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Work-Life Balance, Compensation, and Employee Performance: The Mediating Effect of Job Satisfaction in the Procurement Division of Denpasar City Government

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ABSTRACT

This study explores the influence of work-life balance and compensation on employee performance, considering job satisfaction as a mediating variable in the context of the public sector. A quantitative approach was applied through a survey of 60 civil servants in the Procurement Division of the Denpasar City Government. The data were gathered through questionnaires distributed via Google Forms and analyzed using SmartPLS 4 software. The results showed no significant effect of work-life balance on employee performance, either directly or indirectly through job satisfaction. In contrast, while compensation showed no direct effect on performance, it positively influenced performance indirectly through the mediating role of job satisfaction. These findings highlight the crucial mediating role of job satisfaction in improving employee performance, particularly in relation to compensation.

Keywords: Work-Life Balance, Compensation, Employee Performance, Job Satisfaction, Public Sector, Mediation.

JEL Code: H83, J28, M52, M54, O15

I. Introduction

Human resources (HR) plays a strategic role in determining the success of an organization, including in the public sector. According to Prawirosentono (2018), the achievement of organizational goals is highly dependent on optimal employee performance, which reflects the effective, efficient, and accountable execution of tasks. In this context, the Procurement Division of the Denpasar City Government is a critical entity, responsible for supporting regional development through timely, cost-effective, and high-quality procurement processes. Despite its vital function, the Division faces demonstrable performance challenges that threaten its effectiveness. For instance, the Public Satisfaction Survey index declined from a score of 93 in 2022 to 88 in 2023, a significant 5% drop, indicating eroding service quality. Moreover, procurement effectiveness is a pressing concern; official data from 2023 reveals that seven tenders failed, delaying critical public infrastructure projects with a total budget exceeding IDR 12 billion. These failures are frequently attributed to human errors in document preparation and evaluation, pointing directly to underlying issues in

employee performance. From the perspective of Social Exchange Theory (SET) (Blau, 1964), employee performance can be understood as a reciprocal behavior. Employees who perceive that their organization provides valuable resources—such as support for work-life balance and fair compensation—are more likely to reciprocate with positive attitudes and behaviors, including higher performance (Cropanzano & Mitchell, 2005). Work-life balance, an individual's ability to manage the demands of work and personal life (Stankevičienė et al., 2021; Udin, 2023), has become a critical non-monetary resource.

The encroachment of work into personal time, exacerbated by an "always-on" digital culture, can violate this social exchange, leading to burnout and diminished performance culture (Microsoft Work Trend Index, 2022). Similarly, within the SET framework, compensation is a fundamental component of the employment exchange, especially in the demanding public sector (Perry & Wise, 1990). Employees in the Denpasar Procurement Division manage high workloads, significant legal responsibilities, and heightened integrity risks. Yet, their remuneration has not been adjusted to reflect these challenges, notably lacking the special income supplements recommended by national oversight bodies such as the National Public Procurement Agency (LKPP) and the Corruption Eradication Commission (KPK). This creates a perceived imbalance in the organizational exchange, potentially demotivating employees. While prior studies have examined the impact of work-life balance and compensation on employee performance, the findings remain inconsistent (Aditya & Devastri, 2024; Felicia et al., 2020; Paramita & Supartha, 2022). This suggests a need for a more nuanced model that includes mediating variables. Grounded in Social Exchange Theory (Blau, 1964), this study posits that job satisfaction acts as a critical mediator: fair organizational exchanges (e.g., adequate compensation and support for work-life balance) foster job satisfaction, which in turn motivates higher performance (Mabaso & Dlamini, 2017). Based on the identified empirical problems and theoretical gaps, this study is guided by the following research questions: (1) To what extent does work-life balance influence employee performance in the public sector? (2) How does compensation affect employee performance? and (3) Does job satisfaction mediate the relationship between work-life balance, compensation, and employee performance?

II. Literature Review and Hypothesis Development

This study is grounded in Social Exchange Theory (SET), a foundational concept in social psychology and organizational behavior developed by Homans (1961) and Blau (1964). SET posits that social interactions are fundamentally a process of exchange based on the principle of reciprocity. Individuals and groups engage in relationships expecting that their contributions will be rewarded. When one party provides a benefit, the other feels an obligation to reciprocate. In an organizational context, SET illuminates the dynamic relationship between employees and their employer. The organization offers valuable resources—both economic (e.g., salary, compensation) and socio-emotional (e.g., work-life balance support, a positive work environment). In return, employees are expected to reciprocate with positive attitudes and behaviors, such as higher job satisfaction, commitment, and ultimately, enhanced performance (Ahmad et al., 2023). Therefore, SET provides a robust theoretical lens to investigate how organizational provisions like work-life balance and compensation influence employee performance, potentially through the mediating effect of job satisfaction. Employee performance is defined as the quality and quantity of an individual's work output, evaluated against pre-defined organizational standards, roles, and responsibilities (Prawirosentono, 2018). It encompasses not only measurable results but also the behaviors demonstrated while executing tasks legally and ethically (Sukmawati et al., 2023). In the context of public organizations, this study adopts the performance indicators stipulated by the Indonesian Ministry of Administrative and Bureaucratic Reform (PANRB, 2017), which are: (1) Productivity, (2) Service Quality, (3) Responsiveness, (4) Responsibility, and (5) Accountability. Job satisfaction is an individual's attitude toward their work that reflects pleasant emotional feelings (Kawiana, 2020). This concept is based on the comparison between expectations and actual outcomes (Busro, 2018).

