

## THE IMPACT OF LOYALTY MEDIATION ON THE WORK ENVIRONMENT AND COMPENSATION ON EMPLOYEE PERFORMANCE IN THE GENERAL SECTION OF THE REGIONAL SECRETARY (SEKDA) OF JEMBER REGENCY

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### Abstract

This study aims to analyze the influence of work environment and compensation on the performance of employees of the General Section of the Jember Regency Secretary with loyalty as a mediation variable. The work environment includes work atmosphere, relationships between co-workers, relationships with leaders, facilities, and physical hygiene. Compensation includes salary, bonuses, incentives, indirect compensation, and award benefits. The research uses a quantitative method with a survey approach and data analysis using statistical techniques to test the direct and indirect influences between variables. The results of the study showed that the work environment and compensation had a positive and significant effect on employee loyalty, which further mediated the influence of these two variables on significantly improving employee performance. A conducive work environment and adequate compensation form high employee loyalty that encourages productivity, work quality, and employee commitment in carrying out duties. In conclusion, improving the quality of the work environment and a fair and transparent compensation system are essential to building employee loyalty, which ultimately improves organizational performance. This study provides recommendations for the management of the Jember Regency Secretary to continue to develop and optimize these two aspects for better and sustainable public services.

**Keywords:** Work Environment, Compensation, Loyalty, Performance, Jember Regency Secretary

## INTRODUCTION

Human resources (HR) are the most important asset in every organization, both companies and government agencies. HR includes all individuals involved in the process of achieving organizational goals through the contribution of knowledge, skills, attitudes, and creativity. The quality and capabilities of human resources greatly determine the effectiveness and competitive advantage of organizations in the midst of increasingly fierce global competition. Good human resource management includes planning, development, assessment, and maintenance of the workforce in order to be able to deal with changes in the work environment in an adaptive and productive manner. In various management literature, HR is considered the main driver of business processes and services, because without superior human resources, physical and technological resources cannot be utilized optimally.

In the modern world of organizations, both in the public and private sectors, the success of an organization depends heavily on the ability of human resources to carry out their roles and responsibilities optimally (Kasmir, 2022). Fierce competition in the world of work requires every employee to have dedication and consistency in carrying out their duties. However, the reality on the ground shows that there are still many employees who face decreased motivation, dissatisfaction, and weak emotional attachment to the organization (Budiningsih, 2021). Slow service, untimely assignments, and weak internal coordination are often indicators of low performance of state civil servants (ASN) (Bagis & Adawiyah, 2022). Therefore, it is important to conduct a comprehensive study to understand various factors that can improve the performance of ASN, especially through a conducive work environment, a fair compensation system, and strong job loyalty as an intrinsic encouragement for employees to contribute optimally (Tarisya, 2024).

Employee performance is a fundamental component that is a benchmark for the success of an organization in achieving its strategic goals (Ekobelawati et al., 2023). In government institutions, the performance of civil servants is not only measured by administrative work results, but also by service quality, policy innovation, and public satisfaction with bureaucratic performance (Purnamasari, 2021). Improving employee performance collectively will encourage the effectiveness of the implementation of development programs and good governance (*Good Governance*) (Kurniawanto et al., 2022). On the other hand, if employee performance decreases, the achievement of program targets, budget use effectiveness, and public service productivity is also disrupted. The success of a public organization is largely determined by the extent to which employees are able to work efficiently, consistently, and responsibly in carrying out their functions (Kurniawati et al., 2025). Therefore, appreciation of the role of human resources is important because they are the main drivers in realizing optimal organizational performance.

The reason why the object of the research is focused on the General Section of the Regional Secretariat of Jember Regency is because this section has a central role in supporting the smooth running of all government administration processes, both through administrative management, public relations, internal services, and maintenance of facilities needed by regional apparatus. As a strategic unit, the General Section is the backbone of administrative services for the leadership and all OPDs, so that the quality and performance in this section greatly determine the effectiveness and accountability of the implementation of local government as a whole. The focus of the research on the General Section is also

relevant because the available performance realization data can directly describe the dynamics, challenges, and achievements that occur in the administrative environment of the Jember Regency government service center.

