

Improving Human Resource Performance Through Compensation and Religiosity

Sri Wahyuningsih¹⁾ & Heru Sulisty²⁾

¹⁾ Faculty of Economic, Universitas Islam Sultan Agung (UNISSULA) Semarang, Indonesia, E-mail: sriwahyuningsih.std@unissula.ac.id

²⁾ Faculty of Economic, Universitas Islam Sultan Agung (UNISSULA) Semarang, Indonesia, E-mail: herusulisty@unissula.ac.id

Abstract. *This study aims to examine how human resource performance can be improved through compensation and religiosity within the Directorate General of Taxes (DJP). Considering the crucial role of DJP in achieving national tax revenue targets, this research explores how these two factors contribute to enhancing employee performance. Using a quantitative research method, data were collected through questionnaires distributed to 100 employees of DJP, specifically at the Small Tax Office (KPP Pratama) in Pati. The results indicate that both compensation and religiosity have a positive influence on human resource performance. These findings provide valuable insights for management in formulating strategies to improve employee performance through fair compensation policies and the reinforcement of religiosity within the workplace. The practical implication of this study is the necessity to implement transparent and equitable compensation policies that align with employees' contributions, as well as efforts to foster a work environment that supports religiosity through religious activities and positive organizational culture. Therefore, the combination of adequate compensation and high religiosity is expected to drive optimal employee performance, which ultimately contributes to the success of DJP in achieving national revenue targets.*

Keywords: *Compensation; Job Performance; Religiosity.*

1. Introduction

The Directorate General of Taxes (DGT), as an integral part of the Ministry of Finance, plays a crucial role in maintaining fiscal balance and providing quality tax services. For three consecutive years, in 2021, 2022, and 2023, the Directorate General of Taxes successfully achieved its mandated tax revenue targets. This success is due to the hard work and dedication of all human resources within the Directorate General of Taxes, who consistently contribute to improving the efficiency and effectiveness of tax management.

The government recognizes the important role of the Directorate General of Taxes (DGT) by issuing Presidential Regulation of the Republic of Indonesia Number 37 of 2015 concerning Employee Performance Allowances within the Directorate General of Taxes as amended by Presidential Regulation Number 96 of 2017 and Regulation of the Minister of Finance (PMK) Number 211/PMK.03/2017, which regulates performance allowances for human resources within the Directorate General of Taxes based on tax revenue performance achievements. The regulation was issued as compensation to improve the performance of human resources within the Directorate General of Taxes in carrying out their functions, duties, and authorities in tax collection to support state revenue from the tax sector. Providing compensation through performance-based allowances given to human resources within the Directorate General of Taxes is expected to trigger human resources to improve their performance.

Tax revenue performance over the past ten years has shown a positive upward trend, although there was a slowdown in the 2014-2019 period. In 2022 Tax revenue experienced the highest growth, reaching 115.61%, but declined in 2023 to 102.30%. 2024 presented significant challenges for tax revenue, primarily due to falling commodity prices and an increase in the number of refunds. Despite this, the Directorate General of Taxes managed to collect Rp 1,930.81 trillion, or 100.46% of the target. Meanwhile, the Pati Pratama Tax Service Office (KPP) recorded tax revenue realization as of December 31, 2024, at 100.05% of the target. This figure decreased compared to the previous year's performance of 103.18% in 2023 and 112.45% in 2022.

The challenge of achieving the 2025 tax revenue target is also not easy. This is influenced by increasing uncertainty in the global economy and financial markets, triggered by tariff policies from the United States government and escalating trade war tensions, weakening prices of leading commodities, and changes in policy where the government decided to postpone or cancel the planned increase in the Value Added Tax (VAT) rate from 11% to 12%, originally scheduled to take effect on January 1, 2025. This can impact employee performance in the medium and long term, especially related to performance-based compensation which can fluctuate. The stability of the rupiah is also an important factor in determining compensation. Therefore, organizations need to periodically review the compensation provided, considering that Presidential Regulation of the Republic of Indonesia Number 37 of 2015 has been the basis for regulating performance allowances within the Directorate General of Taxes (DGT) since 2017.