Therefore, job satisfaction can be understood as a satisfying psychological and emotional state, often manifested through high work enthusiasm, discipline, and achievement. According to Hasibuan (2019), the

five indicators of job satisfaction are: (1) enjoying work, (2) loving work, (3) having positive work ethics, (4) work discipline, and (5) work achievement. Work-life balance refers to an individual's ability to effectively manage and feel satisfied across both professional and personal life domains (Greenhaus et al., 2003; Udin, 2023). It is a state of equilibrium that positively impacts well-being, health, and performance (Sánchez-Hernández et al., 2019). Following McDonald & Bradley (2005), Work-Life Balance is measured using three indicators: (1) Time Balance: equitable distribution of time between work and non-work activities; (2) Involvement Balance: balanced psychological and emotional engagement in work and personal roles; and (3) Satisfaction Balance: the level of contentment derived from fulfilling duties in both domains. Compensation is a fair and appropriate form of reward for employees' services in achieving organizational goals, and plays an important role in attracting and retaining quality workers (Hardiyansyah et al., 2023). Compensation is an employee's right and a company's obligation that must be provided fairly in accordance with applicable regulations (Diasuti, 2021). Compensation is the reward given by an organization to employees as an appreciation for their contributions and performance. Compensation indicators, according to Simamora (2019), include financial forms such as salary and incentives, as well as non-financial forms such as allowances and facilities.

2.1. Conceptual Framework

To visually represent the relationships explored in this study, a conceptual framework is proposed. This model illustrates the direct and indirect pathways connecting the variables.

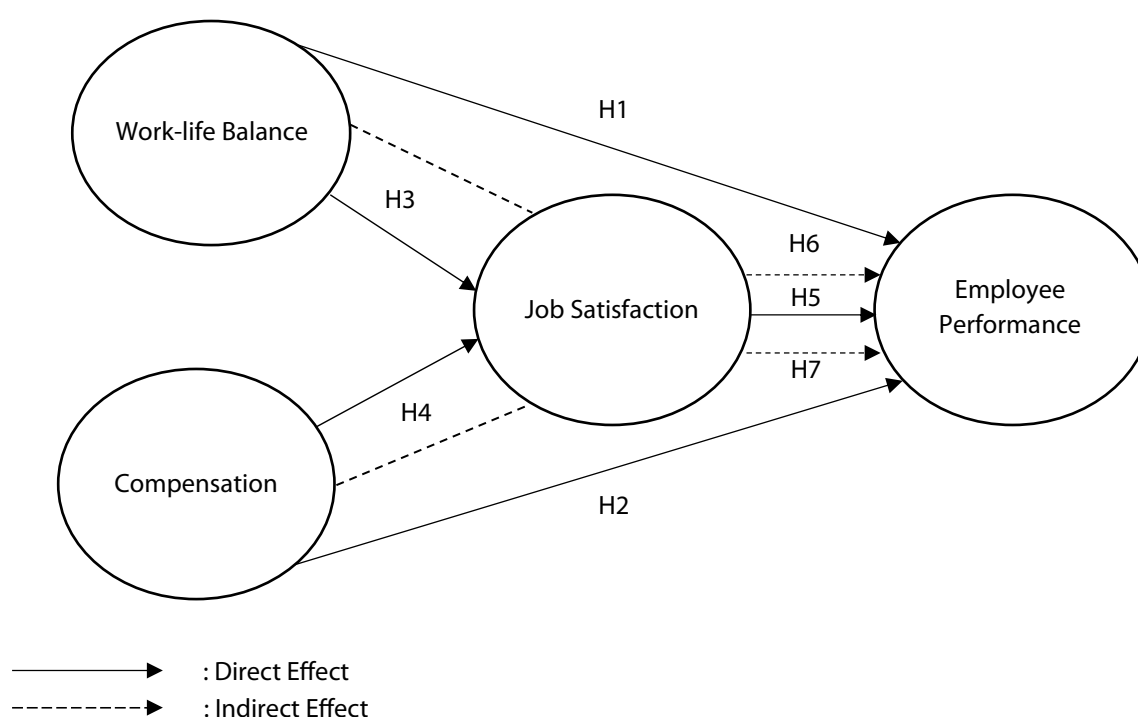


Figure 1. Conceptual Framework

The proposed model positions work-life balance and compensation as independent variables. Employee performance serves as the dependent variable. Job satisfaction is hypothesized to be a mediating variable, channeling the effects of the independent variables onto the dependent variable. This framework leads to the development of seven specific hypotheses, which will be detailed in the subsequent sections.

