



## LABOR WELFARE AFFECTS EMPLOYEE PERFORMANCE AND MEDIATED BY WORK SPIRIT

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### Abstract

This study aims to analyze how the influence of labor welfare on employee performance is mediated by morale at PT. Area PGE Kamojang, either directly or indirectly. The research method used was a descriptive and verification method with a total sample of 74 employees. Data collection techniques used were interviews, questionnaires, and observation. Data analysis methods used in this study include path analysis, multiple linear regression analysis, coefficient of determination, and hypothesis testing. The results of the study show that the welfare of the workforce has a direct effect on morale. Labor welfare has a direct effect on employee performance, just as work enthusiasm has a direct effect on employee performance. Then, the results of the analysis also show that morale can mediate the influence of labor welfare on employee performance.

**Keywords:** labor welfare; morale; employee performance; work spirit; multiple linear regression

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### INTRODUCTION

Geothermal energy has been one of the prominent renewable resources that has influenced electric power generation throughout the past decade. Unlike most of the other renewable resources such as solar, wind, and hydropower, geothermal power is predictable and reliable, or consistent (Hasal Kulasekara, 2019). Geothermal energy is usually located in areas traversed by the Pacific Ring of Fire, for example Canada, Italy, Japan, the United States, the Philippines, New Zealand, and Indonesia (Pristiandaru, 2020a). Think Geoenergy (Pristiandaru, 2020b) as reported, the total installed capacity of geothermal power plants worldwide until 2020 has reached 15,406 megawatts (MW). Due to the COVID-19 pandemic, the projected growth of geothermal power plants, which should have increased quite high, has now slowed down. Indonesia is ranked second as a country with the largest installed capacity of geothermal power plants in the world, reaching 2,133 MW. In addition, Indonesia is also a country that has fairly high geothermal potential.

Around 40% of the world's geothermal potential is in Indonesia, with reserves of 23.9 GigaWatts. These sources are spread over 348 locations, such as in Sumatra, Java, Nusa Tenggara, Maluku, and the western tip of Papua (PGE, 2020). However, until now, the development of geothermal potential for the utilization of electrical energy is still at 2.1 gigawatts, or around 8% of the total available geothermal resources. The development of PLTP in Indonesia is carried out by the government and the private sector, or IPP. Currently, the three BUMNs managing geothermal resources, namely Pertamina Geothermal Energy (PGE), Geo Dipa Energy (GDE), and PLN Geothermal, only control around 38.2% of national PLTP production. The remainder is managed by national and foreign private companies (Pertamina, 2019; PGE, 2020).

PT PGE Area Kamojang is one of 15 Geothermal Working Areas owned and operated by PT Pertamina Geothermal Energy (Andi et al., 2021), which is engaged in managing geothermal energy in the Kamojang area. PT PGE Area Kamojang is located in WKP Kamojang - Darajat, West Java Province, where there are 5 PLTP units operating commercially since 1983, with a current total installed capacity of 235 MW. The production capacity of PT PGE Area Kamojang is 1,752 GWh/year (equivalent to 3.4 million barrels of oil equivalent/year) (PGE, 2020).

In PT PGE's Annual Report (2020:179), The realization of electricity equivalent production in the Kamojang Area decreased by 5.29% from 1,741.90 GWh in 2019 to 1,649.72 GWh in 2020. This is due to the load regulation on Units 1-3 by PLN and due to turnaround activities in Unit 4 and Unit 5. In addition, human resources, namely employees, greatly affect the continuity of operations as they are the executor and driver of all operational activities of the company. For this reason, the company considers it necessary to continue to develop human capital. In this case, human resources are the main asset of the company that must be managed and developed professionally in order to realize a balance between the needs of employees and the demands and capabilities of the organization to support the achievement of the vision, mission, and company targets (Mappamiring et al., 2020; Paais & Pattiruhu, 2020).

Employee performance becomes a benchmark for companies in the operation of production and becomes the basis for achieving the expected goals. Islamic appreciation for performance is not just an allegorical length, rhetorical decoration, or speech sweetener, beautiful in statement but empty in reality. Performance is nature and at the same time is one of human identity, so that performance based on the principles of faith and monotheism not only shows the nature of a Muslim while also enhancing his standing as a slave of Allah SWT. Work will produce quality performance when every Muslim understands that it is a mandate that must be carried out because it is a good deed (Fahri, 2013).

