

The Role of Work Ethic as a Mediator in the Influence of Employee Benefits and the Work Environment on the Performance of Civil Servants: A Study at the Serang City Department of Transportation

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ABSTRACT

The performance of Civil Servants (ASN) is a crucial factor in improving the quality of public services. However, the performance of employees at the Serang City Transportation Agency has not yet reached its optimal level, making it necessary to examine the influence of employee allowances, work environment, and work ethic on employee performance.

This study aims to analyze the effects of employee allowances and the work environment on employee performance, their effects on work ethic, the effect of work ethic on employee performance, and the mediating role of work ethic at the Serang City Transportation Agency. This research employed a quantitative survey approach. The population consisted of 80 civil servants, all of whom were selected as the sample using a saturated sampling technique. Data were collected through a five-point Likert scale questionnaire and analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with SmartPLS software. The findings indicate that all direct relationships are positive and significant ($p < 0.05$). Work ethic significantly mediates the effects of employee allowances and the work environment on employee performance. The coefficient of determination ($R^2 = 0.666$) shows that 66.6% of employee performance is explained by the proposed model. The study concludes that all hypotheses are supported. Employee allowances and the work environment improve employee performance directly and indirectly through work ethic. Therefore, enhancing employee welfare, improving the work environment, and strengthening work ethic should become strategic priorities for the Serang City Transportation Agency.

INTRODUCTION

Managing people as organizational assets through a strategic process is known as human resource management (HRM). Armstrong (2021) describes HRM as “a strategic approach to managing employment relations that emphasizes that leveraging human capability is essential for organizational performance.” In the context of public organizations,

the goal of HRM is to improve the efficiency of services provided to the public. Consequently, civil servants are expected to perform at their best.

The Indonesian government, through various laws and regulations, encourages the improvement of the quality of civil service human resources through the implementation of a merit system, performance evaluations, performance-based allowances, and the development of work ethics and moral values. Hasibuan (2020) emphasizes that HRM in an organization often serves as an instrument to “regulate, manage, and utilize employees so that they are able to work effectively and efficiently in achieving organizational goals.” This indicates that human resource management is not merely administrative in nature, but is also strategic and focused on enhancing performance.

In the public bureaucracy, human resources (HR) are also linked to psychosocial components such as motivation, organizational support, the work environment, and work ethic. According to Mangkunegara (2021), an organization’s success is determined by the extent to which these elements can motivate employees to achieve their best work outcomes. Therefore, to achieve optimal quality in public services, the integration of benefits, the work environment, and work ethic is crucial.

The success of an organization, including government organizations, depends on employee performance, which Pramudyo (2022) defines as “the quality and quantity of work results achieved by an employee in accordance with the performance standards established by the organization.” Employee performance in government agencies directly influences the quality of public services, the effectiveness of oversight, and how the public perceives the performance of local governments.

The performance of civil servants (ASN) is measured not only by work output but also by work behavior such as discipline, responsibility, and integrity. Sedarmayanti (2021) states that civil servant performance encompasses three main dimensions: quantity, quality, and timeliness. Furthermore, in the public sector, employee service behavior and accountability are also critical determinants of an agency’s success.

The performance of civil servants (ASN) is not evaluated solely based on work results but also through aspects of work behavior, such as discipline, responsibility, and integrity. Sedarmayanti (2021) explains that ASN performance encompasses three main dimensions: quantity, quality, and timeliness. Furthermore, in the context of the public sector, employees’ service behavior and accountability play a crucial role in determining an agency’s success.

In various empirical studies, employee benefits and working conditions have been identified as dominant factors. Wijaya (2023) states that employee benefits have a significant influence because they can enhance ASN work motivation. Meanwhile, Putra (2024) emphasizes that the work environment—both physical and non-physical—makes a substantial contribution to employee productivity. Additionally, Sari (2022) notes that work ethic serves as a key variable that strengthens the link between external factors and employee performance.

The Serang City Transportation Agency (Dishub) is a local government unit responsible for managing transportation affairs, including traffic regulation, public transportation services, road safety, and the supervision of transportation facilities and infrastructure. Dishub also collaborates with the Traffic Unit (Satlantas) and relevant agencies to ensure traffic safety, smooth flow, and order.

