# *ABSTRACT*

*A company or organization must be able to create comfortable conditions for individuals to be able to provide good performance. What a company or organization must do is improve work comfort and welfare so that individuals feel fair in the workplace, companies and organizations must adopt strategies that can be done to help employees handle a sense of injustice towards the implementation of a new compensation payment system, because compensation is something that has an impact on supporting the lives of employees, compensation received by each employee is a form of wages or rewards for what has been done and appropriate compensation is expected to improve employee performance , this is the case in Higher Education namely Semarang State University which is a BLU College (Public Service Agency) where employees consist of Civil Servants, BLU Employees, and Contract Employees, so in terms of com pensation there are various types of payment for Civil Servants, BLU Employees, and Contract Employees.*

*In this study develop a study model of empirical research using three variables, namely: compensation, job satisfaction and employee performance. Of the three variables, three research hypotheses were formulated. In this study primary data was obtained directly from respondents by distributing questionnaires to UNNES PNS employees. The number of respondents used in this study were 226 respondents. The analysis technique used is Structural Equation Modeling (SEM) with the Partial Least Squares (PLS) approach. The results of the analysis show that three hypotheses are accepted.*

*The conclusion of this study shows that compensation has a positive effect on employee job satisfaction, while compensation has a negative effect on employee performance, and the last job satisfaction has a positive effect on employee performance.*



*Keywords: compensation, job satisfaction, performance,payment system*



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