The Influence of Performance Allowance Effectiveness on Employee Productivity and Performance with Employee Well-being as a Mediating Variable

Lasmaria Silitonga[1], Pompong B. Setiadi[2], Fanny Dwi[3]
Universitas Mahardika[1,2,3]

Article Info	ABSTRACT
	This research investigates the impact of performance allowance effectiveness on employee productivity and performance, considering employee well-being as a mediating variable This research uses a quantitative approach because it is presented with numerical data. This research is included in the cross-sectional research category, information is collected directly from the location empirically to understand the opinion of a portion of the population regarding the object under study. The population in this study were all employees of the Inspectorate of East Java Province, totaling 112 people. Sampling was carried out using simple random sampling technique and a sample of 53 people was obtained. The research data sources used are primary data and secondary data. Research data obtained through questionnaires. The data analysis carried out is the outer model (document validity and composite reliability), the inner model, and hypothesis testing using the SMART PLS 3.0 application. The results showed that the effectiveness of performance allowances has a direct effect on employee welfare, productivity, and performance. In addition, employee well-being serves as a mediator, significantly influencing the relationship between performance allowance effectiveness and productivity and performance. These findings contribute to a comprehensive understanding of the dynamics between performance incentives, employee well-being, and organizational outcomes.
	Corresponding Author: Lasmaria Silitonga Universitas Mahardika mariaokedieh@gmail.com

INTRODUCTION

Human resources play a crucial role in an organization because the success or failure of an organization is influenced by the performance of its human resources. For an employee, the results achieved represent the actualization of their potential and an opportunity to improve the quality of life. Meanwhile, for the organization, success in work is crucial to support growth and progress towards better outcomes (Rusman, 2015). Therefore, it is essential to ensure optimal productivity from human resources by demonstrating good performance. Good employee work productivity is optimal performance, in line with organizational standards and supports the achievement of organizational goals.

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Factors that affect work productivity include effectiveness and efficiency, authority and responsibility, and discipline. Efforts to encourage employee work productivity and maintain work quality include providing performance allowances to employees within the Inspectorate of East Java Province. In accordance with East Java Governor Regulation Number 12 of 2022, additional income is given to civil servants who have outstanding work achievements, with certain conditions stipulated in the regulation. The purpose of providing performance allowances is to improve performance, discipline, and employee welfare, which ultimately provides excellent service to the community. Effective performance allowances can have a positive impact on both employees and organizations. For employees, this means improved welfare and increased work motivation, while for the organization, this leads to increased productivity and performance of each human resource towards organizational goals.

Research conducted by (Mogalana et al., 2020) indicates that the effectiveness of performance allowances significantly improves the productivity of employees receiving them. Performance allowances are given as appreciation for employees who demonstrate good work performance, adhere to rules, and complete tasks with excellence. According to (Halim & Satria, 2022), effective performance allowance distribution motivates employees to enhance their performance in serving the public, leading to increased productivity. Consistent with this view, research by (Della, 2022) shows that effective performance allowances can enhance employee productivity and performance, serving as a measure of employee violations, as the criteria for receiving performance allowances include discipline conditions such as attendance, performance quality assessments, and more.

Employee welfare can increase employee enthusiasm so that it leads to optimal productivity for the Inspectorate of East Java Province in achieving organizational goals. High productivity can be influenced by employee welfare. (Hasibuan, 2019) explains that high employee productivity is the result of gratitude for fulfilling their needs, which shows their welfare. In addition, according to (Harliawan et al., 2017), employee welfare functions as a motivation to increase productivity in return for the welfare guarantees provided by the organization.

Research by (Rahardjo dkk., 2021) shows that the welfare guaranteed by the organization can encourage employees to carry out their duties properly. Therefore, improving employee welfare is an obligation for organizations which can be achieved by developing employee welfare programs and increasing the effectiveness of the distribution of performance allowances to increase productivity and performance (Pratama & Giovanni, 2021). In line with the explanation given by (Maula dkk., 2020), employee welfare resulting from organizational justice, organizational culture, and effective performance benefits as an appreciation for employees can improve the performance of each employee in the organization.

