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# Study of the Determinants of Employee Performance Enhancement Finance Ministry of the Republic of Indonesia

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A R T I C L E I N F O

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A B S T R A C T

This research seeks to assess the effects of competence, motivation, work environment, and work discipline on the performance of employees at Indonesia's Ministry of Finance. The study employs a descriptive and explanatory quantitative approach with multivariate analysis. A total of 100 respondents were included in the sample. Data collection was conducted using questionnaires and analyzed through structural equation modeling. The findings reveal that each variable—competence, motivation, work environment, and work discipline—significantly impacts employee performance individually. The strength of the dependent variable is demonstrated by significant multiple correlation (R2) values. These insights can serve as managerial guidance for developing policies aimed at enhancing employee performance

## INTRODUCTION

In the era of the Fourth Industrial Revolution, rapid advancements in science and technology, along with increasing geopolitical changes, have led to unpredictable transformations, intensified competition, business environment complexity, and uncertainty. In facing these challenges, high-quality human resources play a crucial role. Therefore, every individual must be a lifelong learner, and organizations must cultivate a learning culture. This means that companies striving to compete and perform well must be knowledge-based.

Performance is the behavior indicating or representing an employee's actions (Campbell, 1990). Broadly, performance encompasses the process by which work is carried out. It is the outcome of work that is strongly linked to an organization's strategic goals, customer satisfaction, and economic contributions (Armstrong & Baron, 2009). Performance achievement is influenced by several factors, including competence, motivation, work environment, and discipline.

Competence is the ability to carry out a job based on skills and knowledge, supported by the required work attitude (Wibowo, 2017). It forms the fundamental characteristic of an individual's thinking process and sustains long-term support (Spencer & Spencer, 1993). There are five characteristics defining individual competence: motives, traits, self-concept, and skills.

To fully utilize competence in achieving high-quality performance, individuals must be driven by strong motivation. Motivation is a process that stimulates a person to pursue what they desire. It relates to willingness, hard work toward organizational goals driven by incentives, and the perception that these incentives help achieve their objectives (Kumar & Rose, 2010). Generally, there are three key elements defining motivation: intensity, direction, and duration (Robbins, 2003).

Individual competence and motivation are able to foster superior performance when supported by a conducive work environment. The work environment encompasses all tools, materials, surroundings, work methods, and arrangements that influence employees either individually or collectively (Sedarmayanti, 2017).

To achieve organizational goals, internal stakeholders must exhibit strong discipline in their duties. Work discipline is the awareness and willingness of employees to comply with company regulations and prevailing social norms (Hasibuan, 2020).

This research aimed at making the efforts to analyze and collect data and information relevant to competence, motivation, work environment, and discipline variables affecting the employee performance..

## LITERATURE REVIEW

### Employee Performance

Performance refers to the work results of individuals or organizations. It also signifies the process through which work is accomplished. In other words, performance describes both the execution of a task and the results achieved, what is carried out and how to do it. (Campbell, 1990) defines performance as behavior that demonstrates or something that is performed by employees.

(Swanson et al., 2009) conceptualized performance from three perspectives: (1) Power Perspective: The manager's role is to plan, organize, and control organizational processes; (2) Economic Perspective: The manager's responsibility is to ensure returns on investment; and (3) Mechanical Perspective: The manager's duty is to maintain organizational efficiency. In determining the level of individual or organizational performance, one of the measurements is from Lynch (1996), which includes: the target outcomes achieved, the quality of the achieved outcomes, the speed in completing each task, and the level of errors, thus avoiding producing futile results. (Vroom, 1964) argues that performance is influenced by three factors: ability, motivation, and organizational environment. (Robbins, 2003) identifies three dimensions of performance: ability, motivation, and opportunity.

**Competence**

Competence is an individual's ability to transfer and apply knowledge and skills to achieve desired performance levels. Wibowo (2017) defines competence as the capacity to perform a job based on skills and knowledge, and supported by work attitudes required for the jobs. Competence, as an individual characteristic for achieving superior performance, is determined by: (1) knowledge, ability, and attitude and (2) work style, personality, interests, values, beliefs, and leadership.

Competence is a behavioral dimension underlying proficient performance. Competence is called behavioral competence because it is intended to explain how people behave when they carry out their roles well (Armstrong & Baron, 2009). Behavioral dimension defining as competence is classified into three categories: (1) Understanding the required actions through critical reasoning, strategic capability, and business knowledge; (2) Performing tasks through achievement motivation, proactivity, confidence, contract flexibility, and persuasion; and (3) Engaging others through motivation, interpersonal skills, goal orientation, persuasion, and influence.

There are various competency models, one of which differentiates competencies based on their importance. This classification includes competency models for leadership, coordinators, experts, and support roles (Wibowo, 2017). Zwell (2000) differentiates competence by position, level, and work function. The level and work function are further distinguished between superior and non-superior roles, as well as between partners and superiors.

An individual's competency proficiency is determined by several factors (Zwell, 2000), including beliefs and values, skills, experience, personality characteristics, emotions, motivation, emotional issues, intellectual ability, and organizational culture.