Based on the Serang City Transportation Agency's performance achievements for 2025, there are several performance indicators that have not yet reached optimal levels.

In addition, under the program to improve public street lighting (PJU), the installation of new lights reached 500 locations out of a target of 740, with a performance achievement of 80.8% and a rating of "fairly good." These data indicate that there are still several programs that need improvement so that work targets can be optimally achieved. Overall, this table illustrates that the performance of the Serang City Transportation Department is fairly good but still requires improvement, particularly in enhancing employee work effectiveness, public service delivery, and the implementation of transportation and traffic programs in Serang City.

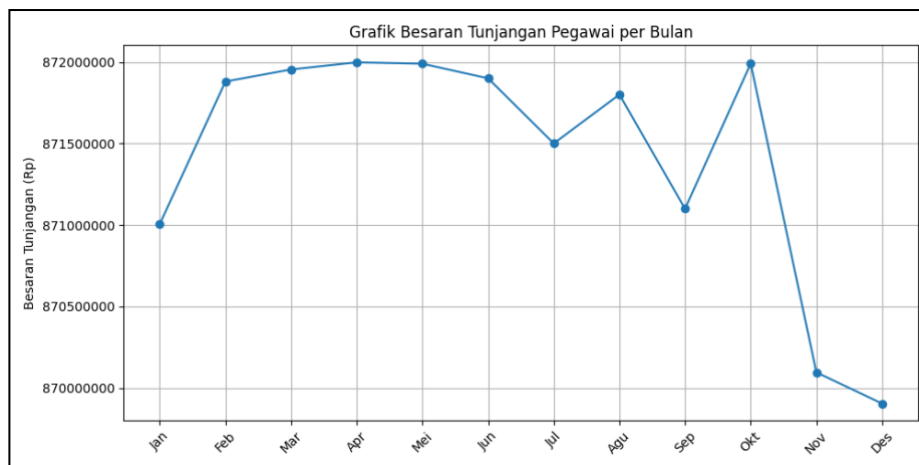
Based on the department's performance achievements, it is evident that certain indicators need improvement, and employee performance is an issue that requires further investigation. This study was conducted to gain a deeper understanding of the various factors causing unstable performance outcomes, while also identifying appropriate human resource management strategies to ensure sustainable performance improvement.

The Serang City Transportation Agency requires civil servants who are professional, disciplined, and capable of delivering excellent service, as they interact directly with the public. Operational tasks such as traffic management, terminal supervision, congestion control, and handling public complaints require optimal and responsive performance from employees. The following table provides examples of indicators commonly used in civil servant performance evaluations, based on employee performance theory, to illustrate employee performance levels.

One factor influencing employee performance is the allowances they receive. Employee allowances are additional compensation beyond the base salary. According to Rivai (2021), employee allowances have the potential to motivate employees to become more productive and demonstrate the organization's appreciation for their work. This enhances job satisfaction and employee commitment.

Research conducted by Wijaya (2023) indicates that employee allowances have a significant positive impact on employee performance in the public sector. This is because allowances encourage employees to improve the quality of their work to meet organizational standards. Furthermore, Astuti (2024) found that fair and transparent compensation enhances perceptions of fairness within an organization, which in turn improves performance. Since the majority of employees perform their duties in the field, allowances are particularly important for the Serang City Transportation Agency. This is because compensation is necessary to address the physical workload, work intensity, and safety risks involved.

Gambar 1 Besaran Tunjangan Pegawai Januari - Desember 2026



Source: Field research findings (2026)

Based on the graph above regarding Employee Allowance Amounts for January–December 2025, it is evident that employee allowances at the Serang City Transportation Agency fluctuate and tend to decrease toward the end of the year. Based on the graph showing employee allowance amounts for the period from January through December, it is evident that the total employee allowances tend to fluctuate relatively little, ranging from Rp869 million to Rp872 million. At the beginning of the year, specifically in January, the allowance amounts increased gradually through May. This indicates a nominal increase in allowances during the early to mid-year period.

From June through September, the allowance amounts decreased slightly. The most noticeable decline occurred in August and continued into September. This trend indicates a change in the nominal allowance amounts, although not particularly significant. Subsequently, in October, there was another increase; however, by the end of the year, the allowances experienced a fairly noticeable decline, with December marking the lowest value.