Muhammad Busro (2018:99), Employee performance can be defined operationally as the result of work produced, both in terms of quality and quantity of work, and can be accounted for according to their role in the organization or company, and accompanied by abilities, skills, and skills in completing their work. Basically, every employee wants to achieve good performance professionally (Aflah et al., 2021). Therefore, performance can be measured by: (1) work results can be calculated and measured in terms of quantity and quality; (2) work behavior related to work, such as discipline, initiative, responsibility, and ability to cooperate; and (3) personal traits related to work, namely honesty and creativity (Busro, 2018). In line with Islamic work ethics sourced from Al-Quran and Hadith on various matters, including individual behavior, creativity, accountability, and teamwork in the workplace (Aflah et al., 2021; Rokhman, 2016).

The existence of performance elements in each employee will allow him to optimize his ability to do his job. This can be obtained by maintaining and increasing enthusiasm at work. The spirit of work is based on the spirit of worshipping Allah SWT. So work serves not only to meet material needs, but also to serve Allah SWT. A Muslim who has a work ethic is one who is always obsessive or wants to do something useful, whose work is part of a mandate from Allah. So, in Islam, the spirit of work is not only to achieve wealth but also to gain the pleasure of Allah SWT (mui.or.id, 2020).

The spirit of work will motivate a person to work and be creative in their work. Employees who have high morale must be able to complete their work effectively and efficiently. This is in line with research which states that employee performance is significantly influenced by morale (Kaunang et al., 2018; Syahropi, 2016). One of the efforts to increase employee morale is by paying attention to the welfare of its employees.

Labor welfare is regulated in the Republic of Indonesia by Law Number 13 of 2003 concerning Manpower. According to this law, "worker welfare" is defined as the satisfaction of physical and spiritual demands and/or needs, both inside and outside the employment connection, which directly or indirectly might boost work productivity in a safe and healthy work environment. Prosperity in Islam is the achievement of benefit. The achievement of benefit is the maintenance of maqashid sharia, or the five basic goals consisting of religion, soul, mind, lineage, and property (Andriana & Prasetyo, 2019). Welfare in Islam basically includes 2 main things, namely: physical (outward) and spiritual (inner) welfare. Prosperity physically and mentally must be manifested in every individual who works for the welfare of his own life, so that a prosperous family, community, and country will be formed (Yayasan Baitul Maqdis, 2017). Therefore, the formation of the welfare of the workforce is an important thing to be carried out by the company.

The company provides welfare to employees as a commitment in carrying out work, given the high work risk owned by employees, in addition to remuneration for both material and non-material services, which is expected to spur increased morale among the employees concerned. In addition, the welfare provided should be useful and encourage the achievement of company goals because the provision of welfare programs can motivate work enthusiasm, discipline, and employee productivity. This helps the smooth implementation of work to achieve company goals.

This study aims to determine and analyze the effect of workforce welfare on morale, the influence of workforce welfare on employee performance, the influence of morale on employee performance, and the influence of workforce welfare on employee performance through morale at PT. PGE Area Kamojang.

### METHOD

The research method used is a combination of descriptive and verification methods with a quantitative approach. The location for this research is PT Pertamina Geothermal Energy Area Kamojang, which is located at Jl. Raya Kamojang, Pangkalan Village, Ibun District, Bandung Regency, West Java. The population in this study was all employees of PT PGE Area Kamojang, both workers and work partners/outsourcing, totaling 282 people. The sample for this research is 74 employees of PT. PGE Area Kamojang. The sampling technique uses a proportionate stratified random sampling technique if the population has members or elements that are not homogeneous and are proportionally stratified (Sugiyono, 2019). so that the strata used are based on employment status, which consists of 18 workers and 56 work partners/outsourcing. This study uses three variables, namely labor welfare (X), morale (Y), and employee performance (Z). Data collection techniques in this study were observation, questionnaires, and interviews. The measurement scale used is the Likert scale, with a score of "1" to strongly disagree and a score of "5" to strongly agree with the statements in the research instrument. The data analysis technique used is path analysis with several stages of analysis, such as validity, reliability, and multiple linear regression analysis. The hypothesis proposed in this study will be proven by looking at the results of the coefficient of determination test and partial test (t-test).