2.2. Hypothesis Development

This study examines the relationships among work–life balance, compensation, job satisfaction, and employee performance. The following hypotheses are formulated based on a review of the relevant literature.

a. Work–life balance and employee performance

Work–life balance is widely recognized as a crucial factor influencing employee performance. Previous studies consistently demonstrate a positive and significant relationship between maintaining equilibrium between professional and personal responsibilities and improved job outcomes. Paramita and Supartha (2022) found that employees who successfully balance work and personal life tend to achieve higher performance, a finding reinforced by Waworuntu et al. (2022) and Udin (2023), who highlighted its direct impact on effectiveness and productivity.

H1: Work–life balance has a positive effect on employee performance.

b. Compensation and employee performance

Empirical evidence also shows a strong positive relationship between compensation and employee performance. Berliana et al. (2018) revealed that adequate and competitive compensation enhances motivation and serves as a strategic tool for improving performance, while inadequate compensation diminishes work motivation. Hasibuan (2019) further emphasized that well-structured and timely compensation policies foster enthusiasm and optimal performance. More recent studies by Aditya and Deviastri (2024) and Sugianto et al. (2022) reinforce these findings.

H2: Compensation has a positive effect on employee performance.

c. Work–life balance and job satisfaction

Prior research consistently highlights that work–life balance positively influences job satisfaction. Darmawan (2023) found that maintaining a balance between personal and professional life enhances employee satisfaction, while Kurniasari and Bahjahtullah (2022) observed that employees who effectively manage both aspects experience greater satisfaction, reflected in improved work quality and quantity. Kasbuntoro et al. (2020), in the banking sector, and Wenno (2018), in the context of PT PLN (Persero) Ambon, further confirmed this significant relationship.

H3: Work–life balance has a positive effect on job satisfaction.

d. Compensation and job satisfaction

Compensation is also a key determinant of job satisfaction. Diastuti (2021) emphasized that fair and adequate compensation significantly influences satisfaction levels, while Sudiardhita et al. (2018) highlighted that proper compensation motivates employees and contributes to organizational effectiveness. Ramli (2018) and Ritonga et al. (2023) likewise found that increases in compensation directly enhance job satisfaction, with fairness relative to job responsibilities fostering comfort and improved performance.

H4: Compensation has a positive effect on job satisfaction.

e. Job satisfaction and employee performance

Job satisfaction is a psychological factor that shapes employee behavior and performance. Satisfied employees tend to demonstrate stronger commitment, higher motivation, and consistent enthusiasm. Gracia and Lusiana (2025) reported a significant positive effect of job satisfaction on employee performance. Similarly, Ramli (2018) found that higher satisfaction enhances performance by fostering enthusiasm and

responsibility, while Berliana et al. (2018) observed that satisfied employees are more productive. Syaputra and Kusuma (2022) also emphasized that job satisfaction creates comfort and a sense of being valued at work. Fostering a supportive environment—through positive relationships, fair reward systems, career development opportunities, and balanced workloads—is therefore essential.

H5: Job satisfaction has a positive effect on employee performance.

f. Work-life balance, job satisfaction, and employee performance

Beyond its direct impact, work-life balance can indirectly influence performance through job satisfaction. Studies show that employees who maintain a healthy balance report higher satisfaction, which in turn enhances both the quality and quantity of their performance (Darmawan, 2023; Kurniasari & Bahjahtullah, 2022; Udin, 2023). Job satisfaction thus serves as a mediating factor, as noted by Asari (2022), who found that effective work-life balance fosters satisfaction that drives optimal performance.

H6: Work-life balance positively affects employee performance through job satisfaction.

g. Compensation, job satisfaction, and employee performance

The relationship between compensation and employee performance is not always direct, as job satisfaction often plays a mediating role. Job satisfaction—a positive emotional state resulting from employees' evaluation of their work and environment—tends to increase when compensation is perceived as fair and competitive, thereby fostering positive attitudes and higher productivity. Adequate and equitable compensation enhances satisfaction, which in turn drives performance. Aditya and Deviastri (2024) found that job satisfaction significantly mediates this effect, a conclusion supported by Kertiriasih et al. (2023).

H7: Compensation positively affects employee performance through job satisfaction.