Overall, the graph shows that employee allowances fluctuate, which may be influenced by various factors, such as attendance rates, employee discipline, and agency policies regarding the allowance distribution system. In the context of this study, these conditions are important to examine because changes in the amount of allowances are suspected to affect the performance of civil servants at the Serang City Transportation Department.

In the context of public sector organizations, particularly the Serang City Transportation Department, these conditions are a major concern because civil servants bear significant responsibility for providing services to the public, especially in the areas of transportation and traffic. A reduction in employee allowances, coupled with high deductions for absences, has the potential to affect employees' work ethic—including discipline, commitment, and responsibility toward their duties. If this situation is not promptly evaluated, it could lead to a decline in the quality of public services provided to the community. Therefore, this data

serves as a crucial foundation for researchers to identify issues related to employee allowances at the Serang City Transportation Agency.

Another suspected cause of the decline in employee performance is the work environment. When employees have access to good facilities and a supportive work environment—which encompasses both physical and non-physical conditions at the workplace, such as work facilities, comfort, safety, inter-employee relationships, and organizational atmosphere—a conducive work environment fosters a sense of comfort, allowing employees to perform at their best. The work environment is defined as the physical and social conditions that influence employees in the performance of their duties. According to Sedarmayanti (2021), an optimal work environment encompasses aspects such as lighting, cleanliness, safety, interactions among employees, and support from leadership.

A study by Putra (2024) indicates that workplace conditions have a significant impact on employee performance in the public sector, particularly in agencies with high operational activity, such as field supervision. A conducive and supportive work environment can enhance concentration, motivation, and psychological well-being.

At the Serang City Transportation Agency, physical work environment conditions—such as office conditions, the availability of field work equipment, and technical tools—as well as non-physical work environment conditions, including inter-employee relationships, leadership, coordination, and communication, are crucial factors that determine the quality of employee performance in managing traffic, supervising terminals, and providing services to the public.

Based on the results of a preliminary survey conducted among 20 civil servants at the Serang City Transportation Agency, it was found that several aspects of the work environment are still considered inadequate, particularly regarding work facilities, workplace comfort, and job support resources. These conditions indicate that the physical work environment has not yet been fully capable of supporting the smooth operation and effectiveness of employees in their work. Nevertheless, interpersonal relationships among employees and the level of safety in the work environment received positive evaluations, suggesting that the work atmosphere and social relationships among employees are considered sufficiently harmonious and supportive of daily work activities. Thus, a conducive work environment is a key factor in improving the performance of civil servants at the Serang City Transportation Agency.

Regarding the relationship between employee benefits, the work environment, and employee performance, there is another factor believed to play a significant role: work ethic. According to (Barsah & Ridwan, 2020), work ethic is a set of positive work behaviors rooted in a strong sense of awareness, fundamental beliefs, and accompanied by total commitment to an integral work paradigm. Meanwhile, according to (Hadiansyah & Yanwar, 2020), work ethic is the totality of one's personality as well as the way one expresses, perceives, believes in, and assigns meaning to things, which drives one to act and achieve optimal results so that

relationships between people and themselves, as well as between people and other beings, can be established effectively.

Work ethic is defined as a set of fundamental values that form the foundation of an employee's work behavior, encompassing aspects such as discipline, responsibility, honesty, dedication, and work enthusiasm. According to Weber (2020), work ethic is "a mental attitude reflected in the determination and belief that work is a valuable endeavor." Furthermore, Sari (2022) emphasizes that work ethic has a significant influence on employee performance because it fosters intrinsic motivation to improve the quality of work. Work ethic also helps employees cope with work-related stress and strengthens their resilience in the face of professional challenges.

It can be concluded that work ethic consists of the attitudes, values, and work behaviors that reflect an employee's discipline, responsibility, hard work, and commitment to their job. Civil servants with a strong work ethic tend to be able to complete their work effectively and responsibly.

In the case of the Serang City Transportation Department, employees' work ethic depends on their allowances and work environment. The higher the employee allowances and the more comfortable the work environment, the stronger the employees' work ethic becomes, thereby improving their performance. This will lead to the faster achievement of the Serang City Government's objectives. However, if employee allowances are insufficient and the work environment is uncomfortable, employee work ethic will decline, thereby affecting employee performance.