Compensation isn't just limited to salary, but also encompasses non-financial aspects such as flexible working hours, career development, and recognition of achievements. A career at the Directorate General of Taxes (DGT) can be challenging due to strict study assignment regulations, particularly regarding study permits. DGT employees who are continuing their education and are transferred to a university more than 60 km from their university are required to submit a transfer request. Exceptions are granted if the university has permission to conduct distance learning or if the employee has completed face-to-face classes and is in the final project development stage.

Compensation is everything that is given by the company to employees. human resources, as compensation or reward for the performance produced by human resources, for the benefit of the company. Compensation can be in the form of money or facilities provided by the company to employees. human Resources (Zunaidah et al., 2020). (Dessler, 2017) Compensation is divided into three types: Direct financial payments, which are compensation given to employees in exchange for their work, such as salary, incentives, commissions, and bonuses. Indirect compensation, which is compensation given to improve employee welfare, such as insurance benefits and other facilities not directly related to work. Non-financial compensation (rewards), which includes flexible working hours, career development, and recognition for achievement.

Compensation plays a crucial role not only as a primary motivator for employees but also as a key factor in employee morale and productivity. Therefore, every organization needs to establish appropriate compensation to effectively and efficiently support its goals. Compensation is a complex issue and requires clear guidelines for its determination, not only in terms of the amount but also in other factors that need to be considered. (Djoko Soelistya, 2021).

Research by Nugraha et al. (2021) shows that compensation in the form of performance allowances does not significantly influence employee performance. This finding contradicts the results of research by Qureshi & Sajjad (2015), Matriadi & Dalimunthe (2017), Saban et al. (2020), Palendeng & Bernarto (2021), and Sutrisno et al. (2023). Different research subjects are a significant factor in the differences in research results. Nugraha et al. (2021) focused on government agencies, while other studies focused on private companies. According to Nugraha et al. (2021), differences in compensation do not affect performance because the salary received is sufficient to meet daily needs. The compensation system in government agencies differs from the private sector, where employees with the same position receive the same basic salary in accordance with Government Regulation of the Republic of Indonesia Number 7 of 1977. This differs from private companies where the compensation system implemented is performance-based for each element of income received. State Civil Apparatus (ASN) are entitled to receive periodic salary increases if they meet the requirements, namely having reached a certain length of service in a certain category according to the provisions.

Research by Nugraha et al. (2021) also does not support the findings of Masruroh et al. (2021), Prayitno et al. (2020), Yusniawan & Permana (2018), and Azis & Niswah (2013), which found a positive relationship between performance allowances and employee performance. Research by Yusniawan & Permana (2018) highlighted that tax officials' income in 2016 experienced a 20% cut from their performance allowance due to revenue realization not reaching the target. The research object of Nugraha et al. (2021) and previous researchers, Yusniawan & Permana (2018) and Azis & Niswah (2013) was both a government agency, namely the Tax Service Office. Tax officials' income in 2016 was cut by 20% from the performance allowance they received each month. This is a consequence of the implementation of Presidential Regulation Number 37 of 2015, as revenue realization

only reached 81% of the tax revenue target. According to Yusniawan & Permana (2018), the strong and positive relationship between remuneration compensation (performance allowances) and human resource performance achievement is due to employee concerns about performance allowance cuts if tax revenue targets are not achieved.

Besides compensation, religiosity is one of the factors that motivates employees to improve their performance. Research by Zahrah et al. (2016) shows that high levels of religiosity tend to be associated with better performance. However, this finding contradicts research by Putra (2023) and Masruroh et al. (2021), which found that religiosity had no effect on performance.

This research aligns with Mardalis et al. (2019) who concluded that improving human resource performance can be achieved by increasing religiosity, particularly the belief that Allah SWT is always watching. Zahrah et al. (2016) emphasized that work is an obligation that must be carried out with integrity, honesty, and responsibility. Work, in general, is a source of independence, a means for personal growth and self-esteem, and a place to do good deeds for others (Graafland, 2006). Winarsunu et al. (2023) suggested that employees work not because they are satisfied with wages or relationships with coworkers but to seek blessings and rewards as capital for the afterlife.