This study aims to determine and analyze the effect of the effectiveness of performance allowances on employee productivity levels within the Inspectorate of East Java Province, the effect of the effectiveness of performance allowances on employee

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performance by considering certain aspects at the Inspectorate of East Java Province, the effect of the effectiveness of performance allowances on employee welfare at the Inspectorate of East Java Province, and analyze how employee welfare can affect employee productivity levels within the Inspectorate of East Java Province.

METHOD

Research Type

This research employs a quantitative approach as it is presented with numerical data. This aligns with the viewpoint of Arikunto (2010), who states that quantitative research is an approach that heavily relies on numbers, encompassing data collection, interpretation of the data, and presentation of the results. This study falls under the category of cross-sectional research, where information from a portion of the population (sample respondents) is collected directly from the location empirically to understand the opinions of this subset of the population regarding the researched object.

Population and Research Sample

Research Population

The population is a generalized area consisting of objects or subjects with specific qualities and characteristics set by the researcher for study and subsequent conclusions (Sugiyono, 2010). In this research, the population comprises all employees of the Inspectorate of East Java Province, totaling 112 individuals (Statistics Indonesia, 2023).

Research Sample

A sample is a part of the quantity and characteristics possessed by the population (Sugiyono, 2009). Thus, the sample is a subset of the population whose characteristics are to be investigated and can represent the entire population. This study uses the Slovin formula for determining the sample size. The sample size should be representative for the research results to be generalized, and the calculation does not require a sample size table but can be performed with a simple formula. The samples are drawn using a simple random sampling technique.

Data Collection Sources and Methods

a. Data Source

This study uses two data sources, namely primary data and secondary data. Primary data is obtained directly by researchers from informants who have relevant information, in this case employees of the Inspectorate of East Java Province. In addition, secondary data from existing sources, such as previous studies related to this research, were also used. The advantage of secondary data search is time and cost savings in obtaining information (Pratiwi, 2017).

b. Data Collection Method

The data collection method used in this research is to use a questionnaire. The questionnaire / questionnaire is a data collection method that has been carried out by providing several kinds of questions related to research problems (Prawiyogi et al.,

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2017). Data collection was carried out using Google Forms to make it easier for researchers to obtain respondent data remotely.

Data analysis
a. External Model
   1) Discriminant Validity
   2) Composite Reliability
b. Inner Model
c. Hypothesis Testing
   In hypothesis testing, the direct effect test is used with the SMARTPLS application.

RESULT AND DISCUSSION

Research Instrument Test

The research is conducted using a questionnaire that measures performance allowances, employee well-being, productivity, and performance. The instrument test involves assessing the validity and reliability of each question on the research questionnaire.

Validity testing is performed to determine whether the questions on the questionnaire are valid or not. Validity testing is conducted using Pearson correlation on 30 respondents. Questions on the questionnaire are considered valid if the coefficient correlation value (r) is greater than the table value (0.361). Meanwhile, reliability testing is conducted to measure the consistency of the questionnaire in the research used to measure the variables of performance allowances, employee well-being, productivity, and performance. Before reliability testing is carried out, there must be a decision-making basis, which is an alpha of 0.60. A variable is considered reliable if its value is greater than 0.60.

Table 1 Instrument Validity Test

Variable	Item	Coefisient Corelation (r)	p	Cronbach's Alpha
Performance Allowance (X_1)	X1	0,880	0,000	0,857
	X2	0,685	0,000	
	X3	0,698	0,000	
	X4	0,827	0,000	
	X5	0,909	0,000	
Employee welfare (Z)	Z1	0,802	0,000	0,797
	Z2	0,506	0,004	
	Z3	0,864	0,000	
	Z4	0,837	0,000	
	Z5	0,776	0,000	
Work productivity (Y_1)	Y1.1	0,906	0,000	0,932
	Y1.2	0,934	0,000	
	Y1.3	0,944	0,000	
	Y1.4	0,861	0,000	
Performance (Y_2)	Y2.1	0,892	0,000	0,951
	Y2.2	0,803	0,000	