. Based on the results of the identification of employee performance issues, it was found that there are several aspects that still require attention, namely employee allowances, the work environment, and work ethic. Regarding employee benefits, the identified issues relate to employees' perceptions of the organization's commitment to providing such benefits. Some employees still feel that organizational support through benefits needs to be enhanced to better align with their needs and expectations. This situation can affect work motivation, a sense of appreciation, and employee satisfaction in carrying out their duties and responsibilities.

Furthermore, regarding the Work Environment aspect, the issues identified relate to a work atmosphere that does not yet fully support employees' comfort while working. A comfortable and conducive work environment is a key factor in supporting productivity and fostering good working relationships among employees. If the work atmosphere is not optimal, it can negatively impact employees' concentration, communication, and effectiveness in completing their tasks.

Regarding work ethic, the issues that require attention relate to improving employees' work motivation and discipline. Some employees still need support in developing a more consistent work attitude, a sense of responsibility, and a high level of commitment to their work. A suboptimal work ethic can affect task completion, the achievement of organizational targets, and the quality of services provided to the public.

Based on this analysis, it can be concluded that employee performance issues are not influenced by a single factor but are interrelated with organizational support through allowances, work environment conditions, and employee work attitudes. Therefore, continuous improvement efforts are needed across these three aspects to optimally enhance employee performance.

However, upon closer examination, there is a gap between the ideal conditions expected and the empirical reality on the ground. Normatively, government policies—through the merit system and the provision of employee allowances—are expected to enhance the professionalism of civil servants and significantly boost performance. Nevertheless, the results of the preliminary survey indicate that the level of dissatisfaction with performance remains relatively high, as evidenced by the increasing number of absenteeism deductions each month. This indicates that the policies that have been implemented have not been fully effective in driving improvements in employee performance.

Furthermore, this phenomenon also suggests the possibility that financial factors (allowances) and external factors (work environment) do not directly influence performance but rather through internal employee factors, namely work ethic. In other words, increasing allowances and improving the work environment may not necessarily yield optimal results if they are not accompanied by a strengthening of employees' work ethic.

Against this backdrop, this study is relevant and important to empirically examine how employee allowances and the work environment affect civil servant performance, with work ethic serving as a mediating variable. It is hoped that this study will yield more targeted policy recommendations for improving the quality of public services.

METHOD

This study employs a quantitative approach using an associative research design, which aims to identify whether there is a relationship between one variable and another. In this type of study, there must be at least two variables that are interrelated in order to analyze their relationship (Sembiring et al., 2023). A quantitative approach was chosen because this study focuses on the objective measurement of variables and the testing of hypotheses through statistical analysis (Creswell & Creswell, 2022).

This study employs a causal-associative research design to examine the impact of employee benefits (X1) and work environment conditions (X2) on the performance of Civil Service Employees (ASN) (Z), both directly and indirectly through work ethic (Y) as a mediating variable. Causal research is highly relevant for studies in public sector human resource management because it can explain the structural relationships among organizational variables (Hair et al., 2021).

The data collection method in this study involved a survey, with the research instrument consisting of a closed-ended questionnaire designed based on the variable indicators established in the theoretical review. The use of a survey is considered effective for collecting data on civil servants' perceptions regarding employee allowances, work

environment conditions, work ethic, and employee performance among a relatively large number of respondents (Taherdoost, 2022).

The measurement scale used was a five-point Likert scale, ranging from “strongly disagree” to “strongly agree.” The Likert scale was chosen because it can consistently measure respondents’ attitudes, perceptions, and evaluations and is widely used in management and organizational behavior studies (Joshi et al., 2021).

The population in this study consists of all civil servants (ASN) working at the Serang City Transportation Agency. This population includes 80 active civil servants who are directly involved in carrying out the agency’s duties and functions, both in administrative units and in field operations.

This population was determined based on the consideration that all ASN employees at the Serang City Transportation Agency receive employee allowances, operate under the same work environment conditions, and are expected to possess a strong work ethic in order to achieve optimal public service performance. Therefore, the study population is considered homogeneous in terms of personnel policy but heterogeneous in terms of individual characteristics, making it suitable as the subject of a quantitative study (Sekaran & Bougie, 2023).