Masruroh et al.'s (2021) research, which states that humans continue to implement the rules established by their religion, whether they receive large or small compensation, because religion is a basic human need, is inconsistent with research by McCleary & Barro (2006) and van Straalen (2015), which found that increasing income will result in higher opportunity costs for participating in time-consuming activities. As a result, attendance at religious activities tends to decrease. This contrasts with research by Hawari & Suci (2023), which states that increasing income does not reduce the likelihood of individuals engaging in prayer and religious study activities, and research by Buser (2015), which found that income has a significant effect on religiosity. Households with higher incomes attend church more frequently.

According to Hawari & Suci (2023), numerous studies link religion to economic variables, but few examine the impact of economics on religiosity. Some studies suggest that improving economic conditions can decrease levels of religiosity, consistent with the secularism hypothesis.

2. Research Methods

This research is an explanatory research. According to Singarimbun & Effendi (1995), explanatory research emphasizes the influence between determining variables and tests the proposed hypotheses. The description in this study contains descriptions but focuses on the relationships between variables, including compensation, religiosity, and human resource performance.

3. Results and Discussion

3.1. Overview of Research Object

Pati Pratama Tax Office is a vertical work unit of the Directorate General of Taxes under the auspices of the Central Java I Regional Office of the Directorate General of Taxes. Based on the Regulation of the Minister of Finance of the Republic of Indonesia Number 210 / PMK.01 / 2017 which was later updated through the Regulation of the Minister of Finance Number 184 / PMK.01 / 2020, Pati Pratama Tax Office has the task of providing services, education, supervision, and law enforcement to Taxpayers. Pati Pratama Tax Office is located at Jl P. Sudirman No. 64, Pati Kidul, Pati District, Pati Regency, Central Java 59114. Under the auspices of Pati Pratama Tax Office, there is a vertical agency of the Directorate General of Taxes which is directly under the coordination of the Head of Pati Pratama Tax Office, namely the Rembang Tax Service, Counseling and Consultation Office (KP2KP). This agency has a role in carrying out the collection, tracking, and processing of tax data, observing potential taxes, and presenting information related to taxation. In addition, the Rembang KP2KP is also tasked with providing tax education and consultation services, conducting supervision and extension, managing the administration of tax documents and archives, receiving and processing Tax Returns and other documents, and supporting the overall implementation of the duties and functions of the Pati Pratama Tax Office (KPP Pratama Pati). The scope of the Pati Pratama Tax Office's work area covers all sub-districts within the administrative areas of Pati Regency and Rembang Regency.

3.1.1. Compensation at Pati Pratama Tax Office

Pati Pratama Tax Office employees are State Civil Apparatus, whereThe compensation received is regulated by Law Number 20 of 2023 concerning State Civil Apparatus. In general, the financial compensation received by State Civil Apparatus consists of salary, performance allowance, overtime pay, meal allowance, thirteenth salary, holiday allowance, special incentives, health insurance, and pension or old age security. Salaries are received monthly, where the amount is according to the class and length of service as regulated in Presidential Regulation of the Republic of Indonesia Number 10 of 2024, while the amount of the performance allowance is according to the position class and performance achievements as regulated by the Presidential Regulation concerning Performance Allowances in each agency. The Performance Allowance for Pati Pratama Tax Office Employees is regulated by Presidential Regulation Number 37 of 2015 concerning Employee Performance Allowances within the Directorate General of Taxes, which Regulation applies to all vertical agencies under the auspices of the Directorate General of Taxes. The Performance Allowance for Directorate General of Tax Employees is paid according to performance achievements by considering the criteria for organizational performance achievements and employee performance achievements. Overtime pay is paid if ASN works outside official working hours. Meal allowance for civil servants (ASN) is a form of additional allowance/compensation provided to civil servants, but it is not universal (not all ASN receive meal allowance). It usually applies to civil servants in central ministries/agencies. Its implementation is highly dependent on central policies and the applicable Input Cost