Y2.3	0,971	0,000
Y2.4	0,758	0,000
Y2.5	0,897	0,000
Y2.6	0,866	0,000
Y2.7	0,833	0,000
Y2.8	0,954	0,000

Source: SPSS 27 Output, processed (2023)

The results of the validity test indicate that all questions in the questionnaire have correlation coefficient values exceeding 0.361 and significance values below 0.05 ($p < 0.05$). This indicates that all questions in the questionnaire are valid. Additionally, the reliability analysis results for the four variables each have Cronbach's alpha values above 0.6. This indicates that the research questionnaire used to measure these four variables is reliable.

Respondent Characteristics

The characteristics of respondents in this study can be identified based on gender, age, education, and length of service. These characteristics can be analyzed descriptively to determine the quantity and percentage of each group.

a. Respondent Gender

The number of respondents based on gender can be analyzed descriptively with the following results.

Table 2 Respondent Gender

Gender	Amount (n)	Percentage (%)
Man	20	37,7%
Woman	33	62,3%
Total	53	100,0%

Source: SPSS 27 Output, processed (2023)

Based on Table 2, it is known that there are 20 male respondents (37.7%) and 33 female respondents (62.3%). This indicates that more than half of the respondents are female.

b. Respondent Age

Respondent age is divided into four groups: 20 to 30 years old, 31 to 40 years old, 41 to 50 years old, and above 50 years old. The number of respondents based on these age groups can be presented in Table 3 as follows.

Table 3 Respondent Age

Age	Amount (n)	Percentage (%)
20 - 30 Years	15	28,3%
31 - 40 Years	7	13,2%
41 - 50 Years	19	35,8%
> 50 Years	12	22,6%
Total	53	100,0%

Source: SPSS 27 Output, processed (2023)

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Respondents aged 20 to 30 years are 15 people (28.3%), aged 31 to 40 years are 7 people (13.2%), aged 41 to 50 years are 19 people (35.8%), and aged over 50 years are 12 people (22.6%). This indicates that the majority of respondents are aged 41 to 50 years.

c. Respondent Education

There are two levels of education for respondents: bachelor's and master's. Characteristics regarding the respondents' highest education can be explained in Table 4 below.

Table 4 Respondent Education

Education	Amount (n)	Percentage (%)
Bachelor	36	67,9%
Masters	17	32,1%
Total	53	100,0%

Source: SPSS 27 Output, processed (2023)

Based on Table 4, it shows that respondents with a bachelor's degree are 36 people (67.9%), and those with a master's degree are 17 people (32.1%). This indicates that more than half of the respondents have a bachelor's degree.

d. Length of Service

Respondents who are employees of the Inspectorate of East Java Province can be characterized based on their length of service, divided into four groups: 1 – 5 Years, 6 – 10 years, 10 – 20 years, and over 20 Years.

Table 5 Length of Service

Length of work	Amount (n)	Percentage (%)
15 years	26	49,1%
6 – 10 Years	9	17,0%
11 – 20 Years	14	26,4%
> 20 Years	4	7,5%
Total	53	100,0%

Source: SPSS 27 Output, processed (2023)

Respondents who have worked for 1 to 5 years are 26 people (49.1%), 6 to 10 years are 9 people (17.0%), 11 to 20 years are 14 people (26.4%), and more than 20 years are 4 people (22.6%). This indicates that most respondents have a work experience of 1 to 5 years.

Description Analysis of Research Variables

Descriptive analysis of research variables is used to determine the average values for each question item that makes up these variables.

a. Analysis of Performance Allowances Variable

The results of the descriptive analysis regarding the effectiveness of performance allowances can be presented in Table 6 as follows.