III. Research Method

This study employed a quantitative approach with a survey method to examine the influence of Work-life balance and compensation on employee performance, with job satisfaction as a mediating variable. The theoretical foundation for the measurement constructs was based on established theories, including Social Exchange Theory (Blau, 1964), which explains how perceived reciprocity and organizational rewards affect employee attitudes and behaviors. The research was conducted in the Procurement Division of the Denpasar City Government, with a total population of 60 civil servants. Considering the relatively small population size, a census sampling technique was applied, whereby all members of the population were included as respondents. This approach was chosen to avoid sampling bias and ensure comprehensive representation of the study population. The survey instrument was developed from previously validated measures and adapted to the context of the public sector. Work-life balance was measured using indicators of time balance, involvement balance, and satisfaction balance (McDonald & Bradley, 2005). Compensation was operationalized into four dimensions: salary, incentives, allowances, and non-financial facilities (Simamora, 2019). Job satisfaction was assessed using dimensions such as enjoyment of work, affection for the job, work morale, discipline, and achievement (Hasibuan, 2019), while employee performance was evaluated based on productivity, service quality, responsiveness, responsibility, and accountability (PANRB, 2017). Each indicator was represented by three questionnaire items, resulting in a total of 51 items. Responses were recorded on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Data were collected through an online survey using Google Forms, which was distributed to respondents within the study population. Validity and reliability of the research instrument were assessed directly using the main survey data. In the preliminary stage, item validity was tested using Pearson's product-moment correlation

with SPSS, where items with correlation coefficients above 0.30 and significant at $p < 0.05$ were considered valid.

Reliability was evaluated through Cronbach's alpha, with values greater than 0.70 indicating acceptable internal consistency. Furthermore, measurement model assessment in SmartPLS was conducted to confirm construct validity and reliability, including composite reliability ($CR > 0.70$), average variance extracted ($AVE > 0.50$), and outer loading values (> 0.70), following the recommendations of Hair et al. (2021). These procedures ensured that the measurement model met the required psychometric properties prior to hypothesis testing. Data analysis was performed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS version 4. PLS-SEM was selected because it is suitable for small sample sizes, does not require normally distributed data, and can handle complex models with multiple mediating relationships. The evaluation process consisted of measurement model assessment (validity and reliability of constructs) and structural model assessment (path coefficients, R^2). Bootstrapping with 5,000 resamples was employed to test the significance of hypotheses. Ethical considerations were taken into account throughout the research process. Participation was voluntary, and respondents were informed of the study's purpose and assured of confidentiality and anonymity. Data were collected solely for academic purposes and analyzed in aggregate form to prevent the identification of individual respondents. Regarding respondent characteristics, the study involved 60 civil servants (ASN). Most respondents were male (63.3%) and in the productive age range of 30–50 years (71.7%). The majority were from the Procurement Management Division (65%), employed as Government Employees with Work Agreements (PPPK) (61.7%), and had 1–5 years of work experience (48.3%). In terms of education, most respondents held a Bachelor's degree (S1), accounting for 86.7% of the sample. \

IV. Results and Discussion

4.1. Result

a. Descriptive Statistics

The descriptive statistical analysis provides an overview of respondents' perceptions of the main research constructs.

Table 1. Descriptive Statistics of Research Variables

Construct	Mean	Score Criteria
Work-Life Balance	3.42	Good
Compensation	2.98	Fair
Job Satisfaction	3.72	Good
Employee Performance	4.02	Good

As shown in Table 1, employee performance achieved the highest mean score ($M = 4.02$), indicating a generally good level of perceived performance among civil servants in the procurement division. Job satisfaction also received a good rating, with a mean score of 3.72, suggesting that employees generally feel positive about their jobs. Work-life balance obtained a mean score of 3.42, which also falls within the good category, reflecting a relatively healthy balance between professional and personal responsibilities. In contrast, the construct of compensation received the lowest mean score ($M = 2.98$), classified as fair, indicating that respondents perceive the current compensation system as relatively less favorable and possibly in need of improvement.

b. Measurement Model Evaluation

The measurement model was evaluated through three main assessments: indicator reliability, internal consistency reliability, and convergent and discriminant validity, as recommended by Hair et al. (2021).

Table 2. Outer Loadings, CR, and AVE

Construct	Indicator	Outer Loading	CR	AVE
Work Life Balance	WLB _{1,1}	0.863	0.974	0.826
	WLB _{1,2}	0.836		
	WLB _{1,3}	0.905		
	WLB _{2,2}	0.906		
	WLB _{2,3}	0.934		
	WLB _{3,1}	0.954		
	WLB _{3,2}	0.937		
	WLB _{3,3}	0.928		
Compensation	COM _{1,1}	0.872	0.961	0.713
	COM _{1,2}	0.875		
	COM _{2,1}	0.885		
	COM _{2,2}	0.746		
	COM _{3,1}	0.857		
	COM _{3,2}	0.873		
	COM _{3,3}	0.918		
	COM _{4,1}	0.77		
	COM _{4,2}	0.851		
	COM _{4,3}	0.781		
Job Satisfaction	JS _{1,1}	0.868	0.949	0.7
	JS _{1,2}	0.872		
	JS _{1,3}	0.834		
	JS _{2,2}	0.859		
	JS _{2,3}	0.742		
	JS _{3,1}	0.869		
	JS _{3,2}	0.881		
	JS _{3,3}	0.758		
Employee Performance	EP _{1,1}	0.875	0.971	0.707
	EP _{1,2}	0.743		
	EP _{1,3}	0.835		
	EP _{2,1}	0.846		
	EP _{2,2}	0.892		
	EP _{2,3}	0.837		
	EP _{3,1}	0.853		
	EP _{3,2}	0.788		
	EP _{4,1}	0.766		
	EP _{4,2}	0.789		
	EP _{4,3}	0.871		
	EP _{5,1}	0.9		
	EP _{5,2}	0.908		
	EP _{5,3}	0.846		