A high level of employee competence encourages employees to achieve strong performance, as confirmed by the findings of studies carried out by (Herwina 2022), Salsabila & Lo (2023), and Vijh et al. (2022).

**Work Motivation**

Motivation in the workplace is generally viewed as an individual phenomenon, as each person has unique needs, desires, attitudes, and goals. Generally, there are three key elements defining motivation: intensity, direction, and duration (Robbins, 2003). Intensity refers to how much effort an individual exerts in performing a task. An individual's strong effort to achieve the desired performance must be directed toward goals that benefit the organization. Efforts that are goal-oriented and aligned with organizational objectives determine how long an individual can sustain their effort. Individuals who are motivated to persist in their jobs for a sufficiently long period are more likely to achieve these goals.

(Landy & Conte, 2010) argue that formulating motivation is based on the premise that the amount of time and effort an individual devotes to a task leads to higher performance levels. Motivation is a process that begins with a physiological deficiency, which drives behavior or impulses directed toward a goal or incentive (Luthans, 2008). Motivation is also defined as a process stimulating individuals toward something they desire, involving the willingness to work hard for organizational goals, driven by incentives. Something is considered an incentive if individuals perceive it as helping them achieve their goals (Kumar & Rose, 2010).

Regarding motivation measurement, scholars adjust their approaches based on the context. (Spencer & Spencer, 1993) associate motivation with job satisfaction, making job satisfaction a benchmark in an individual's work environment. Forsyth (2010) suggests that employee motivation measurement should involve dimensions such as supervision, rewards, teamwork, working conditions, training, and personal development. Similarly, Conte (2009) measures motivation by assessing the amount of time and effort an individual devotes to a task. Herzberg (1968) evaluates motivation based on achievement, recognition, the nature of the work itself, responsibility, and advancement.

McClelland's measurement of achievement motivation is based on individual characteristics associated with a high need for achievement (N-Ach). McClelland's view is supported by Lussier & Achua (2010). Another perspective states that measuring achievement motivation refers to individual characteristics associated with N-Ach, including a preference for taking responsibility in problem-solving, setting moderate yet challenging goals, and working with speed (Hanali, 2018).

High motivation encourages employees to achieve better performance, as confirmed by the findings of previous studies by Sari & Wasiman (2020), Sabil et al. (2021) and Mubarok et al. (2021).

**Work Environment**

The work environment includes all the equipment, materials, and surroundings that employees encounter while working, as well as the methods and arrangements of their tasks at both individual and group levels (Sedarmayanti, 2017). Kasmir (2019) describes the work environment as the atmosphere or conditions around the workplace, which encompasses room layout, facilities, infrastructure, and relationships with coworkers. Yantika et al. (2018) define it as everything around employees that can affect how they perform

their tasks. In essence, the work environment is a space for groups of employees that provides both physical and non-physical resources to help them achieve performance in line with the company's goals.

To establish a conducive work environment supporting the organization's expected performance outcomes, some determining factors must be considered Sunyoto (2013), including:(1) Appropriate colors for equipment and wall interiors; (2) Noise levels within the workspace; (3) Sufficient and proper lighting; (4) Clear work regulations; (5) Adequate air circulation through ventilation; (6) Workplace safety; and (7) Cleanliness, spatial arrangement, and room organization.

Sedarmayanti (2017) further explains that the dimensions of the work environment include: lighting, air temperature, color usage, required workspace, employees' ability to perform tasks, and relationships among employees.

A conducive work environment encourages employees to achieve high performance, as confirmed by the results of studies conducted by Yantika et al. (2018), Sabil et al. (2021) and

**Work Discipline**

According to Fahmi (2017), discipline refers to the level of compliance and adherence to applicable regulations, along with the willingness to accept sanctions or penalties for any violations. Psychologically, Singodimedjo, as cited in Sutrisno, (2019), views discipline as an employee's willingness and readiness to comply with and adhere to prevailing norms and regulations. Sari & Wasiman, (2020) states that work discipline reflects employees' respect for the organization, demonstrated through compliance with regulations and acceptance of penalties for any violations. In short, discipline refers to obedience and accuracy in carrying out assigned tasks.

Hasibuan (2020) defines work discipline as employees' awareness and willingness to comply with all company regulations and applicable social norms. Meanwhile, Anggraini (2018) defines discipline as the relationship between compliance and adherence to rules governing lifelong learning.

From a functional perspective, work discipline serves as a tool for managers to communicate with employees, encouraging behavioral changes and enhancing employees' awareness and willingness to comply with company regulations and social norms (Sutrisno, 2019).

In formulating and implementing discipline, several determining factors must be considered (Hamali, 2018), including compensation levels, leadership role models, the presence of clear regulations, leaders' decisiveness in taking action, management supervision, employee attention, and support for maintaining discipline.

A high level of work discipline encourages employees to achieve better performance, as confirmed by studies conducted by (Yantika et al., 2018), (Sari & Wasiman, 2020), and Nurhadi (2024).