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Table 6 Description of Performance Allowances Effectiveness Variable

No	Question	Mean	Standard Deviation	Information
1	The performance allowance that I receive is in accordance with the regulations set by the regional government	3.698	0.463	Very Good
2	The performance allowance received can help increase my income as an employee	3.774	0.423	Very Good
3	Performance allowances are routinely received by employees every month	3.547	0.503	Very Good
4	The performance allowance currently received can meet life's needs (family needs, children's education, health, etc.)	3.472	0.608	Good
5	The performance allowance received is commensurate with employee discipline	3.509	0.697	Very Good
	Effectiveness of Performance Allowances	3.600	0.437	Very Good

Source: SPSS 27 Output, processed (2023)

The overall effectiveness of performance allowances has an average of 3.600 with a standard deviation of 0.437. This indicates that, in general, the performance allowances provided to employees of the Inspectorate of East Java Province are highly effective.

b. Analysis of Employee Welfare Variable

The employee welfare variable is measured using five questions that can be analyzed descriptively with the following results.

Table 7 Description of Employee Welfare Variable

No	Question	Mean	Standard Deviation	Information
1	I feel comfortable with my current job conditions	3.434	0.605	Good
2	The insurance coverage provided is good	3.057	0.770	Good
3	The reward I receive is commensurate with the work done	4.000	0.791	Very Good
4	My current job provides an opportunity to use the skills I have	3.472	0.504	Good
5	Working conditions in the form of facilities (bathrooms, rest areas, places of worship, etc.) and the environment in this company are very supportive and adequate	3.472	0.504	Good
	Employee welfare	3.506	0.458	Very Good

Source: SPSS 27 Output, processed (2023)

The overall employee welfare of the respondents has an average of 3.506, which falls into the category of very good. This indicates that respondents working at the Inspectorate of East Java Province have very good welfare.

c. Analysis of Work Productivity Variable

The work productivity variable is measured using four questions that can be analyzed descriptively with the following results.

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Table 8 Description of Work Productivity Variable

No	Question	Mean	Standard Deviation	Information
1	I have the ability to carry out work assigned by the agency	3.623	0.489	Very good
2	I strive to improve the results achieved	3.698	0.463	Very good
3	I always try to improve the quality to be better than before.	3.604	0.494	Very good
4	I try to achieve the targets set by	3.679	0.471	Very good
	Work productivity	3.651	0.439	Very good

Source: SPSS 27 Output, processed (2023)

The overall work productivity of the respondents has an average of 3.651, falling into the category of very good. This indicates that respondents working at the Inspectorate of East Java Province have very good work productivity.

d. Analysis of Employee Performance Variable

The employee performance variable is measured using eight questions that can be analyzed descriptively with the following results.

Table 9 Description of Employee Performance Variable

No	Question	Mean	Standard Deviation	Information
1	I carry out work in accordance with existing Standard Operating Procedures (SOP).	3.415	0.602	Good
2	The results of my work so far have been in accordance with the goals expected by the organization	3.472	0.608	Good
3	I know the target results I want to achieve	3.434	0.500	Good
4	I understand how to achieve the desired results	3.472	0.575	Good
5	I complete work on time	3.434	0.500	Good
6	I can still complete my work even though I am interrupted by vacation time and holidays	3.283	0.632	Good
7	I have the awareness to work together to achieve organizational goals	3.472	0.504	Good
8	I create maximum work results by working together to develop ideas and insights	3.491	0.505	Good
	Employee Performance	3.434	0.489	Good

Source: SPSS 27 Output, processed (2023)

The overall performance of the respondents has an average of 3.434, which falls into the category of good. This indicates that respondents working at the Inspectorate of East Java Province have very good performance.

Data Analysis

The data analysis used in this study is Structural Equation Modeling Partial Least Squares (SEM-PLS).

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a. Outer Model

The outer model is used to determine the relationships between latent variables and their indicators, and it is also used to ensure that the measurements used are valid and reliable. The tests conducted on the outer model are:

Tabel 10 Nilai *Loading Factor*

Variable	Indicator	*Loading Factor*	t statistics	p
Effectiveness of Performance Benefits	Compliance with rules	0.907	24.499	0.000
	Benefits for employees	0.736	9.299	0.000
	Punctuality	0.717	10.196	0.000
	Sufficiency of allowances	0.745	10.941	0.000
	Compliance with performance	0.903	53.734	0.000
Employee welfare	Comfort	0.741	9.38	0.000
	Salary and Insurance	0.825	14.071	0.000
	Chance	0.901	31.511	0.000
	Facility	0.805	16.099	0.000
Productivity	Work ability	0.885	17.607	0.000
	Upgrade skills	0.98	96.639	0.000
	Target	0.909	28.667	0.000
Performance	Quality	0.96	90.607	0.000
	Quantity	0.934	39.378	0.000
	Effectiveness	0.942	57.398	0.000
	Teamwork	0.966	96.823	0.000

Source: SMARTPLS 3.0 Data Processing Results (2023)

Based on the loading factor values for each indicator in each variable, it is evident that all indicators are considered valid. This is indicated by the loading factor values above 0.6 and significance values below 0.05 ($p < 0.05$).

Discriminant Validity

Discriminant validity can be determined through the Average Variance Extracted (AVE) values for each indicator, with a requirement that the value should be above 0.5 for a good model. The AVE results are presented in Table 11 below.

Table 11 Average Variance Extracted (AVE)

Construct	*Average Variance Extracted* (AVE)
Effectiveness of Performance Allowances	0,650
Employee welfare	0,672
Productivity	0,857
Performance	0,904

Source: SMARTPLS 3.0 Data Processing Results (2022)

From the table above, it is known that the AVE values for the four variables (performance allowance effectiveness, employee welfare, productivity, and performance)

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are above 0.5, indicating good discriminant validity for each variable. Another method to test discriminant validity is through cross-loading, and the calculations are presented in Table 12 below.

Table 12 Cross Loading

Indicator	Performance	Welfare	Productivity	Performance
Compliance with rules	0.907	0.656	0.577	0.432
Alimony benefits	0.736	0.567	0.703	0.535
Punctuality	0.717	0.648	0.594	0.662
Sufficiency of allowances	0.745	0.670	0.376	0.288
Compliance with performance	0.903	0.747	0.583	0.597
Comfort	0.712	0.741	0.473	0.346
Salary and Insurance	0.689	0.825	0.499	0.659
Chance	0.765	0.901	0.758	0.751
Facility	0.546	0.805	0.678	0.927
Work ability	0.534	0.644	0.885	0.704
Upgrade skills	0.700	0.720	0.980	0.736
Target	0.767	0.713	0.909	0.712
Quality	0.729	0.877	0.799	0.96
Quantity	0.488	0.725	0.622	0.934
Effectiveness	0.578	0.762	0.695	0.942
Teamwork	0.634	0.843	0.812	0.966

Source: SMARTPLS 3.0 Data Processing Results (2022)

The table above shows that the loading values for each item on its construct are higher than its cross-loading values. This result indicates that there is no discriminant validity issue.

Composite Reliability

Composite reliability is used to test the reliability values of the constructs of a variable. A construct is considered reliable if it has a composite reliability value above 0.7. The results of composite reliability can be seen in Table 13 below.

Table 13 Composite Reliability

Construct	Composite Reliability	Information
Effectiveness of Performance Allowances	0,902	Reliable
Employee welfare	0,891	Reliable
Productivity	0,947	Reliable
Performance	0,974	Reliable

Source: SMARTPLS 3.0 Data Processing Results (2022)

Based on the table above, the Cronbach's alpha values for each variable are above 0.7, indicating that the constructs have good reliability. The outer model of this study can be seen in Figure 1 below:

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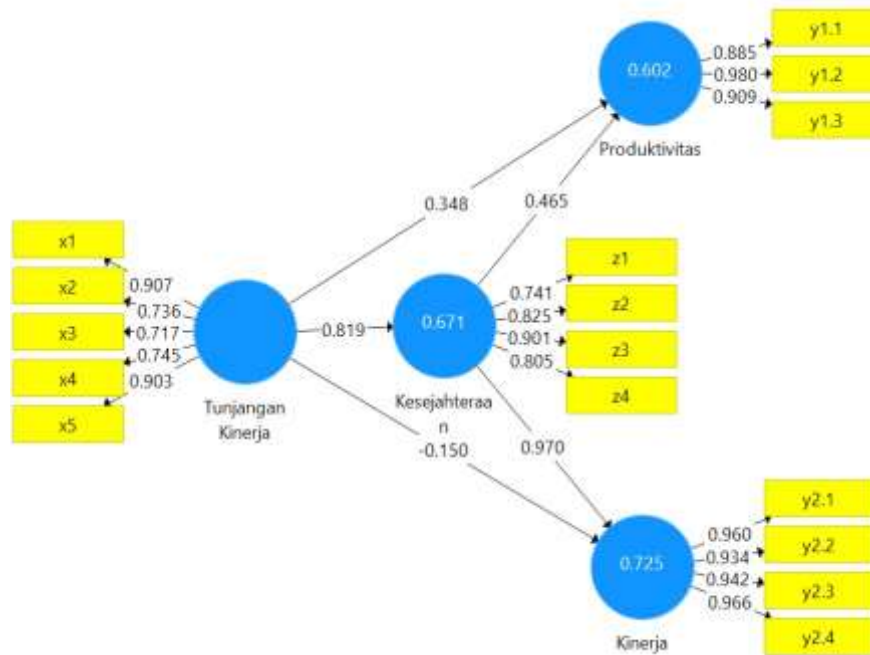Lasmaria Silitonga et.al
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Figure 1 Outer Model Diagram

Inner Model

The inner model is used to understand and analyze the relationships between construct significance values and R square (R2) of the research model. The inner model is evaluated using R2 for dependent constructs and the significance of the coefficients of structural path parameters.

Table 14 R Square Values

Construct	R Square
Employee welfare	0,671
Productivity	0,602
Performance	0,725

Source: SMARTPLS 3.0 Data Processing Results (2022)

The table above shows the R square values for employee welfare, productivity, and performance variables. The R square value for the employee welfare variable is 0.671 or 67.1%. This value indicates that 67.1% of the employee welfare variable is influenced by the performance allowance effectiveness variable, while the remaining 32.9% is influenced by other variables outside the scope of this study. It means that the selection of the performance allowance effectiveness variable is considered quite good for predicting employee welfare.

The R square value for the productivity variable is 0.602, indicating that the productivity variable is influenced by the performance allowance effectiveness and employee welfare variables by 60.2%, while the remaining 39.8% is influenced by other

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variables not investigated. This suggests that the selection of performance allowance effectiveness and employee welfare variables is quite effective in predicting productivity.

The R square value for the performance variable is 0.725, indicating that the performance variable is influenced by the performance allowance effectiveness and employee welfare variables by 72.5%, while the remaining 27.5% is influenced by other variables not investigated. This implies that the selection of performance allowance effectiveness and employee welfare variables is quite good in predicting performance. Goodness of Fit (GoF) is obtained from the Q2 value (predictive relevance). The Q2 value has the same meaning as R square, where the higher the Q2, the better the model. The Q2 result can be seen in the calculation below:

$$Q^2 = 1-(1-R_1^2)(1-R_2^2)(1-R_3^2)$$
$$= 1 - (1 - 0.671)(1 - 0.602)(1 - 0.725)$$
$$= 1-(0,329)(0,398)(0,275) = 0,964$$

From the above results, a total Q2 value of 0.964 is obtained. This result indicates that the contribution of the diversity of research variables (performance allowance effectiveness) mediated by employee welfare to productivity and performance is 96.4%, while the remaining 3.6% is explained by other variables outside the scope of this study. These Q2 results indicate that the research model used has a very good Goodness of Fit (GoF).

Hypothesis Testing

There are direct effects (direct effect) and indirect effects that will be analyzed as follows.

Direct Effect

The direct effect test aims to answer research hypotheses with the criteria that if the t-statistic value > t-table (1.960) or the p-value < 0.05, then there is a significant effect. The results of the direct effect test are presented in Table 15 below.

