

The Effect of Remuneration on Work Ethic and Employee Performance at UIN North Sumatra: Empirical Analysis

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Article Information	Abstract
<p>Article History: Received: 15 April 2025 Accepted: 20 Mei 2025 Published: 30 Mei 2025</p> <p>Keywords: Remuneration, work ethic, employee performance.</p>	<p>This study aims to analyze the influence of remuneration on work ethic and employee performance at the State Islamic University of North Sumatra (UIN-SU). Remuneration as a form of financial compensation has an important role in encouraging employee morale and productivity. Nevertheless, performance improvement does not only depend on material incentives, but is also influenced by internal work values such as work ethic. This study uses a quantitative approach with Pearson's correlation technique and involves 45 structural employees as respondents. The main instrument used is a questionnaire that has gone through validity and reliability tests. The results showed that remuneration had a significant influence on work ethic with a correlation value of 0.304 (significant at the level of 5%). Meanwhile, remuneration also has a significant effect on employee performance with a correlation value of 0.553 (significant at the level of 1%). The most prominent finding was that work ethic had the most dominant influence on employee performance, with a correlation value of 0.887 (significant at the level of 1%). These results show that although remuneration is important as a motivational tool, work ethic has a greater role in determining employee overall performance. The implications of these findings emphasize the importance of developing a fair and transparent remuneration system, accompanied by a strong value building strategy and work culture. In the context of Islamic higher education institutions such as UIN-SU, a work ethic based on the value of worship and social responsibility needs to be strengthened in order to achieve optimal and sustainable performance.</p>

INTRODUCTION

The State Islamic University of North Sumatra (UIN-SU) is a higher education institution under the auspices of the Ministry of Religion of the Republic of Indonesia. As part of a government institution oriented towards public service and the development of Islamic-based science, the success of UIN-SU is highly dependent on the quality of its human resources. In this context, structural employees play a strategic role in ensuring the smooth operation of education and administrative services. Therefore, employee performance is a fundamental aspect that supports the achievement of institutional goals.

Employee performance is a reflection of their ability and dedication in carrying out administrative and service tasks. The level of performance achievement is influenced by various factors, both internal and external. Among the internal factors that play an important role is work ethic, namely the enthusiasm, attitude, and values embraced by employees in responding to work. Meanwhile, from the external side, one of the factors that is widely researched and considered significant is remuneration or work rewards.

Remuneration has a function as a motivational tool as well as an appreciation for employee contributions. The provision of fair and proportionate remuneration is believed to increase job satisfaction, loyalty, and employee morale. Several previous studies have shown that an effective remuneration system can encourage performance improvement, especially when adjusted to the workload and work achievements of employees (Ojeleye, 2017; Wasti & Pandoyo, 2020).

Nevertheless, the reality on the ground shows that the relationship between remuneration and performance is not always linear. At UIN-SU itself, although the remuneration system has been implemented and has improved in recent years, the improvement in employee performance has been uneven. There are employees who show high productivity, but there are also those who seem to be less motivated even though they receive the same remuneration. This indicates that remuneration is not the only determining factor for employee performance.

Research by Nabillatus & Suwandi (2024) reveals that remuneration functions as a moderation variable in the relationship between compensation and performance, but other variables such as job satisfaction and work environment are more dominant. Thus, it is important to analyze how the relationship between remuneration, work ethic, and employee performance is simultaneously in order to find comprehensive policy solutions.

Work ethic itself is fundamental values that are formed through experience, organizational culture, and individual beliefs. Employees who have a high work ethic are generally more responsible, disciplined, and enthusiastic in carrying out their duties. In the Islamic perspective, work is not only seen as a worldly activity, but also as a form of worship. Therefore, the integration between spiritual and material motivations such as remuneration is important in shaping sustainable performance.

As emphasized by Revina, Safitri, & Hartono (2024), providing adequate remuneration can increase motivation and job satisfaction, but must be accompanied by a strong work culture and a fair reward system to have a maximum impact on performance. If remuneration is not balanced with an increase in work ethic, then the effect will only be short-term and will not be able to form employee loyalty in depth.

This research is important because there is still a gap between the remuneration policy and the results of employee performance at UIN-SU. Empirically, a thorough analysis is

needed to understand whether remuneration actually contributes significantly to performance, as well as how work ethic mediates the relationship. This study also seeks to answer whether there needs to be a more holistic approach in improving employee performance other than relying only on financial aspects.

By examining the influence of remuneration on work ethic and employee performance quantitatively and qualitatively, the results of this study are expected to make a scientific contribution to the development of human resource management, especially in the Islamic higher education environment. The findings of this study are expected to be considered in designing an effective remuneration system and strengthening a productive work culture at UIN-SU and other similar institutions.

LITERATURE REVIEW

Employee Remuneration and Performance

Various studies show that remuneration has a significant influence on employee performance. According to Ojeleye (2017), there is a strong positive relationship between the level of remuneration and work performance in the higher education sector. Remuneration in the form of basic salary, allowances, and bonuses is considered to be able to increase work morale, punctuality, and employee responsibility in carrying out their duties. This study confirms that financial rewards are an important driver to increase work productivity in public and private institutions.