Indicator reliability was evaluated using outer loading values. Indicators with loadings above 0.70 are considered reliable and make significant contributions to their respective constructs. Items below this threshold were removed to preserve measurement validity (Hair et al., 2021). As shown in Table 2, all retained indicators exhibit satisfactory loadings (0.742–0.954). Work–life balance shows consistently high reliability (0.836–0.954), while compensation indicators remain acceptable despite a few lower values (e.g., COM_{2,2}, COM_{4,1}, and COM_{4,3}). Job satisfaction indicators range from 0.742 to 0.881, with JS_{3,2} contributing the most. Employee performance indicators also demonstrate high reliability, ranging from 0.743 to 0.908. These results confirm that all indicators are valid and reliable measures of their latent constructs. Internal consistency reliability was assessed using Cronbach's alpha and composite reliability (CR). As presented in Table 2, all constructs met the reliability standards, with Cronbach's alpha values ranging from 0.938 to 0.970 and CR

values from 0.949 to 0.974, exceeding the recommended cutoff of 0.70 (Hair et al., 2021). Average Variance Extracted (AVE) values for all constructs were above 0.50, confirming convergent validity. Both the Fornell–Larcker criterion and the Heterotrait–Monotrait (HTMT) ratio were applied to ensure discriminant validity.

Table 3. Fornell–Larcker Criterion

Construct	Job Satisfaction	Employee Performance	Compensation	Work–Life Balance
Job Satisfaction	0.837			
Employee Performance	0.599	0.841		
Compensation	0.810	0.387	0.845	
Work–Life Balance	0.678	0.289	0.756	0.909

As shown in Table 3, the Fornell–Larcker criterion confirmed that the square root of each construct's AVE exceeded its correlations with other constructs. Furthermore, as presented in Table 4 (not shown here), all HTMT values were below the conservative threshold of 0.90, confirming satisfactory discriminant validity between constructs (Henseler et al., 2015).

Table 4. HTMT

Construct	Job Satisfaction	Employee Performance	Compensation	Work–Life Balance
Job Satisfaction				
Employee Performance	0.619			
Compensation	0.848	0.389		
Work–Life Balance	0.696	0.287	0.781	

In summary, all measurement model evaluation criteria were met, confirming the reliability and validity of the measurement instruments used in this study.

c. Structural Model Evaluation

This study evaluated the structural model by examining the path coefficients, coefficient of determination (R^2), and mediation effects following recommendations from Hair et al. (2021).

d. Coefficient of Determination (R^2)

Model explanatory power was measured by examining the R^2 value. According to Chin & Newsted (1998), these values are considered substantial ($R^2 > 0.67$) for job satisfaction and moderate ($R^2 > 0.33$) for employee performance.

Table 5. Coefficient of Determination (R^2 Values)

Dependent Variable	R^2	R^2 Adjusted	Interpretation
Job Satisfaction	0.666	0.655	Substantial
Employee Performance	0.395	0.363	Moderate

The result Table 5 indicates the R^2 value for job satisfaction was 0.666, indicating that 66.6% of its variance is explained by compensation and work-life balance. According to Chin's guideline, this is interpreted as substantial explanatory power. The R^2 value for employee performance was 0.395, suggesting that job satisfaction, compensation, and work-life balance jointly explain 39.5% of its variance. This value falls within the moderate range. These results imply that the model is capable of explaining a substantial proportion of the variance in job satisfaction and a moderate proportion in employee performance, which supports the relevance and predictive capability of the proposed structural model.

e. Path Coefficients and Hypothesis Testing

Path coefficient analysis is a statistical technique used to measure the magnitude and direction of relationships between latent constructs in the structural model. In this study, it is applied to examine both the direct and indirect effects among the variables: Work-Life Balance, Compensation, Job Satisfaction, and Employee Performance. The results are presented in terms of path coefficients (original sample), t-statistics, and p-values, which form the basis for hypothesis testing. The criterion for statistical significance in this study is a p-value less than 0.05. The path coefficients indicate the direction and strength of the relationships between constructs. The t-statistic reflects the extent to which a coefficient differs from zero, while the p-value assesses the significance of the relationship.

Table 6. Path Coefficients and Hypothesis Testing

Path	β	t-Statistic	p-Value	Significance	Hypothesis
WLB → EP	-0.137	0.891	0.373	Not significant	H1 not supported
WLB → JS	0.152	0.854	0.393	Not significant	H2 not supported
COM → EP	-0.204	1.218	0.223	Not significant	H3 not supported
COM → JS	0.696	4.925	0	Significant	H4 supported
JS → EP	0.858	6.321	0	Significant	H5 supported

Note. WLB = Work-Life Balance; EP = Employee Performance; JS = Job Satisfaction; COM = Compensation; H = Hypothesis.