Table 15 Direct Effect

Hypothesis	Influence	Original Sample	t	p	Result
H1	Performance Allowance → Well-being	0,819	16,993	0,000	Significant
H2	Performance Allowance → Productifity	0,348	1,404	0,161	Not significant
H3	Performance Allowance → *Performance*	0,150	2,179	0,030	Significant
H4	Well-being → Productifity	0,465	1,954	0,051	Not significant
H5	Well-being → *Performance*	0,970	18,095	0,000	Significant

Source: SMARTPLS 3.0 Data Processing Results (2022)

From the table above, the results of hypothesis testing are as follows:

a. The effect of Performance Allowance Effectiveness on Employee Welfare (H1)

The coefficient value of the influence of performance allowance effectiveness on employee welfare is 0.819 with a t-statistic value of 16.993 (t > 1.96) and a significance

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value of 0.000 (p > 0.05). It can be concluded that performance allowance effectiveness directly influences employee welfare. Thus, H1 is accepted.

b. The effect of Performance Allowance Effectiveness on Productivity (H2)
The coefficient value of the influence of performance allowance effectiveness on productivity is 0.348 with a t-statistic value of 1.404 (t < 1.96) and a significance value of 0.161 (p < 0.05). It can be concluded that performance allowance effectiveness does not have a direct effect on productivity. Thus, H2 is rejected.

c. The effect of Performance Allowance Effectiveness on Performance (H3)
The coefficient value of the influence of performance allowance effectiveness on job performance is 0.150 with a t-statistic value of 2.179 (t > 1.96) and a significance value of 0.030 (p < 0.05). It can be concluded that performance allowance effectiveness directly influences job performance. Thus, H3 is accepted.

d. The effect of Employee Welfare on Productivity (H4)
The coefficient value of the influence of employee welfare on productivity is 0.465 with a t-statistic value of 1.954 (t < 1.96) and a significance value of 0.051 (p > 0.05). It can be concluded that employee welfare does not have a direct effect on productivity. Thus, H4 is rejected.

e. The effect of Employee Welfare on Performance (H5)
The coefficient value of the influence of employee welfare on job performance is 0.970 with a t-statistic value of 18.095 (t > 1.96) and a significance value of 0.000 (p < 0.05). It can be concluded that employee welfare significantly influences job performance. Thus, H5 is accepted.

Indirect Effect

The indirect effect aims to test whether there is an indirect relationship between exogenous variables (performance allowance effectiveness) and endogenous variables (productivity and job performance) through the mediating variable (employee welfare). The indirect effect is considered significant if the t-statistic value > t-table (1.960) or the p-value < 0.05. The results of the indirect effect test can be seen in Table 16 below.

Table 16 Indirect Effect

Hypothesis	Influence	Original Sample	t	p	Hasil
H6	Performance Allowance → Well-being → Productivity	0,381	2,023	0,044	Significant
H7	Performance Allowance → Well-being → Performance	0,795	10,700	0,000	Significant

Source: SMARTPLS 3.0 Data Processing Results (2022)

From the table above, the results of hypothesis testing are as follows:

The influence of performance allowance effectiveness on productivity mediated by employee welfare has a t-statistic value of 2.023 > 1.960 and a significance value of 0.044 (p < 0.05). This result shows that performance allowance effectiveness mediated by employee welfare affects productivity. Thus, H6 is accepted.

The influence of performance allowance effectiveness on job performance mediated by employee welfare has a t-statistic value of 10.700 > 1.960 and a significance value of

0.000 (p < 0.05). This result shows that performance allowance effectiveness mediated by employee welfare affects job performance. Thus, H7 is accepted.

CONCLUSION

In conclusion, this study sheds light on the intricate relationships among performance allowance effectiveness, employee well-being, productivity, and performance. The findings, derived from data processed through SMARTPLS 3.0, reveal a direct positive influence of performance allowances on employee well-being, productivity, and performance. Moreover, the mediating role of employee well-being in linking performance allowance effectiveness with both productivity and performance is substantiated. These results contribute valuable insights to the broader understanding of the dynamics between performance incentives, employee well-being, and organizational outcomes. Organizations can leverage these insights to enhance the effectiveness of performance-related initiatives and promote a positive work environment conducive to improved employee well-being, productivity, and overall performance.

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