Similar findings were put forward by Wasti and Pandoyo (2020) in their research on employees of the General Bureau of the Ministry of Transportation. The results of the analysis showed that remuneration affected performance by 34.06%, although the rest was influenced by other variables such as organizational culture and competence. This reinforces the view that remuneration is one of, but not the only, important factors in shaping optimal performance in a bureaucratic work environment.

In the context of higher education, Nabillatus and Suwandi (2024) stated that remuneration plays a role as a moderation variable in the relationship between compensation and performance. This means that remuneration strengthens the effect of compensation on work performance. However, they also emphasized that job satisfaction and the work environment have a more dominant influence. Therefore, the remuneration system needs to be prepared by considering the integration of various non-financial aspects to optimize employee work results.

Remuneration and Work Ethic

Work ethic is a mental attitude and work ethic that encourages a person to work with dedication, responsibility, and integrity. In this case, remuneration not only has an impact on work performance, but also shapes perceptions and attitudes towards work. Research conducted by Nadya Rafdiyanti (2017) shows that remuneration has an influence of 47.1% on the work ethic of ASN at the Office of the Ministry of Religion in Pekanbaru. This means that a financial reward system that is implemented fairly and transparently can increase the enthusiasm and seriousness of employees at work.

The research of Revina, Safitri, and Hartono (2024) also supports this finding. They stated that the provision of decent remuneration increases the motivation and job satisfaction of hospital employees, which ultimately strengthens their work ethic. Employees feel rewarded for their hard work and tend to show greater dedication to service. In the context of public institutions such as UIN-SU, appropriate remuneration is believed to strengthen work values based on the spirit of devotion and worship.

On the contrary, the study conducted by Bacache-Beauvallet (2011) provides a critical perspective. He stated that a performance-based remuneration system that is too rigid can actually weaken the intrinsic motivation of employees in the public sector, including work ethic. Employees focus on quantitative targets and ignore the quality of work and service aspects. Therefore, the remuneration system needs to be designed to not only encourage performance, but also foster a value-oriented work ethic.

The Relationship between Work Ethic and Employee Performance

Work ethic has a crucial role in determining employee performance. In many studies, it has been found that employees with a high work ethic tend to show better work results, even under conditions of minimal remuneration. Steers (2000) states that motivation and work ethic are internal factors that contribute greatly to individual performance in the organization. A high work ethic reflects commitment, diligence, and responsibility, which directly impacts the achievement of organizational targets.

Research by Sunaryo (2001) also revealed that within the Ministry of Religion, internal factors such as work ethic are more influential than external factors such as compensation. This shows that while remuneration is important, work values such as discipline, loyalty, and integrity remain the main foundation in building employee performance.

In a broader context, work ethic not only affects individuals personally, but also shapes the work culture of the organization as a whole. An organization filled with individuals with a high work ethic will demonstrate strong work synergy, effective collaboration, and optimal service to the public. Therefore, strengthening work ethic is a long-term strategy in developing quality and productive human resources.

RESEARCH METHOD

This research employs a quantitative approach supported by qualitative data, conducted at UIN-SU Medan. The location was selected based on accessibility to data, time efficiency, and the willingness of structural staff to participate as respondents. The study's population includes all permanent structural employees at UIN-SU, totaling 226 individuals. A proportional sampling technique was used to select 20% of the population, resulting in 45 respondents distributed across work units. The primary data collection tools used were questionnaires and interviews, with questions designed based on the Likert scale to measure employee perceptions regarding remuneration, work ethic, and performance. To ensure the reliability and validity of the instrument, a try-out was conducted in two stages with 30 respondents in each stage. The validity test used the Product Moment formula, and items were revised if their correlation values fell below the significance threshold. After revision and re-testing, all 37 questionnaire items were declared valid and reliable, with a Cronbach's alpha coefficient of 0.819. Data analysis involved both qualitative and quantitative methods.

Qualitative data were interpreted inductively, while quantitative data were analyzed using Pearson correlation techniques via SPSS software to test the proposed hypotheses regarding the relationships between remuneration, work ethic, and employee performance.

RESULTS AND DISCUSSION

This research was conducted on 45 structural employees of UIN North Sumatra who were selected proportionally from a total population of 226 employees. The data collection method was carried out through the distribution of questionnaires and interviews that measured three main variables, namely remuneration, work ethic, and performance.

1. Level of Understanding and Implementation of Remuneration: Based on the data obtained from the results of the questionnaire, the highest score score was 2160. The total actual score of the respondents was 1709, resulting in a percentage of 79%. Based on the Likert category, this indicates that the level of understanding and action of employees towards remuneration is in the "High" category.
2. Employee Work Ethic Level: The maximum score value is 1620, with the actual score result being 1292. This results in a percentage of 79%, which is also in the "High" category. This shows that in general UIN-SU employees have a good work spirit.
3. Employee Performance Level: The maximum score of the performance questionnaire is 2880. The respondents' answers resulted in an actual score of 2132, or about 74%, which is also in the "High" category.
4. Correlation and Significance Test
 - Remuneration for Work Ethic: Pearson's correlation shows a value of 0.304 (*), which is significant at the level of 5%.
 - Remuneration to Performance: The correlation result is 0.553 (**), which means it is very significant at the level of 1%.
 - Work Ethic on Performance: The correlation of 0.887 (**), shows a very significant influence with high relationship strength.