**Table 1.**  
**Performance Realization Measurement for 2020-2024**

No	SASARAN STRATEGIS	INDIKATOR SASARAN	2020		2021		2022		2023		2024	
			TARGET	REALISASI	TARGET	REALISASI	TARGET	REALISASI	TARGET	REALISASI	TARGET	REALISASI
1	2	3	4	5	6	7	8	9	10	11	12	13
1	Peningkatan Administrasi Keuangan Perangkat Daerah	Prosentase Administrasi Keuangan Perangkat Daerah	100%	87%	100%	88%	100%	90%	100%	92%	100%	94,5%
2	Peningkatan Administrasi Barang Milik Daerah pada Bagian Umum	Prosentase Administrasi Barang Milik Daerah pada Bagian Umum	100%	78%	100%	70%	100%	75%	100%	72%	100%	67%
3	Peningkatan pada Administrasi Kepegawaian Bagian Umum	Prosentase Administrasi Kepegawaian Bagian Umum	100%	74%	100%	82,8%	100%	86,6%	100%	96%	100%	100%
4	Peningkatan Kualitas Administrasi Umum Perangkat Daerah	Prosentase Kualitas Administrasi Umum Perangkat Daerah	100%	80,6%	100%	81,1%	100%	82,2%	100%	81%	100%	82,71%
5	Peningkatan Pelayanan Penyediaan Jasa Penunjang pada Bagian Umum	Prosentase Pelayanan Penyediaan Jasa Penunjang pada Bagian Umum	100%	94,8%	100%	95,2%	100%	95,4%	100%	96,5%	100%	97%
6	Peningkatan Pada Pemeliharaan Barang Milik Daerah pada Bagian Umum	Prosentase Pelayanan Penyediaan Jasa Penunjang pada Bagian Umum	100%	75,2%	100%	75,7%	100%	76%	100%	79,3%	100%	77,6%
7	Peningkatan pada Administrasi Keuangan dan Operasional Kepala Daerah dan Wakil Kepala Daerah	Prosentase Administrasi Keuangan dan Operasional Kepala Daerah dan Wakil Kepala Daerah	100%	97,7%	100%	98,3%	100%	100%	100%	96,7%	100%	100%

Source: RKPD of the Jember Regency Government in 2024

Based on Table 1. The performance achievements in 2024 in the General Section of the Jember Regency Regional Secretariat, as shown in the Table above, show that not all target indicators are able to meet the target optimally. The realization of regional property administration indicators is only 67% of the 100% target. Then, the quality of general administration only reached 82.71%, and the maintenance of regional property was 77.6%. This achievement is relatively lagging behind several other aspects, especially financial administration and personnel administration which are able to achieve 100% realization according to the organization's targets. This imbalance of achievement indicates that there are challenges in maintaining consistency of performance in all fields, especially related to employee work motivation and the effectiveness of the compensation system and the work environment implemented. This fact reinforces the urgency of further research to delve deeper into the factors that affect the improvement of employee performance. The research can be focused on the role of the work environment and the compensation system, with employee job loyalty as a mediating variable, so that efforts to improve performance in the General Section of the Jember Regency Secretary can take place more effectively, equitable, and measurable according to organizational goals.

The work environment is any physical and non-physical conditions around the workplace that can affect employees when performing their duties, including comfort,

cleanliness, safety, social relationships, communication, and leadership (Roedyati & Purwanti, 2025). A conducive work environment is able to create a comfortable atmosphere for employees, increase motivation and productivity, thereby encouraging optimal performance. Conversely, an unsupportive environment can cause stress, boredom, and decreased productivity. Many studies state that the work environment has a positive and significant effect on employee performance, such as the studies of Anggraeni (2024), Simanjuntak (2024), Rachman (2023), Putra et al. (2022), and Rahmawati (2025), which prove that a conducive work environment encourages optimal performance. However, several other studies such as Saputra & Rizki (2022), Mahendra et al. (2025), Fitriani (2024), Warongan et al. (2024), and Nasution et al. (2023) found an insignificant influence, especially if other factors such as leadership, motivation, or individual character were more dominant, so the influence of the work environment on performance could differ according to the context and organizational situation.

Compensation is any form of compensation or rewards given by the organization to employees for the contributions and work results they provide, including basic salary, allowances, bonuses, incentives, and non-material awards (Uhai et al., 2024) and (Ichsan et al., 2024). The relationship between compensation and employee performance shows that if compensation is regulated fairly, transparently, and according to the workload, employees will feel valued, motivated, and encouraged to work harder so that their performance improves (Wiyoga et al., 2025). In the public sector, the determination of compensation often faces budgetary and regulatory challenges, requiring careful planning to remain able to spur work morale (Muhtarom et al., 2023). Previous research has mostly shown that compensation has a positive and significant influence on employee performance, as the results of studies (Ningsih & Zaki, 2024), (Handayani & Dimiyati, 2024), (Primary, 2024), (Syafitri & Kuswinarno, 2024). However, there are also studies that show the opposite results, namely compensation does not have a significant effect on employee performance, as found by (Rismawati et al., 2021), (Wiyoga et al., 2025), (Riza & Fazri, 2023) and (Razmayanti & Kusuma, 2024). These findings indicate the effect of compensation on performance may differ depending on the organizational context, the level of employee needs, or other supporting factors.