### RESULTS

The purpose of this research is to know, describe, and analyze the relationship between labor welfare, morale, and employee performance. Based on the results of the validity and reliability tests, each item of the questionnaire statement for each variable, namely workforce welfare, work morale, and employee performance, were all declared valid and reliable.

Based on the results of the descriptive analysis of the labor welfare variable, an average score of 4.131 was obtained, indicating that the welfare of the workforce was included in the "good" category. The results of the recapitulation of the morale variable obtained an average score of 4.170, which indicates that the morale variable is in the "good" category. Furthermore, the results of the recapitulation of employee performance variables obtained an average score of 4.159, which indicates that the employee performance variable at PT PGE Area Kamojang is in the "good" category. Based on the verification method, where each variable is defined by its measurement and testing is carried out using structural equation modeling approaches I and II, The data was taken based on the responses of the 74 respondents. The data is then processed through the SPSS analysis tool. The results of the calculations that have been done can be seen in Table 1.

Table 1. Direct Influence

Path Coefficient	Standardized Coefficient	Tcount	Sig.	Note:
Labor Welfare (X) → Work Spirit (Y)	0.615	6.619	0.000	Ha accepted
Labor Welfare (X) → Employee Performance (Z)	0.277	2,561	0.013	Ha accepted
Morale (Y) → Employee Performance (Z)	0.489	4,515	0.000	Ha accepted

Source: SPSS Data Processing Results (2022)

The beta coefficient of the Welfare variable on work morale is 0.615, a t-count of 6,619 is obtained by taking a significance level of 5%, and degrees of freedom are 71. A t-table value of 1,994 is obtained, indicating that the t-count t-table and the sig value t is 0.000, so it can be concluded that Ha is accepted, or in other words, the welfare of the workforce has a direct effect on morale. The tcount value of the labor welfare variable on employee performance is 2,561 with a significance value of 0.013, indicating that if the tcount ttable and the path coefficient value are both positive, i.e., 0.277, then Ha is accepted, or labor welfare has a direct effect on employee performance. The tcount value of the morale variable on employee performance is 4,515 with a significance value of 0.000, indicating that the t-count  $\geq$  t-table and the path coefficient value show a positive, i.e., 0.489, then Ha is accepted, or in other words, morale has a direct effect on employee performance. Meanwhile, to find out the indirect effect, see Table 2 below.

Table 2. Indirect Influence

Path Coefficient	Direct Influence (a)	Indirect Influence (b)	Note:
Labor Welfare (X) → Work Spirit (Y) → Employee Performance (Z)	0.277	(0.615) x (0.489) = 0.301	a < b = Ha accepted

Source: SPSS Data Processing Results (2022)

Table 2 shows that the indirect effect of the labor welfare variable on employee performance with morale as an intervening variable is greater than the direct effect of the labor welfare variable on employee performance (0.301 > 0.277), so Ha is accepted as meaning that there is an indirect influence on welfare workforce on employee performance via morale. So it can be concluded that morale can mediate the influence of labor welfare on employee performance.

To determine the magnitude of the influence exerted by each independent variable on the dependent variable, the effect of the effective contribution of each variable is calculated, the results of which can be seen in Table 3 below.

Table 3. Shows The Impact Of Labor Welfare And Workplace Morale On Employee Performance

Variable	Effective Donation		R Square	
	Labor Welfare	Morale	Model 1	Model 2
Morale	37.83%		37.83%	
Employee Performance	16.03%	32.21%		48.24%

Source: SPSS Data Processing Results (2022)

In Model 1, namely, the contribution of the influence of the labor welfare variable on morale is 37.83%, while the remaining (1-R2) 62.17% is the influence of other factors outside the model. In Model 2, namely,

the contribution of the simultaneous influence of the variable labor welfare and morale on employee performance is 48.24%, while the remaining (1-R2) 51.76% is the influence of other factors outside the model. Based on the calculation of the effect of the effective contribution of each independent variable, it can be seen that the morale variable has a stronger influence on employee performance (32.21%) than the workforce welfare variable (16.03%).