As shown in Table 6, two direct effects were significant. Job satisfaction positively and significantly affects employee performance ($\beta = 0.858$; $t = 6.321$; $p < 0.001$), and compensation positively and significantly affects job satisfaction ($\beta = 0.696$; $t = 4.925$; $p < 0.001$). Thus, Hypotheses H4 and H5 are supported. However, work-life balance does not significantly affect job satisfaction ($\beta = 0.152$; $p = 0.393$) or employee performance ($\beta = -0.137$; $p = 0.373$), and compensation does not have a significant direct effect on employee performance ($\beta = -0.204$; $p = 0.223$). Therefore, Hypotheses H1, H2, and H3 are not supported.

f. Mediation Effect and Hypothesis Testing

A mediation analysis was conducted to assess whether job satisfaction mediates the effects of work-life balance and compensation on employee performance.

Table 7. Mediation Effect and Hypothesis Testing

Path	β	t-Statistic	p-Value	Significance	Hypothesis
WLB → JS → EP	0.130	0.780	0.436	Not significant	H6 not supported
COM → JS → EP	0.597	4.463	0.000	Significant	H7 supported

Note. WLB = Work-Life Balance; EP = Employee Performance; JS = Job Satisfaction; COM = Compensation; H = Hypothesis.

As shown in Table 7, job satisfaction significantly and fully mediates the relationship between compensation and employee performance ($\beta = 0.597$; $t = 4.463$; $p < 0.001$), supporting Hypothesis H7. Conversely, job satisfaction does not mediate the effect of work-life balance on employee performance, as indicated by the insignificant indirect path ($\beta = 0.130$; $p = 0.436$). Therefore, Hypothesis H6 is not supported.

These findings suggest that compensation improves employee performance through the mediating role of job satisfaction, confirming a full mediation effect. In contrast, work–life balance shows neither a significant direct effect nor a mediated effect on employee performance, indicating no mediation along this path.

g. Construct Profile Analysis

This section presents an in-depth analysis of the research variables based on the factor loading values and mean scores of each indicator. The factor loading values indicate the strength of each item's contribution to its respective construct, while the mean scores reflect respondents' average perceptions across the measured dimensions. This analysis offers additional insights into which aspects of each construct were perceived more positively or require further managerial attention. All constructs demonstrated strong measurement validity, with outer loadings exceeding the commonly accepted threshold (>0.70) and statistically significant T-statistics (Hair et al., 2021). As presented in Table 8, in the Work-life balance construct, Satisfaction Balance had the highest outer loading (0.940) and T-statistic (65.505), indicating its pivotal role in explaining the construct; however, it had the lowest mean (3.31), suggesting employees perceived only moderate satisfaction in balancing work and life. Within Compensation, the Allowances indicator showed the strongest measurement weight (outer loading = 0.883; $T = 23.819$) but received the lowest perception score (mean = 2.49), highlighting a potential dissatisfaction with allowance policies. In the Job Satisfaction construct, Enjoying the Job was the most dominant indicator (outer loading = 0.858), yet its mean score (3.14) was also among the lowest, implying limited emotional engagement with the job. For Employee Performance, Accountability emerged as both the strongest (outer loading = 0.885; $T = 28.535$) and most positively perceived indicator (mean = 4.15), reflecting a strong organizational culture of integrity and responsibility.

Table 8. Measurement Profile of Constructs

Construct	Indicator	Outer Loading	t-Statistic	Mean	Interpretation
Work–Life Balance	Time Balance	0.868	21.044	3.47	Good
	Involvement Balance	0.920	44.193	3.47	Good
	Satisfaction Balance	0.940	65.505	3.31	Fair
Compensation	Salary	0.874	20.525	2.78	Fair
	Incentive	0.816	15.923	3.25	Fair
	Allowances	0.883	23.819	2.49	Poor
	Facilities	0.801	16.603	3.38	Fair
Job Satisfaction	Enjoying the Job	0.858	27.499	3.14	Fair
	Loving the Job	0.801	15.418	3.62	Good
	Positive Work Morale	0.836	20.873	3.73	Good
	Work Discipline	0.836	20.873	4.09	Good
Employee Performance	Productivity	0.818	17.770	3.98	Good
	Service Quality	0.858	22.083	4.06	Good
	Responsiveness	0.821	15.017	3.82	Good
	Responsibility	0.809	15.766	4.09	Good
	Accountability	0.885	28.535	4.15	Good

Overall, Table 8 demonstrates alignment between theoretical construct relevance and measurement strength but reveals perception gaps, particularly in satisfaction and compensation areas, which may warrant managerial attention and policy reform.