Work loyalty is a positive attitude and behavior that employees show through emotional attachment, commitment, and determination to consistently support organizational goals (Suparno et al., 2023). As a mediation variable, job loyalty connects the relationship between the work environment and compensation to employee performance, where loyal employees tend to be more disciplined, care about the quality of work, and want to stay in the organization (Reza & Yuliharsi, 2024) and (Rumadaul & Mathori, 2023). A harmonious work environment and fair compensation can strengthen this loyalty, resulting in improved performance. Most previous studies have proven that job loyalty has a significant effect as a mediator in improving performance, as shown by (Santoso, 2023), (Gorda et al., 2024), (Sari, 2022), (Muhtarom et al., 2023) and (Nurmayunita et al., 2021). On the other hand, some other studies such as (Nur et al., 2024), (Syafitri & Kuswinarno, 2024), (Fauzan, 2024) and (Syafitri & Kuswinarno, 2024) found that job loyalty does not necessarily have a significant effect on performance in a particular public sector or in a limited population, because the final outcome of performance is also influenced by external factors and personal motivation.

The results of previous research show that there are gaps and inconsistencies in empirical findings regarding the relationship between work environment, compensation, job loyalty, and employee performance (Nahdiah et al., 2024), (Mone et al., 2022), (Suparno et al., 2023) and (Risal, 2022). Some studies have found that work environment and compensation have a significant effect on performance through job loyalty, while other studies show different outcomes, where the effect is not significant. This suggests that there are still differences in context and method in the measurement that cause inconsistent results (Setiani & Febrian, 2023), (Raihan & Wulandari, 2024), (Anjani, 2021) and (Nofriyandri et al., 2024). In addition, there is still limited research that uses comprehensive instruments to measure the role of job loyalty as a mediating variable (Marbun & Jufrizen, 2022). Not a few studies only see loyalty as a simple indicator without exploring the dimensions of emotional attachment, affective commitment, and willingness to sacrifice for the organization. Previous research has also not identified much moderation factors or other variables that may strengthen the relationship between these variables (Rohmadon & Prayekti, 2022). Therefore, this study was conducted to fill the gap with a more systematic and in-depth approach to the variables of work loyalty in the context of local government bureaucracy.

This research is expected to have significant implications both practically and theoretically. Practically, the results of this research can help regional leaders in designing strategic policies related to human resource management, improving welfare, and improving working conditions in order to create optimal performance among civil servants. In addition, the results of the research can also be used as a basis for developing a more measurable training and performance evaluation program. Theoretically, this research contributes to the development of the science of human resource management, particularly in understanding how job loyalty can function as a psychological mechanism that strengthens the relationship between compensation, the work environment, and performance.

The novelty of this research lies in its conceptual approach that combines three main variables, namely work environment, compensation, and performance with work loyalty as a mediating variable. In addition, this study developed a more comprehensive instrument for measuring work loyalty, taking into account affective, normative, and continuous factors in accordance with the characteristics of the public bureaucracy. This is an added value because the results not only enrich the theory, but also provide an empirical contribution to human resource policy making in government agencies. Thus, this research is expected to make a real contribution to improving the quality of human resources and the performance of apparatus within the Jember Regency Regional Secretariat.

## **REVIEW OF LITERATURE**

### **Work Environment (X1)**

(V. W. Sari & Kasmiruddin, 2025) Stating the work environment is everything that exists around the worker that can influence them in completing the assigned tasks, such as physical facilities and psychological conditions. The following are indicators to measure the work environment:

1. Working Atmosphere
2. Relationships Between Co-Workers

3. Relationship with Leadership
4. Work Facilities/Equipment
5. Physical Hygiene and Comfort

### **Compensation (X2)**

According to (Idris, 2021), compensation is any form of income received by employees, both in the form of money, direct or indirect goods, as an appreciation for services provided to the company. Here are the indicators to measure compensation:

1. Salary
2. Bonus
3. Incentives
4. Indirect Compensation
5. Award Allowance

### **Employee Loyalty (Z)**

Job loyalty is an employee's attitude of loyalty, devotion, and commitment to the company or organization they work for (Nurangaeni, 2021). The following are indicators to measure employee loyalty:

1. Compliance
2. Responsibilities
3. Dedication
4. Integrity
5. A sense of belonging

### **Employee Performance (Y)**

Performance is the result of work in terms of quality and quantity obtained by an employee in carrying out his duties in accordance with the responsibilities given to him (Stuart et al., 2024). The following are indicators to measure employee performance:

1. Quantity
2. Quality
3. Timeliness (Timeliness)
4. Effectiveness
5. Independence

## **RESEARCH METHOD**

This research uses a quantitative research method with a descriptive approach. The population in this study is Employees, namely the general part of the Regional Secretary of Jember Regency amounting to 109. The population in this study is taken by the author from 100% of the population in ASN and Non-ASN Employees, namely General Section of the Regional Secretary of Jember Regency a total of 109 employees. In this study, the author used the technique *saturated sampling*. According to Sugiyono, (2021) What is meant *saturated sampling* is a sampling technique that provides equal opportunities or opportunities for each element or member of the population to become a sample. In this study, to test the hypothesis, the research uses *Structural Equation Modeling* (SEM) with statistical tools

*SmartPLS*. Structural Equation Modeling (SEM) is an integrated approach between factor analysis, structural modeling, and path analysis.

**RESULTS AND DISCUSSION**

**Outer Loading Test**

**Table 2.**  
**Outer-Loadings Results**

	Z		Y		X1		X2
Z	0.878	Y	0.801	X1.1	0.877	X2.1	0.877
Z	0.773	Y	0.753	X1.2	0.873	X2.2	0.842
Z	0.816	Y	0.812	X1.3	0.793	X2.3	0.895
Z	0.823	Y	0.811	X1.4	0.866	X2.4	0.889
Z	0.725	Y	0.739	X1.5	0.880	X2.5	0.886

Source: Data processed research (2025)

The criteria for the factor of *Outer-loadings* with a value of more than 0.70 are said to be high, while a value of 0.40 – 0.70 can be considered sufficient. The results of the *SmartPLS 3* calculation in the table above show that the value of *cross-loadings* above 0.70 is considered high and 0.40–0.60 is sufficient. Signifies that such factors significantly affect the related variables and meet the convergent validity criteria well.

**Construct Reliability and Validity Test**

**Table 3.**  
**Results of Construct Reliability and Validity**

	<i>Cronbach's Alpha</i>	<i>rho_A</i>	<i>Composite Reliability</i>	<i>Average Variance Extracted (AVE)</i>
Z	0.814	0.871	0.746	0.782
Y	0.782	0.885	0.810	0.849
X1	0.765	0.876	0.854	0.883
X2	0.786	0.907	0.870	0.815

Source: Data processed research (2025)

The basis used in the reliability test is the *Composite reliability coefficient* value and *Cronbach's alpha coefficients* above 0.7. The results in the table above show that the questionnaire instrument in this study has met the requirements of the reliability test, such as the *Composite reliability coefficient* value and *Cronbach's alpha coefficients* > 0.70. Meanwhile, the root value of AVE and *Rho\_A* of the same variable has been higher above < 0.70. This shows that the criteria for the discriminatory validity test have been met. Thus the instrument used in this study has met all the requirements of the validity test.

**Direct Influence Path Calculation**

**Table 4.**  
**Direct Influence Path Coefficient Value**

Hypothesis	<i>T Statistics</i>	<i>P values</i>	Remarks
X1 → Y	0.595	0.003	Positive and Significant Effect
X2 → Y	0.314	0.004	Positive and Significant Effect

<b>Z → Y</b>	0.737	0.002	Positive and Significant Effect
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Source: Data processed research (2025)

Results in Table 4. is the result of PLS analysis which will then be interpreted to answer the hypothesis proposed. The explanation of the results of the hypothesis test can be stated as follows:

- The influence of the work environment (X1) on employee performance (Y) the results of the analysis showed that the T Statistics value was 0.595 and *the p-value* was 0.003. Because *the p-value* is lower than the significance level of  $\alpha$  ( $0.003 < 0.05$ ). This indicates that there is a significant positive influence of X1 (work environment) on Y (employee performance).
- The effect of compensation (X2) on employee performance (Y) the analysis results showed that the T Statistics value was 0.314 and *the p-value* was 0.004. Because *the p-value* is lower than the significance level of  $\alpha$  ( $0.004 < 0.05$ ). This indicates that there is a significant positive influence of X2 (compensation) on Y (employee performance).
- The effect of job loyalty (Z) on employee performance (Y) the analysis results showed that the T Statistics value was 0.737 and *the p-value* was 0.002. Because *the p-value* is lower than the significance level of  $\alpha$  ( $0.002 < 0.05$ ). This indicates that there is a significant positive influence of Z (work loyalty) on Y (employee performance).