Standards (SBM) each year. The thirteenth salary is usually paid mid-year and is regulated by an annual Government Regulation. The Eid al-Fitr Allowance (THR), the amount of which is equivalent to the salary and associated allowances, is usually paid before Eid al-Fitr in accordance with an annual Government Regulation. Civil servant incentives are given for good performance/exceeding targets, additional workloads beyond primary duties, contributions to state/regional revenues, certain achievements, or assignments under special conditions. Incentives are not routinely provided every year. Civil servant health insurance is currently facilitated through the National Health Insurance (JKN) program managed by BPJS Kesehatan. Civil servants are entitled to pension and old-age security (JHT) as a form of protection during retirement. Both are managed by Taspen.

3.1.2. Performance Measurement at Pati Pratama Tax Office

The performance of Pati Pratama Tax Office employees is essentially the result of a systematic performance management process, where each individual is directed to support organizational goals. Regulatory performance measurement of Pati Pratama Tax Office employees is carried out, like other State Civil Apparatus, through Employee Performance Targets (SKP) and work behavior assessments, as stipulated in PermenPANRB No. 6 of 2022. SKP emphasizes work results (outcomes), while work behavior assesses aspects of ASN attitude, ethics, and integrity.

Employee Performance Targets (SKP) are performance plans and targets jointly developed between civil servants (ASN) and their immediate superiors at the beginning of the assessment period. SKP serves as an individual performance contract derived from organizational performance planning. Aspects assessed in the SKP focus on outcome-based performance, including key performance indicators (KPI), quality, quantity, time, and cost (if relevant). Work behavior assessments are used to complement performance measurements, assessing not only results but also the attitudes and work ethics of civil servants. Work behaviors include service orientation, integrity, discipline, cooperation, commitment, and initiative. This assessment aims to ensure that civil servants work in accordance with the core values of the ASN profession (BerAKHLAK) and the applicable code of ethics.

Armstrong (2009) explains that performance management is a continuous process to improve individual, team, and organizational performance through a clear understanding of expected goals, standards, and required competencies. Thus, SKP serves as a formal instrument to align individual goals with the organizational vision, while work behavior assessments reflect competency and value dimensions.

Furthermore, the Balanced Scorecard framework introduced by Kaplan & Norton (1996) is also relevant for measuring civil servant performance. The Balanced Scorecard assesses performance not only from a financial perspective, but also from a customer perspective, internal processes, and learning and growth. In the context of civil servants, this approach can be adapted to assess the effectiveness of public services (customer perspective), compliance with bureaucratic procedures (internal processes), and competency and ethical development (learning and growth).

By combining normative and theoretical approaches, civil servant performance can be measured more comprehensively. Normatively, the SKP and work behavior serve as official instruments to ensure objectivity and accountability. Theoretically, Armstrong's concept and the Balanced Scorecard emphasize that performance measurement extends beyond achieving administrative targets and encompasses competency development, behavior, and contributions to the strategic objectives of public organizations.

3.2. The Influence of Compensation on Human Resource Performance

The results of this study indicate that compensation has a positive and significant effect on the performance of Pati Pratama Tax Office employees with a path coefficient value of 6.816 with a P-value of 0.000. This indicates that the fairer and more transparent the application of compensation, the better employee performance.

These findings reinforce Herzberg's (1968) Two-Factor Theory, which posits that compensation is a hygiene factor that can prevent dissatisfaction and increase work motivation. Compensation for Pati Tax Office employees includes not only a base salary but also allowances, incentives, awards, and work facilities. Fair and transparent compensation makes employees feel valued, thus increasing their enthusiasm for completing their work with positive results.

This also aligns with Maslow's (1943) theory of motivation, which states that basic needs, including financial needs, must be met before an individual can function optimally in the work environment. In this regard, compensation serves to fulfill employees' basic needs, providing them with the energy, security, and motivation to achieve optimal performance.