4.2. Discussion

a. The Effect of Work-Life Balance on Employee Performance

The analysis revealed that Work-Life Balance had no significant effect on Employee Performance within the Procurement Division of the Denpasar City Government. This finding implies that higher levels of work-life balance perceived by employees do not necessarily translate into improved job output or performance achievements. While work-life balance is conceptually linked to psychological well-being and the ability to balance professional and personal roles (Udin, 2023), this balance does not appear to directly influence employee performance outcomes in this specific context. This result is consistent with prior studies (Felicia et al., 2020; Kim, 2014; Susanto et al., 2022), which also reported that work-life balance does not significantly affect employee performance. It highlights the need for more targeted organizational efforts to not only promote work-life balance policies but also ensure their real and meaningful impact on employees' experiences and outcomes. The insignificant impact of work-life balance on employee performance may be due to the demanding nature of public procurement work, which involves tight deadlines, regulatory complexity, and a high level of accountability. In such an environment, employees often prioritize task completion and compliance over personal balance.

b. The Effect of Compensation on Employee Performance

The result found no significant effect of compensation on employee performance within the Procurement Division of the Denpasar City Government. This indicates that increases in salary, allowances, incentives, or facilities do not directly enhance employee performance. This finding aligns with Aditya & Devastri (2024) and Idris et al. (2020), who argue that compensation's impact on performance is limited without sufficient job satisfaction and institutional flexibility. In contrast, studies by Berliana et al. (2018) and Paramita & Supartha (2022) found a positive relationship, suggesting that effectiveness depends on implementation and perceived fairness. The misalignment between compensation components and employee expectations may explain the insignificant effect. Although allowances were the most dominant indicator, their low average score reflects perceived inadequacy. Moreover, the demanding nature of procurement work—marked by strict deadlines and regulatory complexity—likely shifts employee motivation toward intrinsic drivers such as accountability and professionalism. The high loading on "accountability" supports this, indicating that performance may be sustained regardless of compensation levels. Thus, compensation may influence performance indirectly through job satisfaction rather than functioning as a direct driver in bureaucratic settings.

c. The Effect of Work-Life Balance on Job Satisfaction

The findings indicate that Work-Life Balance (WLB) has no significant effect on job satisfaction among civil servants in the Procurement Division of the Denpasar City Government. This suggests that the perception of balance between work and personal life does not substantially enhance satisfaction in this organizational context. While prior studies emphasize the positive role of WLB (Darmawan, 2023; Udin, 2023), similar non-significant results were also reported by Findy et al. (2020; Khansa Nadhilah et al., 2024) and Alamsyah et al. (2025), highlighting the situational nature of WLB's impact. The path analysis results indicate that work-life balance does not have a significant effect on job satisfaction among civil servants in the Procurement Division of the Denpasar City Government. This finding suggests that improvements in work-life balance do not necessarily lead to higher job satisfaction in this bureaucratic context. From the perspective of Social Exchange Theory (SET), employees evaluate the benefits they receive relative to their contributions. In this case, although WLB practices are perceived as adequate, they are viewed as a baseline entitlement rather than

a reciprocal benefit that fosters greater satisfaction. The relatively stable and less demanding work environment of the public sector further diminishes the salience of WLB, as employees already perceive sufficient personal time outside of work. Consequently, WLB functions more as a hygiene factor, preventing dissatisfaction but not generating higher satisfaction unless complemented by stronger motivators such as recognition, career advancement, and fair compensation. These findings underscore the importance of focusing on intrinsic and reciprocal factors that provide added value in order to enhance employee satisfaction, rather than relying solely on WLB improvements.

d. The Effect of Compensation on Job Satisfaction

The results show that compensation has a positive and significant effect on employee job satisfaction in the Procurement Division of the Denpasar City Government. This indicates that higher perceptions of fairness and adequacy in compensation are associated with higher levels of job satisfaction. This result is consistent with Social Exchange Theory (Blau, 1964), which posits that the relationship between organizations and employees is based on reciprocal exchange. In this context, fair and sufficient compensation is perceived as a tangible form of organizational appreciation for employees' contributions and responsibilities. In return, employees respond with positive attitudes, including higher job satisfaction, loyalty, and commitment to the organization. The relevance of this finding is reinforced by previous studies. Sudiardhita et al. (2018) Found that proper compensation enhances employee motivation and work attitudes, while Sutanto et al. (2024) Demonstrated that competitive and transparent compensation significantly improves the loyalty and job satisfaction of civil servants in the public sector. Overall, this study confirms that compensation is a fundamental determinant of job satisfaction, especially in procurement units where workload and legal risks are relatively high. Therefore, developing compensation policies that are fair, transparent, and performance-based—while also considering job demands and risks—should be a priority in public sector human resource management.

e. The Effect of Job Satisfaction on Employee Performance

The findings of this study reveal that job satisfaction has a positive and significant effect on employee performance in the Procurement Division of the Denpasar City Government. This result indicates that the higher the level of satisfaction perceived by employees, the better their performance in carrying out tasks and responsibilities. The result is in line with Social Exchange Theory (Blau, 1964), which explains that when employees perceive fair treatment and rewards from the organization, they feel obliged to reciprocate through improved performance, loyalty, and commitment. This finding is consistent with previous studies (Berliana et al., 2018; Gracia & Lusiana, 2025; Ramli, 2018; Syaputra & Kusuma, 2022), which found that satisfied employees tend to be more motivated, proactive, and committed to achieving organizational goals. Thus, these results confirm that efforts to improve employee performance must be supported by strategies that are capable of creating and maintaining job satisfaction through fair, conducive, and employee-welfare-oriented human resource management.