**Indirect Influence Path Calculation**

**Table 5.**  
**Value of the Indirect Influence Path Coefficient**

<b>Hypothesis</b>	<b>T Statistics</b>	<b>P values</b>	<b>Remarks</b>
<b>X1 → Z → Y</b>	0.802	0.002	Significant
<b>X2 → Z → Y</b>	2.339	0.000	Significant

Source: Data processed research (2025)

The results given in table 5. The above shows the indirect influence of the variable X1 (work environment) on the influence of variable Y (employee performance) mediated by job loyalty (Z), then the influence of variable X2 (compensation) on variable Y (employee performance) through the variable of job loyalty (Z) as mediation, as follows:

- The indirect influence from X1 (work environment) to Y (employee performance) which is mediated by the variable Z (work loyalty) the results of the analysis show that the T Statistics value is 0.802 and *the p-value* is 0.002. Because *the p-value* is lower than the significance level of  $\alpha$  ( $0.002 < 0.05$ ). This indicates that there is a significant positive influence of X1 (work environment) on Y (employee performance) mediated by job loyalty (Z).
- The indirect influence from X2 (compensation) to Y (employee performance) which was mediated by the variable Z (work loyalty) the results of the analysis showed that the T Statistics value was 2.339 and *the p-value* was 0.000. Because *the p-value* is lower than the significance level of  $\alpha$  ( $0.000 < 0.05$ ). This indicates that there is a significant positive influence of X2 (compensation) on Y (employee performance) mediated by job loyalty (Z).

**Coefficient of Determination ( $R^2$  Test)**

**Table 6.**

***Adjusted R-squared coefficients***

<i>Adjusted R-squared coefficients</i>	
Y	0.653
Z	0.672

Source : Data processed by researchers 2025

The above determination coefficients are presented in the form of *Adjusted R-squared coefficients* in table 6. Based on the *r-square* value in the table, it shows that employee performance is able to explain work loyalty by 65.3% or categorized as moderate, and the remaining 34.7% is explained by other constraints outside of those studied in this study. Meanwhile, work loyalty was able to explain the variable of employee performance by 67.2% or categorized as moderate correlation, and the remaining 32.8% was explained by other constraints other than those studied in this study.

**Work Environment Affects the Performance of Employees of the General Section of the Jember Regency Secretary**

The work environment is a crucial factor that determines the effectiveness of employees in carrying out daily tasks and achieving the goals of the local government organization. In the context of public bureaucracy such as the Jember Regency Secretary, the work environment not only includes physical aspects but also social and relational dimensions that shape the motivation and productivity of General Section employees. Therefore, an in-depth analysis of work environment indicators provides a comprehensive understanding of how these conditions affect performance holistically.

The findings of this study show that the work environment has a significant effect on the performance of employees of the General Section of the Jember Regency Regional Secretariat. Optimal environmental conditions have been proven to be able to increase productivity, quality of work results, and employee commitment to their duties. The five main indicators of work atmosphere, relationships between colleagues, relationships with leaders, availability of work facilities, and cleanliness and comfort of the environment are interrelated and contribute positively to individual and team performance. A harmonious work atmosphere creates high motivation and concentration, while open relationships between employees strengthen communication and collaboration. Support and trust from leaders fosters a sense of appreciation and loyalty at work, while adequate facilities increase the effectiveness and efficiency of daily tasks. The cleanliness and comfort of the environment help maintain the health and welfare of employees, so that they work more optimally. Overall, these findings affirm the importance of holistic and sustainable work environment management as a strategic factor in improving the performance and quality of public services.

The results of this study are in line with the findings of the (Setiana, 2025), (Suwandana & Made, 2025) and (Mahanani Erti Astuti et al., 2025), which states that the work environment has a positive effect on the performance of civil servants in government agencies. Similarly, research by (Roedyati & Gettik Andri Purwanti, 2025), (Rumadaul & Mathori, 2023) and (Safrida et al., 2023) emphasized that facilities, social relations, and physical conditions increase the effectiveness of local government employees. Research by

Raudah et al. and recent journals also supports that strengthening the physical-non-physical work environment is a key strategy in optimizing the performance of state civil servants.

### **Compensation Affects the Performance of Employees of the General Section of the Jember Regency Secretary**

Compensation is a crucial factor that determines the extent to which employees are able to carry out their duties optimally and contribute to the achievement of the goals of the local government organization. In the context of public bureaucracy such as the General Section of the Jember Regency Secretary, compensation not only meets the economic needs of employees, but also reflects recognition of their contributions that strengthen motivation and loyalty to work. Therefore, an analysis of each compensation indicator provides a comprehensive understanding of how the remuneration system affects performance holistically.