The data that has been obtained visually can also be described in the correlation relationship in the path analysis as follows:

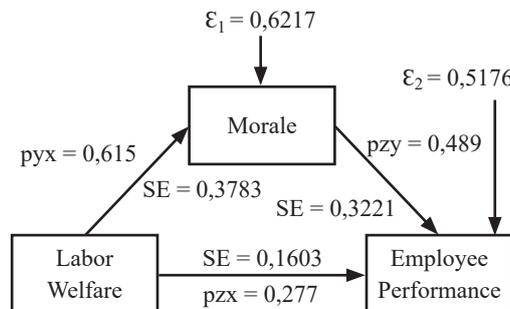


Figure 1. Path Diagram

## DISCUSSION

Based on the descriptive analysis, it is known that the welfare of the workforce, as measured by the principles of maqashid sharia through the dimensions of hifzu al-dien, hifzu al-nafs, hifzu al-aql, hifzu an-nasl, and hifzu al-maal, is interpreted to be in the "good" category. Conducting routine reviews; payment of infaq, zakat, and alms; availability of meal allowances; transportation and accommodation facilities; insurance or expenses for employees' family members; and timely payment of salaries are the indicators with the lowest average score or that are the most problematic. The overall work spirit is in the "good" category. The indicator with the lowest average score or problematic behavior is wanting to get the best, having consistency in work, understanding and feeling the value of time, having identification with the organization, and agreeing with the goals and value system of the organization. Then the overall employee performance is in the "good" category. The indicators of task efficiency, creativity, and initiative have the lowest average score or are problematic.

Based on the verification analysis, this research examines the influence of labor welfare on employee performance through morale as an intervening variable. The results of this study indicate that all the hypotheses proposed in this study are accepted. The first hypothesis in this study states that labor welfare has a direct effect on employee morale to the tune of 37.83 percent. This means that if the welfare provided by the company meets the expectations of employees, even better, it will affect the high morale of the employees concerned. Islamic teachings have explained that, in fact, the basic goal of Islam is the realization of well-being in both the worldly and ukhrowi dimensions. The real step that can be taken by the company is to provide welfare in the form of remuneration that is considered fair and appropriate for employees. This is, of course, an effort to maintain and increase employee morale at work so that the company can achieve the goals that have been set. The results of this study are in line with research conducted by Betniar Purba (2020); Putri Retno Wulandari (2013); and Suryani (2019), which states that the employee welfare variable has a positive and significant influence on employee morale.

The second hypothesis is also supported by the study's findings, which show that labor welfare has a 16.03 percent direct effect on employee performance. This indicates that if the welfare of the workforce provided by the company is in line with employee expectations, even better, it will have an impact on increasing the performance of the employee concerned. This research supports the results of research conducted by Eva Ramayani (2020); and Nasution (2020), which states that welfare has a positive and significant effect on employee performance.

The third hypothesis in this study shows that work enthusiasm has a direct effect on employee performance by 32.21%. This means that if morale is low, the work done will decrease, but if employees have high morale, the work done will increase in order to achieve company goals. Islam strongly encourages

its people to work hard, have enthusiasm at work, and not waste time or opportunities. Employees who have high morale are definitely able to complete their work effectively and efficiently. The results of the current research are in line with previous research conducted by Karina (2019; Kaunang et al. (2018); and Nasution (2020), that found that morale has a significant positive impact on employee performance.

The fourth hypothesis is the indirect effect of labor welfare on employee performance through morale. Based on the results of path analysis testing, it was found that morale can mediate the relationship between workforce welfare and employee performance, with a total value of the influence of the path coefficient of  $0.301 \geq$  the direct effect of 0.277. This indicates that the better the welfare obtained by employees, the more it will encourage an increase in employee performance through high morale. These results are in line with research conducted by Agustin Riyan Pratiwi & Febi Firgiyani (2021), which shows that welfare has a significant influence on morale, which has significant implications for performance.

## CONCLUSION

Based on the results of the research that has been done, it can be concluded that the labor welfare variable has a direct effect on morale. Labor welfare has a direct effect on employee performance. Work morale has a direct effect on employee performance. Then the results of the analysis also show that labor welfare influences employee performance through morale, so that morale can mediate the influence of labor welfare on employee performance.

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