RESULTS AND DISCUSSION

The research data description is provided to offer an overview of the research findings obtained from the distribution of questionnaires to respondents. This study involves two independent variables—Employee Allowances (X1) and Work Environment (X2)—an intervening variable (Y), namely Work Ethic, and a dependent variable, Employee Performance (Z), at the Serang City Transportation Agency.

Data were obtained from the responses of 80 civil servants who served as study participants. Data collection was conducted using a questionnaire distributed online via various social media platforms, such as WhatsApp. The questionnaire was in the form of a Google Form that respondents could complete online. The data were then analyzed descriptively to determine a general overview of the employees’ work ethic levels. The work ethic variable was measured using a Likert scale with five response options: Strongly Agree (SS), Agree (S), Somewhat Disagree (KS), Disagree (TS), and Strongly Disagree (STS).

The Effect of Employee Benefits on Employee Performance

The results of the first hypothesis test indicate that employee allowances have a positive and significant effect on employee performance at the Serang City Transportation Agency. The bootstrapping analysis yielded a path coefficient of 0.289, a t-statistic of 2.897, and a p-value of 0.002. A t-statistic greater than 1.96 and a p-value less than 0.05 indicate that the study accepts the first hypothesis. A positive path coefficient means that improvements in the quality, appropriateness, fairness, and benefits of employee allowances tend to enhance employee performance. Descriptive results also show that employee allowances received an

average index of 64.44 percent, while employee performance received an index of 64 percent, with both falling into the “high” category.

Based on the statistical results, the relationship with HRM theory, and support from previous research, this study concludes that employee benefits are one of the key factors in improving employee performance. Organizations need to ensure that benefits are appropriate in relation to workload, responsibilities, levels of discipline, and the achievement of work targets. Agencies also need to implement transparent calculation processes and ensure timely payments so that employees view the allowance policy as a fair system. Although the F-square value of 0.143 indicates a small direct effect, allowances still make a tangible contribution to employee performance. Therefore, the Serang City Transportation Agency needs to maintain its allowance policy while integrating it with other organizational factors..

The Impact of the Work Environment on Employee Performance

The results of the second hypothesis test indicate that the work environment has a positive and significant effect on employee performance at the Serang City Transportation Agency. The bootstrapping analysis yielded a path coefficient of 0.359, a t-statistic of 3.428, and a p-value of 0.000. These values meet the significance criteria because the t-statistic exceeds 1.96 and the p-value is below 0.05; therefore, the study accepts the second hypothesis. A positive coefficient indicates that a work environment that is increasingly comfortable, safe, harmonious, and adequate will improve employee performance. The descriptive results also noted a work environment index of 64.42 percent in the high category, while the F-square value of 0.220 indicates a moderate effect on employee performance.

This relationship aligns with HRM theory, which emphasizes the organization's responsibility to create working conditions that support employees' ability to achieve their goals. Sutrisno explains that organizations need to manage and retain their workforce by providing a safe and comfortable environment so that employees can increase their productivity. Mangkunegara also emphasizes that organizations need to create a supportive work environment as part of human resource management. In this study, facilities, comfort, safety, inter-employee relationships, and communication with leadership were identified as workplace resources that help employees complete their tasks effectively. Therefore, the empirical results reinforce HRM theory, which positions the work environment as a critical component in managing and enhancing employee performance.

Based on these results, the study concludes that the work environment plays a significant role and makes a moderate contribution to improving employee performance. The Serang City Transportation Agency needs to continuously improve work facilities, workplace comfort, safety, cleanliness, communication patterns, and social relationships among employees. A conducive work environment can reduce work disruptions, improve concentration, strengthen coordination, and help employees complete tasks on time. The path coefficient of the work environment on performance, at 0.359, is also greater than the coefficient of allowances on performance, which is 0.289. Therefore, the agency needs to

prioritize work environment improvements as a strategic priority in enhancing employee performance.