The findings of this study show that compensation has a significant influence on improving the performance of employees of the General Section of the Jember Regency Regional Secretariat. Employees who receive adequate compensation tend to show higher productivity, work quality, and discipline. Five indicators of salary compensation, bonuses, incentives, indirect compensation, and award benefits have been proven to complement each other in encouraging motivation and work commitment. A fair and timely salary creates financial satisfaction and a stable work focus, while performance-based bonuses and incentives foster a spirit of achievement and innovation. Indirect compensation such as insurance and paid leave strengthen long-term well-being, while award benefits increase employee loyalty and integrity. Overall, a fair, transparent, and performance-oriented compensation system is a strategic factor in creating a productive work environment and supporting the achievement of organizational goals.

The results of this study are in line with the findings of the study (Saiba et al., 2021), (Ananda & Hadi, 2023), (Ichsan et al., 2024) and (Roedyati & Gettik Andri Purwanti, 2025) which shows that compensation has a positive and significant effect on employee performance with a very strong correlation. Similarly, research by (Dewi et al., 2022; Eius Lestari & Desty Febrian, 2024; Ichsan et al., 2024) emphasized that salaries, allowances, and incentives increase the motivation and productivity of state civil servants. Related research in East Java also supports that a holistic compensation system is a key strategy for optimizing the performance of local government employees.

### **Work Environment Affects the Loyalty of Employees of the General Section of the Jember Regency Secretary**

The work environment is a crucial factor that determines the level of employee loyalty in long-term commitment to local government organizations. In the context of public bureaucracy such as the General Section of the Jember Regency Secretary, the work environment not only creates operational comfort but also strengthens emotional bonds and a sense of belonging to the institution. Therefore, the analysis of each work environment indicator provides a comprehensive understanding of how these conditions affect loyalty holistically.

The findings of this study show that the work environment has a significant effect on increasing the loyalty of employees of the General Section of the Jember Regency Regional Secretariat. Employees who work in a conducive environment exhibit higher levels of retention, attachment, and commitment to the organization. The five main indicators of work

atmosphere, relationships between colleagues, relationships with leaders, availability of facilities, and cleanliness and comfort of the environment have proven to play an important role in building loyalty. A harmonious work atmosphere creates a sense of security and value, supportive co-worker relationships strengthen team solidarity, and responsive leadership fosters trust and emotional closeness. Adequate work facilities support professional satisfaction while reducing frustration, while cleanliness and comfort of the environment maintain the physical and psychological well-being of employees. Overall, a work environment that is managed in a holistic and sustainable manner is a key factor in building loyalty, dedication, and stability of the apparatus within the Jember Regency Secretary.

The results of this study are in line with the findings (Utomo, 2022), (Sasti, 2023), (Putri et al., 2024), (Syafitri & Kuswinarno, 2024) and (Setiana, 2025) which states that the work environment has a significant effect on employee loyalty through work morale. Similarly, research (Mulia Sari & Andri, 2023) and (Alawiyah & Dharmaputra, 2024) emphasized that social relationships, facilities, and physical conditions increase employee attachment in East Java public institutions. Related research also supports that a conducive work environment is a key strategy for the retention of state civil servants.

### **Compensation Affects the Loyalty of Employees of the General Section of the Jember Regency Secretary**

Compensation is an important factor that affects employee loyalty in long-term commitment to the organization, especially in the General Section of the Jember Regency Secretary. Proper and adequate compensation not only meets the financial needs of employees, but also serves as a reward for their contributions, which encourages motivation, satisfaction, and a sense of belonging to the organization. Therefore, the analysis of compensation indicators provides a clear picture of how compensation plays a role in strengthening employee loyalty.

This study found that compensation had a positive and significant effect on the loyalty of employees of the General Section of the Jember Regency Regional Secretariat. Five indicators of salary compensation, bonuses, incentives, indirect compensation, and award benefits have proven to complement each other in shaping overall employee loyalty. A fair and timely salary provides a sense of security and financial satisfaction, while transparent bonuses strengthen emotional bonds and work motivation. Achievement-based incentives encourage a spirit of achievement because employees' efforts are recognized and rewarded in real terms. Indirect compensation such as health facilities, insurance, and paid leave improve well-being and work focus, while non-material award benefits such as promotions or certificates foster a sense of moral and professional recognition. Overall, a fair, transparent, and reward-oriented compensation system has proven effective in strengthening employee loyalty and commitment to the organization.