Furthermore, research by Gupta & Shaw (2014) found that a fair compensation system can increase employee motivation and loyalty. Armstrong & Taylor (2015) also emphasized that a mismatch between compensation and performance can reduce employee intrinsic motivation. Therefore, the results of this study are consistent with the findings of Gupta & Shaw (2014) and Armstrong & Taylor (2015), which emphasize the importance of fairness, transparency, and consistency in compensation to encourage improved employee performance.

This finding is in line with the research results of Masrur et al. (2021), Yusniawan & Permana (2018), and Azis & Niswah (2013) in the public sector and Palendeng & Bernarto (2021), and Sutrisno et al. (2023) in the private sector, who both emphasized that Good compensation can increase employee motivation to achieve better performance.

The analysis of performance indicators in this study shows that the responsibility aspect (KS7) received the highest score, indicating that employees possess integrity in completing their work. This can be associated with appropriate compensation, which fosters a sense of moral obligation to repay the organization's trust. However, the indicator for completing service tasks politely and satisfactorily (KS1) received the lowest score. The low score for the service aspect can be caused by several factors. First, the high workload causes employees to focus more on completing technical tasks than on the quality of interactions with taxpayers. Second, limited training in communication and public service can reduce

employees' ability to provide friendly and satisfactory service. Third, there is the potential for boredom due to monotonous work routines, resulting in employees being less enthusiastic about providing service. Furthermore, a compensation system that emphasizes financial aspects can also lead to less recognition for friendly attitudes or service ethics, resulting in lower motivation to provide excellent service.

Overall, it can be concluded that compensation plays a significant role in driving improved employee performance at the Pati Pratama Tax Office. Fair, transparent, and proportional compensation not only reduces dissatisfaction but also increases employee motivation, loyalty, and work enthusiasm.

3.2.1. Religiosity influences Human Resource Performance

The results of this study indicate that religiosity has a positive and significant effect on the performance of Pati Pratama Tax Office employees, with a path coefficient value of 17.274 and a p-value of 0.000. This finding indicates that the higher the level of employee religiosity, the better the performance shown.

One reason religiosity can improve performance is because employees with high levels of religiosity tend to have a better work ethic. According to Graafland (2006), work can be viewed as a means of charity and providing benefits to others. Therefore, employees with strong religious beliefs will be more motivated to give their best in their work. This is in line with Zahrah et al. (2016), who emphasized that Islamic religiosity and an Islamic work ethic can improve performance because they encourage individuals to work honestly, with discipline, and responsibly.

Furthermore, religiosity also contributes to the development of employee character and morals. Employees who internalize religious values tend to be more honest, disciplined, and responsible in carrying out their duties, thus creating a positive and productive work environment. This condition ultimately impacts overall performance improvement. Mardalis et al. (2019) also found that increasing levels of religiosity, particularly belief in God's supervision and spiritual discipline, correlated with higher levels of discipline, timely task completion, and improved work procedures, which overall strengthened employee productivity.

Religious employees also tend to view their work as more meaningful, resulting in higher levels of work engagement. This aligns with Kahn (1990), who emphasized that the psychological state of meaningfulness is a key factor driving work engagement. By viewing work as a form of worship, employees are motivated to work responsibly, with discipline, and with honesty. The belief that God is always watching over their every action makes them more cautious, thus avoiding deviant behavior.

This finding aligns with research by Dajani & Mohamed (2017) in the Egyptian public health sector, which found that religiosity influences performance through mediated work values, such as instrumental, cognitive, social, and prestige values. This suggests that religiosity not only shapes spiritual motivation but also fosters professional values aligned with organizational goals. Meanwhile, research by Winarsunu et al. (2023) adds that gratitude

acts as a full mediator between religiosity and job satisfaction. In other words, religiosity does not directly increase job satisfaction, but religious employees tend to have a higher sense of gratitude, thus being more satisfied with their jobs and more motivated to perform optimally.

This finding is further supported by research by King & Williamson (2005), which showed that spiritual values can increase employee engagement and strengthen long-term commitment to the organization. Thus, religiosity serves not only as a moral compass but also as a stronger source of intrinsic motivation than mere financial incentives. Overall, it can be concluded that religiosity is a crucial factor in improving employee performance because it fosters meaningful work, professional ethics, gratitude, and ongoing commitment to the organization.