The Effect of Employee Benefits on Work Ethic

The results of the third hypothesis test indicate that employee benefits have a positive and significant effect on the work ethic of employees at the Serang City Transportation Agency. The bootstrapping analysis yielded a path coefficient of 0.413, a t-statistic of 5.288, and a p-value of 0.000. A t-statistic greater than 1.96 and a p-value less than 0.05 indicate that the study accepts the third hypothesis. The positive coefficient suggests that improvements in the appropriateness, fairness, adequacy, and transparency of allowances will strengthen employees' enthusiasm, discipline, responsibility, and commitment to their work. The F-square value of 0.252 also places the effect of allowances on work ethic in the moderate category.

These results align with HRM theory, which explains that organizations need to provide motivation and rewards to employees so they can work effectively and achieve organizational goals. Kasmir identifies compensation as one of the primary functions of HRM because appropriate rewards can boost employee morale and sense of responsibility. Mangkunegara also explains that organizational support through motivation and the work environment fosters employees who are more disciplined and responsible. In this context, allowances not only provide economic benefits but also communicate the organization's appreciation for employees' contributions. Therefore, fair allowances can cultivate employees' moral and psychological obligations to reciprocate the organization's attention through a stronger work ethic.

Based on statistical findings, HRM theory, and prior research, this study concludes that employee allowances play a significant role in shaping work ethic. The Serang City Transportation Agency needs to link the provision of allowances to indicators of discipline, attendance, responsibility, target achievement, and service quality. The agency also needs to openly explain the basis for calculating allowances so that employees understand the relationship between compensation and their work contributions. Unfair or non-transparent management can diminish the motivational significance of allowances even if the amounts employees receive are substantial. Therefore, the agency needs to make allowances an integral part of its strategy to strengthen employees' work values, discipline, and sense of responsibility.

The Influence of the Work Environment on Work Ethic

The results of the fourth hypothesis test indicate that the work environment has a positive and significant effect on employees' work ethic. The bootstrapping analysis yielded a path coefficient of 0.409, a t-statistic of 5.308, and a p-value of 0.000. These results meet the significance criteria, so the study accepts the fourth hypothesis. The positive coefficient indicates that improvements in comfort, safety, facilities, social relationships, and workplace communication will strengthen employees' work ethic. The F-square value of 0.248 places the work environment's contribution to work ethic in the moderate category. Additionally,

benefits and the work environment together account for 51.8 percent of the variation in employees' work ethic.

These results support HRM theory, which positions the work environment as a crucial component in workforce maintenance and management. Sutrisno explains that a safe and comfortable work environment can boost employee morale, while Sinambela identifies the work environment as one of the factors organizations must manage to enhance motivation and discipline. In this study, the work environment not only provides the physical conditions for completing tasks but also shapes employees' social and psychological experiences. A harmonious environment offers support, a sense of security, and ease of coordination, enabling employees to consistently demonstrate discipline and responsibility. Therefore, the empirical results confirm that organizations can strengthen work ethic through the integrated management of both physical and non-physical environments.

Based on the overall results, the study concludes that a positive work environment can improve the work ethic of employees at the Serang City Transportation Agency. The agency needs to provide adequate facilities while fostering open communication, harmonious relationships, supportive leadership, and fair conflict resolution. These conditions will create a sense of comfort and security, enabling employees to maintain their enthusiasm, discipline, and sense of responsibility. The agency also needs to establish work norms that emphasize punctuality, cooperation, integrity, and a public service orientation. Therefore, improving work ethic requires strengthening both the physical and social environments of the organization.

The Impact of Work Ethic on Employee Performance

The results of the fifth hypothesis test indicate that work ethic has a positive and significant effect on employee performance at the Serang City Transportation Agency. The bootstrapping analysis yielded a path coefficient of 0.306, a t-statistic of 3.521, and a p-value of 0.000. A t-statistic exceeding 1.96 and a p-value below 0.05 indicate that the study supports the fifth hypothesis. A positive coefficient means that improvements in discipline, enthusiasm, responsibility, perseverance, and work commitment will enhance employee performance. Descriptive results also show that work ethic achieved an average index of 65.30 percent in the high category, while employee performance achieved an index of 64 percent in the high category.