From these findings, it can be concluded that comprehensive and fair compensation management is the key to increasing the loyalty of employees of the General Section of the Jember Regency Secretary. This condition is in line with research (Zulher et al., 2022), (Gaol, 2021), (Julianti et al., 2024) and (Stuart et al., 2024) shows that there is a significant effect of compensation on the commitment of civil servants in a positive way. In addition, research by (Mulia Sari & Andri, 2023; Setiana, 2025) It also corroborates that compensation, which includes incentives and benefits, indirectly plays an important role in maintaining employee loyalty in the government sector.

## **Employee Loyalty Affects the Performance of Employees of the General Section of the Jember Regency Secretary**

Employee loyalty is a crucial factor that determines the effectiveness of performance in local government organizations. In the context of public bureaucracy such as the General Section of the Jember Regency Secretary, loyalty not only reflects individual commitment but also strengthens a collective work culture that supports the achievement of public service goals. Therefore, the analysis of each loyalty indicator provides a comprehensive understanding of how these attitudes and behaviors affect performance holistically.

The findings of this study show that employee loyalty has a significant effect on improving the performance of employees of the General Section of the Jember Regency Regional Secretariat. Employees with high loyalty levels are proven to work more productively, disciplined, and have better quality work results. The five main indicators of compliance, responsibility, dedication, integrity, and a sense of belonging complement each other in forming optimal performance. Compliance maintains consistency in the execution of tasks according to procedures, responsibility drives accountability and timeliness, while dedication results in perseverance and contributions exceeding expectations. Integrity strengthens public credibility and trust through ethical behavior, while a sense of belonging encourages emotional attachment and ongoing innovation. Overall, a strong loyalty culture is the main foundation for improving the professionalism, effectiveness, and stability of the performance of the apparatus within the Jember Regency Secretary.

The results of this study are in line with the findings (Rumadaul & Mathori, 2023), (Yusuf et al., 2024), (Natasya et al., 2025) and (Muhamad Fauzi Ridwan, Asep Jamaludin, 2025) which states that commitment (loyalty) has a positive and significant effect on the performance of General Section employees. Similarly, research by (Priyanto, 2022), (Putri et al., 2024) and (Dzulfikar Al-Muhtadi, 2023) emphasized that loyalty through motivation and competence improves the performance of local government employees. Related research also supports that strengthening loyalty is a key strategy for optimizing the state civil apparatus in East Java.

## **The Work Environment Affects the Performance of Employees of the General Section of the Regional Secretary of Jember Regency, Through Loyalty**

The work environment is a crucial factor that affects employee performance through loyalty mediation in local government organizations. In the context of public bureaucracy such as the General Section of the Jember Regency Secretary, the work environment not only creates optimal operational conditions but also forms loyalty that becomes a bridge to continuous performance improvement. Therefore, this mediation analysis provides a comprehensive understanding of the mechanism of influence of the work environment on performance through employee loyalty.

The findings of this study show that the work environment has a significant effect on the performance of employees of the General Section of the Jember Regency Regional Secretariat through loyalty mediation. A conducive work environment has been shown to increase employee loyalty, which in turn drives higher productivity, task quality, and organizational commitment. Loyalty acts as a partial mediator, signaling that improving the work environment can effectively build a dedicated apparatus. A harmonious work atmosphere strengthens emotional loyalty and work focus, open co-worker relationships foster team solidarity and collaboration, while relationships with leaders based on trust

encourage responsibility and stability of performance. Adequate work facilities increase professional satisfaction and dedication, while cleanliness and environmental comfort reinforce a sense of belonging and well-being at work. Overall, the results of this study confirm that improving the performance of the apparatus can be achieved through the synergy between good work environment management and sustainable loyalty coaching.

The results of this study are in line with the findings (Kurniawanto et al., 2022), (Ananda & Hadi, 2023) and (Hakim et al., 2023) which states that the work environment has a positive effect on performance through OCB as a mediator similar to loyalty. Similarly, research by (Alawiyah & Dharmaputra, 2024), (Perwira et al., 2025) and (V. W. Sari & Kasmiruddin, 2025) emphasizing that the work environment is significantly positive for the performance of local government employees. Related research in East Java also supports the loyalty mediation mechanism as a bureaucratic optimization strategy.

