internal motivational states. Instead, compensation appears to operate independently—and even counterproductively—within this institutional context.

In contrast, motivation significantly mediates the relationship between discipline and performance. This finding suggests that discipline enhances performance not only through behavioral control, but more importantly by strengthening internal motivation. Discipline creates an environment where employees internalize expectations, align with organizational goals, and willingly exert effort. This mediated pathway represents the core theoretical contribution of the study and highlights discipline-based motivation as a strategic lever for performance improvement in public judicial institutions.

To provide a concise overview of the empirical results, this subsection summarizes the outcomes of hypothesis testing. Presenting a summary table enhances

clarity and allows readers to quickly identify which theoretical propositions are supported by empirical evidence.

**Table 8 Summary of Hypothesis Testing**

<b>Hypothesis</b>	<b>Statement</b>	<b>Result</b>
H1	Compensation → Performance	Supported
H2	Compensation → Motivation	Not Supported
H3	Discipline → Performance	Supported
H4	Discipline → Motivation	Supported
H5	Motivation → Performance	Supported
H6	Motivation mediates Compensation → Performance	Not Supported
H7	Motivation mediates Discipline → Performance	Supported

#### **4.5 Analysis/Discussion**

This study set out to examine how compensation and work discipline influence employee performance, both directly and indirectly through work motivation, within a judicial institutional context. The findings collectively suggest that employee performance in judicial organizations is less responsive to financial incentives and more deeply rooted in institutional discipline and internalized motivation. This pattern diverges from dominant private-sector models of performance management and reinforces the need for context-sensitive organizational theories in public administration research.

Judicial institutions operate within a highly formalized and rule-bound environment, where legitimacy, procedural correctness, and ethical accountability outweigh efficiency-driven incentives (Olsen, 2006; Tyler, 2006). Accordingly, the results of this study should be interpreted not as anomalies, but as manifestations of institutional logic, where behavior is governed by norms, rules, and professional identity rather than transactional rewards.

One of the most theoretically significant findings is the non-significant effect of compensation on work motivation and its negative association with employee performance. This result directly challenges classical economic and agency-based assumptions that monetary rewards function as universal performance enhancers (Jensen & Meckling, 1976). From a public administration perspective, this finding aligns strongly with motivation crowding theory, which posits that extrinsic rewards can undermine intrinsic motivation when they are perceived as controlling or weakly contingent on effort (Frey & Jegen, 2001). In judicial institutions, compensation is typically standardized, seniority-based, and detached from individual performance outcomes. As a result, compensation may be perceived as an entitlement rather than a reward, thereby diminishing its motivational relevance (Perry et al., 2010).

Equity theory further helps explain the negative compensation–performance relationship. When employees perceive compensation as misaligned with workload, responsibility, or professional risk, they may engage in effort withdrawal to restore perceived equity (Adams, 1963). This dynamic is particularly salient in courts, where workloads are often high but compensation differentiation remains limited. Thus, the findings suggest that increasing compensation without reforming its contingency structure is unlikely to enhance performance and may even generate unintended demotivating effects. This insight contributes to ongoing debates on the limits of pay-for-performance schemes in public-sector organizations (OECD, 2016).

In contrast to compensation, work discipline emerges as a powerful and consistent determinant of both motivation and performance. This finding underscores discipline as more than an administrative tool; rather, it functions as a core institutional mechanism that structures behavior and reinforces professional standards. From an institutional theory perspective, discipline embodies coercive and normative pressures that guide behavior toward rule compliance and role conformity (DiMaggio & Powell, 1983). In judicial settings, discipline ensures procedural uniformity, reduces discretionary deviations, and safeguards organizational legitimacy. These functions directly contribute to performance outcomes such as accuracy, timeliness, and accountability (Buscaglia & Dakolias, 1999).

Importantly, the strong effect of discipline on motivation challenges traditional views that associate discipline with coercion and control. Instead, the findings support procedural justice theory, which argues that fair, consistent, and transparent rule enforcement enhances employees' sense of legitimacy and moral obligation, thereby strengthening intrinsic motivation (Tyler, 2006). When discipline is perceived as fair and purpose-driven, it becomes internalized and transforms into self-regulation rather than external compliance.

The significant positive relationship between work motivation and employee performance confirms motivation as the proximal psychological driver translating institutional structures into observable work outcomes. This finding aligns with extensive organizational behavior literature emphasizing motivation as the mechanism through which organizational practices influence performance (Locke & Latham, 2002; Judge et al., 2001).

In judicial institutions, motivated employees are more likely to demonstrate persistence under caseload pressure, maintain accuracy in legal documentation, and adhere to ethical standards despite limited external rewards. These behaviors are essential for sustaining public trust in the justice system. Moreover, the mediation analysis reveals that motivation fully mediates the relationship between work discipline and performance, indicating that discipline enhances performance primarily by shaping internal motivational states rather than merely enforcing compliance. This insight advances mediation theory by demonstrating that institutional controls can operate

through psychological mechanisms, not solely through behavioral constraints (MacKinnon & Fairchild, 2009).

The overall pattern of findings aligns closely with public service motivation (PSM) theory, which posits that public employees are driven by values such as duty, commitment to public interest, and ethical responsibility rather than financial gain (Perry & Wise, 1990). The weak role of compensation and the strong influence of discipline and motivation suggest that employees in judicial institutions are primarily motivated by normative and value-based factors.

This study extends PSM theory by highlighting work discipline as a structural antecedent of motivation, rather than treating motivation solely as an individual disposition. Discipline, when implemented fairly and consistently, reinforces institutional values and strengthens employees' identification with organizational missions. This perspective bridges structural and psychological approaches to motivation in public organizations.

## **CONCLUSION**

This study examined the relationships between compensation, work discipline, work motivation, and employee performance within a judicial institutional context. The findings demonstrate that employee performance in judicial organizations is predominantly shaped by institutional discipline and internalized motivation rather than financial incentives. Compensation was found to have no significant effect on motivation and exhibited a negative relationship with performance, whereas work discipline exerted both direct and indirect effects on performance through work motivation.

These results highlight the limited motivational relevance of monetary rewards in highly regulated public-sector environments and underscore the central role of discipline as a structural and psychological mechanism. Work discipline not only ensures procedural compliance but also fosters internal motivation when perceived as fair, consistent, and aligned with professional values. Motivation, in turn, operates as the psychological transmission mechanism through which institutional structures are translated into performance outcomes.

By situating these findings within institutional theory, public service motivation theory, and motivation crowding theory, this study contributes to a more nuanced understanding of performance management in judicial institutions. The results suggest that performance improvement strategies in courts should prioritize normative governance, procedural justice, and motivational alignment over compensation-centered reforms.

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