This relationship aligns with HRM theory, which explains that performance quality depends not only on ability but also on motivation, discipline, and work behavior. Mangkunegara states that employees with high motivation and work ethic tend to be more disciplined, responsible, and capable of performing their duties well. Performance theory, as outlined in the research literature, also identifies attitude, discipline, responsibility, and the ability to collaborate as key elements in achieving work outcomes. In this context, work ethic serves as an internal mechanism that transforms organizational resources and support into productive behavior. Therefore, the research findings reinforce HRM theory that improving performance requires managing attitudes and work behavior, not just technical skills.

Based on these results, the study concludes that work ethic is one of the key determinants of employee performance. The Serang City Transportation Agency needs to strengthen work ethic through leadership by example, enforcement of discipline, consistent supervision, recognition of achievements, and the internalization of public service values. Employees who understand the meaning of their work and their service responsibilities will strive to maintain the quality of their work even when facing pressure or resource constraints. The agency also needs to ensure that performance evaluations not only measure results but also assess discipline, responsibility, cooperation, and service-oriented behavior. Therefore, fostering a strong work ethic must be an integral part of the strategy for improving employee performance..

The Effect of Employee Benefits on Employee Performance through Work Ethic

The results of the sixth hypothesis test indicate that employee benefits have a positive and significant effect on employee performance through work ethic. The specific indirect effect analysis yielded an indirect path coefficient of 0.126, a t-statistic of 2.840, and a p-value of 0.002. A t-statistic greater than 1.96 and a p-value less than 0.05 indicate that the study accepts the sixth hypothesis. These results imply that adequate benefits can enhance work ethic, and a stronger work ethic, in turn, improves employee performance. Since the direct effect of benefits on performance remains significant with a coefficient of 0.289, work ethic serves as a partial mediator in this relationship.

These mediation results align with human resource management (HRM) theory, which views compensation, motivation, work behavior, and performance as an interconnected human resource management system. Organizations provide benefits as a form of recognition and to ensure employee well-being, while employees respond to this recognition through enthusiasm, discipline, responsibility, and commitment to work. These attitudinal changes subsequently encourage employees to produce higher-quality work on time. Thus, allowances not only influence performance through direct economic benefits but also by fostering positive behavior. These findings reinforce the HRM principle that compensation policies yield more optimal performance outcomes when they effectively build employee motivation and work ethic.

Based on these results, the study concludes that agencies need to integrate allowance policies with programs to strengthen work ethic. The Serang City Transportation Agency must not only increase the nominal amount of allowances but also ensure that employees understand the connection between allowances and workload, discipline, responsibility, and the achievement of objectives. Agencies can strengthen these mechanisms through policy communication, objective evaluations, recognition of positive work behavior, and consistent oversight. This approach will prevent employees from viewing allowances as additional income separate from their work contributions. Thus, allowances will have a stronger impact on performance when agencies succeed in transforming them into drivers of work ethic.

The Effect of the Work Environment on Employee Performance through Work Ethic

The results of the seventh hypothesis test indicate that the work environment has a positive and significant effect on employee performance through work ethic. The specific indirect effect analysis yielded a path coefficient of 0.125, a t-statistic of 2.869, and a p-value of 0.002. A t-statistic greater than 1.96 and a p-value less than 0.05 indicate that the study accepts the seventh hypothesis. These results mean that a conducive work environment enhances work ethic, which in turn drives improvements in employee performance. Since the direct effect of the work environment on performance remains significant with a coefficient of 0.359, work ethic plays a partial mediating role in this relationship.

These mediation results align with HRM theory, which explains that organizations need to provide a work environment that both supports and shapes employees' work attitudes and behaviors. A safe and comfortable physical environment provides the resources necessary to complete work, while a harmonious non-physical environment fosters social support, morale, and a sense of responsibility. Employees who feel comfortable and receive support from supervisors and coworkers tend to demonstrate stronger discipline and commitment. This work ethic then motivates employees to complete their work with high quality, effectively, and on time. Therefore, HRM theory explains that the work environment can improve performance both directly and through changes in employees' work behavior.

Based on these findings, the study concludes that the Serang City Transportation Agency needs to integrate improvements to the work environment with efforts to strengthen employees' work ethic. The agency needs to improve facilities, comfort, safety, cleanliness, inter-employee relationships, communication with management, and support for task completion. At the same time, leadership must establish norms of discipline, responsibility, cooperation, and a service-oriented mindset so that a positive work environment fosters productive work behavior. A comfortable work environment without clear behavioral standards does not necessarily lead to optimal performance. Therefore, the agency must manage the work environment and work ethic as an integrated strategy for improving employee performance..