### **Compensation Affects the Performance of Employees of the General Section of the Jember Regency Secretary, Through Loyalty**

Compensation is a crucial factor that affects employee performance through loyalty mediation in local government organizations. In the context of public bureaucracy such as the General Section of the Jember Regency Secretary, compensation not only meets financial needs but also forms loyalty that becomes a bridge to optimal performance in a sustainable manner. Therefore, this mediation analysis provides a comprehensive understanding of the mechanism of the effect of compensation on performance through employee loyalty.

The findings of this study show that compensation has a significant effect on the performance of employees of the General Section of the Jember Regency Regional Secretariat through loyalty mediation. Fair and proportionate compensation has been shown to increase employee loyalty, which in turn drives higher performance in terms of productivity, quality of work, and commitment to the organization. Loyalty acts as a partial mediator that bridges the relationship between compensation and performance, demonstrating that a good compensation system is capable of forming a dedicated apparatus. A timely salary fosters a sense of financial fairness and work focus, while merit-based bonuses reinforce collective commitment and initiative. Incentives designed based on achievement encourage a positive spirit of competition, while indirect compensation such as insurance and paid leave improve well-being and a sense of belonging. Non-financial award benefits such as promotions or moral honors also strengthen employee dedication and retention. Overall, this study emphasizes that holistic and integrated compensation management with strengthening loyalty is a key strategy in improving the performance of the apparatus and the effectiveness of public services.

The results of this study are in line with the findings (Muhtarom et al., 2023) and (Herdiany et al., 2022) in the Jember Regency Secretary who stated that compensation has a significant positive effect on the commitment (loyalty) of civil servants. Similarly, (Fauzi et al., 2023), (Satria Yudha Pratama, 2024), (Uhai et al., 2024) and (Afifah, 2024) affirming that compensation improves performance through similar mediation factors. Related research also supports the loyalty mediation mechanism as a strategy for optimizing the bureaucracy in East Java.

## CONCLUSION

Based on the results of the analysis, several conclusions can be drawn as follows:

1. Compensation also has a positive and significant effect on the performance of employees of the General Section of the Jember Regency Secretary. Compensation indicators such as on-time salaries, performance bonuses, incentives, indirect compensation, and award benefits encourage more optimal motivation and work performance.
2. The work environment has a positive effect on the loyalty of employees of the General Section of the Jember Regency Secretary. Aspects of the physical and non-physical environment create a sense of security, team solidarity, and emotional bonds that strengthen employees' long-term commitment to the organization.
3. Compensation has a positive effect on the loyalty of employees of the General Section of the Jember Regency Secretary. A fair and transparent compensation system builds a sense of value, financial satisfaction, and belonging that increases employee retention and dedication.
4. Employee loyalty has a positive and significant effect on the performance of employees of the General Section of the Jember Regency Secretary. Loyalty indicators such as compliance, responsibility, dedication, integrity, and a sense of belonging encourage consistency, initiative, and higher quality of work.
5. The work environment affects the performance of employees of the General Section of the Jember Regency Secretary through partial loyalty mediation. Loyalty functions as an intervening variable that strengthens the path of influence of the work environment towards improving employee performance.
6. Compensation affects the performance of employees of the General Section of the Jember Regency Secretary through partial loyalty mediation. Loyalty mediates the relationship between compensation and performance, where adequate compensation forms a commitment that further increases productivity.
7. The quality of service has a positive and significant effect on the satisfaction of BPJS patients at the Lojejer Health Center, Jember Regency. This means that improving the quality of service will increase the level of patient satisfaction.

## Suggestions

Based on the results of this study, the following suggestions can be proposed:

1. Improving the work environment needs to be a top priority in the General Section of the Jember Regency Secretary in order to create a conducive and comfortable work atmosphere, strengthen relationships between colleagues and leaders, and provide adequate facilities and physical hygiene. This will significantly increase employee loyalty and performance.
2. The management of the compensation system needs to be improved by ensuring that salaries, bonuses, incentives, benefits, and indirect compensation are provided in a timely, fair, and transparent manner. An optimal compensation system will motivate employees, increase loyalty, and have a positive impact on their performance.
3. Organizations should be more active in fostering employee loyalty through various programs that foster a sense of responsibility, dedication, integrity, and a sense of

- belonging. Strong loyalty will be an important mediator in improving the overall performance of employees.
4. Periodic evaluations of the relationship between work environment, compensation, loyalty, and performance need to be conducted to identify obstacles and opportunities for improvement. Continuous monitoring will support the achievement of organizational performance targets.
  5. Further research can expand the variables by including other aspects such as work motivation, organizational culture, or job satisfaction, in order to get a more comprehensive picture of the factors that affect employee performance. The development of more complex mediation and moderation models is suggested for further research in order to clarify the mechanisms of relationships between variables in the context of local government.

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