f. The Effect of Work-Life Balance on Employee Performance Mediated by Job Satisfaction

The indirect path analysis reveals that job satisfaction does not mediate the relationship between work-life balance and employee performance within the Procurement Division of the Denpasar City Government. This finding suggests that even when employees achieve a balance between their personal and professional lives, this balance is insufficient to significantly increase job satisfaction, and consequently, it does not impact their performance. Theoretically, work-life balance is an ideal state promoting employee well-being and job satisfaction (Greenhaus et al., 2003), with high job satisfaction expected to boost motivation, loyalty, and long-term performance (Robbins & Judge, 2019). However, our study does not support this proposed mediating relationship. These findings align with previous research by Khansa Nadhilah et al. (2024; Wulandari & Hadi, 2021), which similarly found no mediating role of job satisfaction between work-life balance and employee performance. The inability of job satisfaction to mediate this relationship in the Denpasar City

Procurement Division may stem from several factors. Firstly, the current work-life balance policies might not be perceived as effective by employees, thus failing to generate sufficient job satisfaction to influence performance. Secondly, the demanding nature of procurement work, characterized by strict schedules, stringent regulations, and high accountability, may prioritize job demands over work-life balance for employees. Lastly, the study indicates that compensation aspects play a more significant role in enhancing job satisfaction than work-life balance in this specific context.

g. **The Effect of Compensation on Employee Performance Mediated by Job Satisfaction**

The results of the indirect path analysis indicate that compensation positively and significantly affects employee performance through job satisfaction. This suggests that compensation does not directly enhance performance; rather, employees' perceptions of fair and adequate compensation foster job satisfaction, which subsequently drives improvements in performance. Job satisfaction thus serves as a crucial mediating mechanism, translating compensation into tangible performance outcomes. These findings are consistent with Social Exchange Theory (Blau, 1964), which posits that workplace relations are based on reciprocity. Fair compensation provided by the organization is perceived as recognition of employees' contributions. In response, employees reciprocate with positive attitudes, higher satisfaction, and improved performance. Empirical evidence from previous studies also supports this conclusion. Research by Aditya & Devastri (2024), Kertiriasih & Sariani (2023) consistently highlights the mediating role of job satisfaction in the compensation-performance relationship. Similarly, Sutanto et al. (2024) emphasize that in the public sector, a competitive and transparent compensation system indirectly enhances both satisfaction and performance. Overall, this study underscores that to improve performance, organizations should prioritize compensation policies that not only provide financial motivation but also foster fairness and satisfaction. By ensuring an effective compensation system, organizations can strengthen job satisfaction, which ultimately translates into higher and sustainable employee performance.

V. Conclusion

The findings led to several key conclusions: Work-Life Balance was found to have no significant direct effect on employee performance or job satisfaction. This suggests that a balanced work-life condition alone is not sufficient to enhance employee satisfaction or drive performance improvements in the studied context. Compensation does not directly affect employee performance. However, it has a positive and significant effect on job satisfaction, indicating that employees who perceive their compensation as fair and appropriate tend to report higher satisfaction levels. Job Satisfaction positively and significantly influences employee performance, confirming its role as a key determinant of performance in the public sector. In terms of mediation effects, job satisfaction did not mediate the relationship between work-life balance and performance, indicating no mediation. Conversely, job satisfaction successfully mediated the effect of compensation on performance, categorized as full mediation or indirect-only mediation. Overall, the study highlights the pivotal role of job satisfaction in translating compensation into enhanced performance and suggests that efforts to improve employee outcomes in the public sector should focus more on strengthening compensation systems rather than relying solely on work-life balance policies.

This study advances human resource management theory by reinforcing the mediating role of job satisfaction in linking compensation and performance, thereby contributing to the broader understanding of motivation and performance in public organizations. The findings also enrich the social exchange theory perspective by showing that compensation serves as a tangible exchange that fosters satisfaction and subsequently performance, whereas work-life balance does not consistently operate as an effective exchange mechanism in the public sector. Importantly, the non-significant role of work-life balance challenges the assumption of its universal applicability and emphasizes the need for contextualized approaches to HRM, particularly in bureaucratic and regulation-driven environments. For the Denpasar City Government, the findings underscore the necessity of prioritizing fair, transparent, and performance-based compensation

systems, including workload-based allowances, incentives, and relevant non-financial benefits. Strengthening compensation structures is likely to be more effective than relying solely on work-life balance initiatives. Nonetheless, existing work-life balance programs should not be disregarded; rather, they should be tailored to organizational culture, job characteristics, and employee needs. Moreover, fostering job satisfaction through improved career development opportunities, supportive leadership, and positive workplace relationships should become a central strategy to drive sustainable performance improvements in the public sector.

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