CONCLUSION

Based on the results of a study on the influence of employee benefits and the work environment on employee performance through work ethic among civil servants (ASN) at the Serang City Transportation Agency, the following conclusions can be drawn.

Employee allowances have a positive and significant effect on employee performance. The results of the first hypothesis test yielded a path coefficient of 0.289, a t-statistic of 2.897, and a p-value of 0.002. A t-statistic greater than 1.96 and a p-value less than 0.05 indicate that H1 is accepted. Thus, improved management of employee allowances will encourage employees to produce higher-quality work, complete tasks on time, and fulfill their responsibilities.

The work environment has a positive and significant effect on employee performance. The results of the second hypothesis test showed a path coefficient of 0.359, a t-statistic of 3.428, and a p-value of 0.000. These values meet the criteria for accepting the hypothesis because the t-statistic exceeds 1.96 and the p-value is below 0.05; thus, H2 is accepted. Therefore, adequate facilities, a comfortable and safe workplace, harmonious relationships among employees, and good communication with leadership help civil servants at the Serang City Transportation Agency perform their duties more effectively.

Employee allowances have a positive and significant effect on work ethic. Testing the third hypothesis yielded a path coefficient of 0.413, a t-statistic of 5.288, and a p-value of 0.000. A t-statistic exceeding 1.96 and a p-value less than 0.05 indicate that H3 is accepted. The coefficient value of 0.413 also indicates that employee allowances have a positive relationship with work ethic. This means that providing fair allowances—commensurate with workload and responsibilities and distributed transparently—can enhance employees' discipline, enthusiasm, commitment, and sense of responsibility in performing their duties.

The work environment has a positive and significant effect on work ethic. The results of the fourth hypothesis test yielded a path coefficient of 0.409, a t-statistic of 5.308, and a p-value of 0.000. A t-statistic greater than 1.96 and a p-value less than 0.05 prove that H4 is accepted. Thus, a safe, comfortable, and harmonious work environment, supported by adequate facilities and communication, can enhance the enthusiasm, discipline, cooperation, and sense of responsibility among civil servants at the Serang City Transportation Agency.

Work ethic has a positive and significant effect on employee performance. The results of the fifth hypothesis test yielded a path coefficient of 0.306, a t-statistic of 3.521, and a p-value of 0.000. A t-statistic greater than 1.96 and a p-value below 0.05 indicate that H5 is accepted. Therefore, civil servants who demonstrate high levels of discipline, perseverance, enthusiasm, commitment, and responsibility tend to complete their work with higher quality, on time, and in line with organizational targets.

Employee allowances have a positive and significant effect on employee performance through work ethic. The results of the indirect effect test yielded a path coefficient of 0.126, a t-statistic of 2.840, and a p-value of 0.002. A t-statistic exceeding 1.96 and a p-value less than 0.05 indicate that H6 is accepted. These results prove that better benefits can strengthen work ethic, and that this improvement in work ethic subsequently drives an increase in employee performance. Thus, benefits enhance performance both directly and indirectly by strengthening employees' work ethic.

The work environment has a positive and significant effect on employee performance through work ethic. The results of the indirect effect test yielded a path coefficient of 0.125, a t-statistic of 2.869, and a p-value of 0.002. A t-statistic greater than 1.96 and a p-value less than 0.05 indicate that H7 is accepted. These results show that a conducive work environment can strengthen work ethic, and that a stronger work ethic, in turn, improves employee

performance. Therefore, the Serang City Transportation Agency needs to improve both the physical and non-physical work environments while fostering a strong work ethic to ensure that improvements in employee performance occur optimally.

Overall, the study accepted all hypotheses—Hypotheses 1 through 7—since all t-statistic values were above 1.96 and all p-values were below 0.05. The results also indicate that work ethic mediates the effects of employee allowances and the work environment on employee performance. Thus, improving the performance of civil servants at the Serang City Transportation Agency requires fair allowance management, a conducive work environment, and the integrated strengthening of work ethic.

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