3.2.2. The Effect of Compensation on Religiosity

The analysis results show that compensation has a significant positive effect on religiosity, with a path coefficient of 0.526, a T-statistic of 7.777, and a p-value of 0.000. This means that the better the compensation received, the higher the level of employee religiosity. Employees who receive fair compensation that meets their living needs tend to be more grateful and realize that the income they earn is a blessing from God. This is reflected in the R6 indicator (Income is a blessing from God that must be accounted for) with an average of 4.770. In addition, adequate compensation also encourages employees to use part of their income for religious activities, charity, and spiritual education.

These findings align with those of Anwar & Umar (2021), who stated that, from an Islamic perspective, work motivation is fundamentally based on the intention of worship, faith, piety, and ihsan. Work is viewed as a form of obedience to Allah, while rewards and punishments are understood not only in material terms but also in terms of merit, sustenance, and blessings. Fulfilling employees' basic needs through fair compensation can be viewed as a form of reward that encourages work enthusiasm. Similarly, Ali & Al-Owaidan (2008) emphasize that the Islamic Work Ethic makes work part of worship and a moral responsibility. Therefore, compensation functions not only as a material reward but can also be interpreted as a means of strengthening employee religiosity when positioned within an Islamic motivational framework.

The results of the study also showed that the indicator with the lowest score was R16 (Spend time reading scriptures) with an average of 4.320. This indicates that although the compensation received by employees is relatively adequate, time constraints due to workload make it difficult for some employees to allocate time for personal religious activities, such as reading scriptures. This phenomenon is in line with the economic model of religion proposed by Azzi & Ehrenberg (1977), which explains that income and time allocation are interrelated in determining religious participation. Employees with good compensation may have higher financial well-being, but if job demands increase the opportunity cost of time, then religious activities that require dedicated time, such as reading scriptures, have the potential to decrease.

Research by Hawari & Suci (2023) also supports this finding, showing that the number of working hours is negatively related to religiosity. The longer a person's working hours, the less opportunity they have to participate in religious activities, including reading scriptures.

In the economic literature, the relationship between income and religiosity is not a single entity, but rather highly contextual. Becker & Woessmann (2013), through a historical study in Prussia, found that increasing income was associated with declining church attendance, although the evidence for causality weakened when tested with a long-term panel model. Meanwhile, Buser (2015) showed that income does influence religiosity, but its direction and magnitude depend heavily on the socio-economic conditions of the country. This suggests that the impact of compensation on employee religiosity in this study may also be contextual, in line with the work culture and religious values prevalent within the organization.

Furthermore, research by Herzer & Strulik (2017) strengthens this interpretation by showing that there is a long-term, bidirectional relationship between income and religiosity. They assert that: "Long-run causality runs in both directions: higher income leads to declining religiosity, and declining religiosity leads to higher income." (Herzer & Strulik, 2017, p. 29-22).

These findings suggest that compensation (as a proxy for income) and religiosity influence each other in the long run. On the one hand, income can either strengthen or weaken religiosity, depending on the socio-cultural context. On the other hand, religiosity can contribute to increased income by strengthening work ethic, moral discipline, and social solidarity. In the context of this study, fair compensation is more likely to strengthen religiosity, as employees interpret it as a blessing from God for which they should be grateful.

Furthermore, Lipford & Tollison (2003) also found that increased income correlated with higher participation in religious activities. This supports the findings of this study that compensation can be an important instrument in shaping employee religiosity, although time and workload remain limiting factors.

Thus, this study demonstrates that compensation impacts not only financial aspects and work motivation, but also the spiritual dimension of employees. Receiving adequate compensation can foster gratitude, strengthen motivation for worship, and enhance religious commitment. However, organizations also need to consider the balance between compensation and workload management to ensure that improvements in financial well-being are truly accompanied by improvements in employee religiosity.