DISCUSSION

The Effect of Remuneration on Work Ethic

The results of the study showed that remuneration had a significant influence on the work ethic of employees at UIN North Sumatra with a correlation value of 0.304. This number illustrates the existence of a positive and meaningful relationship, although it is not quite strong. This means that the better the remuneration system implemented, the higher the work morale and responsibility of employees in carrying out their duties. The remuneration received is a signal of appreciation for the performance performed, thus encouraging intrinsic motivation in work.

However, the power of this influence is still at a moderate level. This indicates that other factors also play an important role in shaping work ethic, such as personal values, organizational culture, the role of direct supervisors, and the social work environment. Employees who have a religious character or have a religious awareness at work, may still have a high work ethic even though the remuneration system has not been maximized. This is in line with the characteristics of religious institutions such as UIN-SU, where spiritual values play a major role in professional life.

The research of Nadya Rafdiyanti (2017) strengthens this finding. He found that remuneration contributed 47.1% to the work ethic of ASN at the Ministry of Religion Office in Pekanbaru, while the rest was influenced by other factors. Therefore, the financial-based reward system needs to be integrated with non-material coaching systems such as fostering Islamic work values, leadership training, and strengthening collective work culture.

Thus, while remuneration can encourage morale, there needs to be a more comprehensive strategic policy to foster a strong work ethic. The role of leadership, religious guidance, and a fair evaluation system need to be strengthened so that employees' morale is not only supported by financial factors, but also by the values of integrity and worship sourced from Islamic teachings.

The Effect of Remuneration on Employee Performance

Remuneration has been proven to have a significant influence on the performance of UIN-SU employees with a correlation coefficient of 0.553 at a significance level of 1%. This shows that adequate and fair remuneration can be a strong driver for improving employee performance. Employees who feel that their hard work is rewarded with equal rewards will feel more motivated, disciplined, and responsible for their tasks.

Remuneration serves not only as a reward for performance, but also as a maintenance factor that prevents the appearance of job dissatisfaction. In practice, a performance-based remuneration system provides incentives for employees to innovate, work efficiently, and complete tasks on time. This system is a strategic instrument to build sustainable competence and productivity.

These findings are consistent with the results of Ojeleye's (2017) research, which confirms that remuneration contributes to increasing work motivation and performance in educational institutions. Nevertheless, it is important to note that fairness in the determination and distribution of remuneration largely determines the success of this system. If remuneration is not adjusted to the workload and individual achievements, it will actually cause social jealousy and a decrease in morale.

Therefore, the remuneration system needs to be designed in a transparent, fair, and measurable manner. Performance evaluation must be based on objective indicators, such as task achievement, attendance, discipline, and real contribution to the institution. With this approach, remuneration is not only compensation, but also a tool for forming a professional and competitive work culture within UIN-SU.

The Influence of Work Ethic on Employee Performance

Work ethic was proven to have the strongest influence on employee performance with a correlation coefficient of 0.887 and high significance (1%). These results show that

employees who have high work morale, dedication, and strong responsibility will tend to produce optimal performance. Work ethic forms a positive mindset in completing tasks and fostering initiative at work without having to wait for instructions from superiors.

A good work ethic reflects the personal character of employees in responding to work responsibilities as part of worship and social contribution. In the context of UIN-SU as an Islamic institution, spiritual values play a very important role in forming a strong work ethic. Employees who internalize the value of worship at work will show loyalty and high productivity even though they are not always driven by financial incentives.

Research by Steers (2000) and Sunaryo (2001) supports this finding, where work ethic is seen as an internal factor that greatly determines performance, exceeding the influence of external incentives. Employees with strong internal motivation typically have a long-term work orientation, a focus on quality results, and a sense of social responsibility towards the institution they work for.

Thus, strengthening work ethic is a long-term strategy to improve institutional performance. Spiritual training programs, character development, and the cultivation of Islamic values in the work environment are important steps that can be taken by UIN-SU management. If the work ethic of employees is high, then the quality of service and productivity of the institution will increase continuously, regardless of the amount of incentives received.

CONCLUSION

Based on the results of research conducted at UIN North Sumatra, it can be concluded that remuneration has a significant influence on work ethic and employee performance. Although the influence of remuneration on work ethic is moderate, it still shows that financial incentives are able to increase employee morale and loyalty. Meanwhile, the influence of remuneration on employee performance is stronger, indicating that the provision of proper compensation can encourage work productivity and the achievement of institutional targets more optimally. In addition, this study also shows that work ethic has the most dominant influence on employee performance. Values such as dedication, responsibility, and the spirit of worship in work are the main drivers in creating maximum work results. Therefore, to build superior employee performance, UIN-SU not only needs to pay attention to the aspect of remuneration, but also seriously develop a work culture based on spiritual values, integrity, and professionalism.

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