3.2.3. Integration of Compensation, Religiosity and PerformanceHuman Resources

Based on the analysis, the compensation variable has a moderate influence on employee performance, with an f^2 value of 0.180. This indicates that increased compensation contributes to improved performance, although its influence is not very dominant. Theoretically, this finding aligns with Herzberg's Two-Factor Theory (1968), which states that

compensation is a hygiene factor that can prevent job dissatisfaction and maintain performance, but is not the sole factor driving long-term productivity.

In contrast, religiosity showed a strong influence on employee performance with an f^2 value of 0.580. This means that religiosity is a more dominant factor in improving the performance of KPP Pratama Pati employees. This is consistent with the findings of Ali & Al-Owaidan (2008) who explained that Islamic Work Ethics encourage religious individuals to have a higher work ethic, work with integrity, and commit to their work as a form of worship. Religious employees tend to have strong intrinsic motivation to achieve the best performance, because work is seen not only as a professional obligation but also a spiritual responsibility.

Furthermore, the analysis shows that religiosity also has a strong influence on compensation perceptions, with an f^2 value of 0.372. This indicates that the higher an employee's religiosity, the more positive their perception of the compensation they receive. Religiosity encourages individuals to be grateful and appreciate the rewards provided by the organization, even if the amount is limited. Zohar & Marshall (2004) in their concept of spiritual capital emphasize that individuals with high spiritual awareness will view material things not merely as an end in themselves, but as a means to fulfill moral and religious responsibilities. Thus, religiosity strengthens positive attitudes toward compensation, which ultimately supports improved performance.

Furthermore, previous research has also emphasized the role of religiosity as a mediator in the relationship between material factors and performance. Dajani & Mohamed (2017) found that religious values internalize an Islamic work ethic, thereby improving the performance of public sector employees in Egypt. Research by Winarsunu et al. (2023) even suggests that gratitude can act as a psychological mechanism that bridges the relationship between religiosity and job satisfaction, ultimately positively impacting performance. These findings support research that adequate compensation will more optimally improve performance when accompanied by the internalization of religious values.

Thus, the results of the f^2 analysis confirm that religiosity is the most dominant factor influencing employee performance compared to compensation. Compensation remains important as a material foundation (according to Maslow's (1943) framework), but the spiritual motivational power derived from religiosity has been shown to have a greater impact. Therefore, human resource management in the public sector must not only rely on fair compensation policies but also pay attention to fostering employees' religious values. Integrating appropriate compensation and strengthening religiosity will result in employees who are financially prosperous, morally sound, and high-performing.

4. Conclusion

Based on the results of the analysis and discussion of research regarding the influence of compensation, religiosity, and human resource performance on Pati Pratama Tax Office employees, several conclusions can be drawn as follows: 1. Compensation can improve human resource performance: Compensation commensurate with employee workload,

responsibilities, and achievements can increase work motivation and enthusiasm to achieve organizational goals. Appropriate compensation is also seen as a form of recognition for employee contributions, thus encouraging increased productivity and performance quality.

2. Religiosity plays an important role in improving human resource performance: Employees with high levels of religiosity tend to demonstrate a better work ethic, discipline, and strong commitment to the organization. Religious values form the basis of intrinsic motivation at work, thus encouraging optimal performance in terms of quantity, quality, and accountability of work.

3. Compensation can increase the religiosity of human resources: Providing fair, appropriate, and transparent compensation not only meets employees' basic needs but also fosters gratitude and a spiritual awareness that income is a blessing from God. This encourages employees to internalize religious values in their daily lives, including in carrying out religious activities and maintaining integrity at work.

4. Religiosity mediates the effect of compensation on human resource performance: The compensation provided by an organization not only directly impacts performance but also indirectly improves performance through religiosity. Employees who feel financially secure are more grateful, have higher spiritual motivation, and are encouraged to work with integrity. Thus, religiosity serves as a bridge that strengthens the relationship between compensation and employee performance. Overall, the results of this study confirm that human resource management in the public sector cannot solely focus on material aspects, but also requires attention to fostering religious values. Integrating compensation and religiosity has proven to be a crucial strategy for sustainably improving employee well-being, motivation, and performance.

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