## METHODOLOGY

The sampling method used in this study was probability sampling. The sample was selected by carrying out sampling. This study was conducted in 2024 on employees of the Office of Fiscal Policy Agency, Ministry of Finance of the Republic of Indonesia. The statistical analysis technique used Structural Equation The modeling used in this study is Structural Equation Modeling (SEM) based on the Partial Least Squares (PLS) method. This SEM-PLS approach is suitable for small sample sizes and does not require strict data assumptions (Hair et al., 2021). Since SEM-PLS does not directly test for significance, bootstrapping was used to determine the significance level. For larger populations, the sample size was set at 10-15 percent of the total population (Arikunto, 2013). The number of samples in this study was 100 respondents (19.10 percent) from a population of 524 employees, so the number of samples was significant.Collection on the method survey quantitative done through interview or questionnaire structured designed For get the data that can measured in a way quantitative . Interviews and questionnaires with population sample fed up as many as 76 employees designed with organized questions For confirm the data obtained relevant and able support analysis in a way in- depth . Approach This allow collection information in a way systematic and continuous .

Table 1. The Profile of the Respondents who were the Objects of this Research is Shown in the Table Below.

| Respondents | Total | Percentage (%) |
|---|---|---|
| **Sex** | | |
| Male | 70 | 70 |
| Female | 30 | 30 |
| Total | 100 | 100 |
| **Age** | | |
| < 30 years old | 10 | 4- |
| 31 – 40 years old | 45 | 45 |
| 41 - 50 years old | 41 | 41 |
| > 50 years old | 4 | 4 |
| Total | 100 | 100 |
| **Educational Background** | | |
| Senior High School | 1 | 1 |
| Diploma | 12 | 12 |
| B.A. Decree | 35 | 35 |
| Master's Degree | 49 | 49 |
| Doctoral Degree/Ph.D. | 3 | 3 |
| Total | 100 | 100 |
| **Office Term** | | |
| < 5 years old | 3 | 3 |
| 6 – 10 years old | 19 | 19 |
| 11 – 15 years old | 29 | 29 |
| 16 – 20 years old | 14 | 14 |
| > 20 years old | 35 | 35 |
| Total | 100 | 100 |

## RESULTS AND DISCUSSION

### Model Evaluation on SEM-PLS

The approach used in this research analysis was the Structural Equation Model - Partial Least Square (SEM-PLS), a powerful analytical method often referred to as soft modeling because it eliminated the assumptions of Ordinary Least Square (OLS). This approach was applicable for testing weak theories (small sample sizes) and weak data (non-normal data distribution). Therefore, the evaluation of the SEM-PLS model was conducted in two stages: evaluating the measurement model estimation and evaluating the structural model. The sequence of this model evaluation was crucial, as the results of SEM-PLS had to ensure that the model measured what it was initially assumed to measure for a latent variable before concluding any relationships between latent variables (Trujillo, 2009).

Ghazali (2021) claimed that PLS was a soft modeling analytical method because it did not assume that data had to be measured in specific proportions and allowed for small sample sizes (fewer than 100 samples). In this study, data analysis included validity testing, reliability testing, and hypothesis testing, assisted by Smart PLS version 4 software for five variables. This program was selected because the study focused more on predicting and explaining latent variables rather than testing theories, and the sample size was relatively small.

### Measurement Model (Outer Model)

1. **Convergent Validity**

Convergent validity measures the extent to which an operation is actually similar to other operations that theoretically should be similar. This measure was analyzed using Indicator Reliability and Construct Reliability (Peter, 1981). Indicator Reliability was assessed using factor loading values. Based on the analysis results (see Figure 1 and Table 2) and applying the recommended threshold value of 0.7, the indicators for latent variables—competency indicator number 7, motivation indicator number 6, and work discipline indicator number 4—were excluded from the calculation due to factor loading values below 0.7. Therefore, a reanalysis was necessary without including these indicators. In the second reanalysis, all factor loading values exceeded 0.7

**(See Figure 1 and Table 2)**

| | Loading |
|---|---|
| X1.1 | 0.804 |
| X1.2 | 0.772 |
| X1.3 | 0.851 |
| X1.4 | 0.792 |
| X1.5 | 0.761 |
| X1.6 | 0.847 |
| X1.7 | 0.458 |
| X1.8 | 0.761 |

| | Loading |
|---|---|
| X2.1 | 0.829 |
| X2.2 | 0.860 |
| X2.3 | 0.843 |
| X2.4 | 0.805 |
| X2.5 | 0.824 |
| X2.6 | 0.451 |
| X2.7 | 0.780 |
| X2.8 | 0.777 |

| | Loading |
|---|---|
| X3.1 | 0.832 |
| X3.2 | 0.856 |
| X3.3 | 0.865 |
| X3.4 | 0.824 |
| X3.5 | 0.738 |
| X3.6 | 0.768 |
| X3.7 | 0.872 |
| X3.8 | 0.836 |

| | |
|---|---|
| X4.1 | 0.898 |
| X4.2 | 0.843 |
| X4.3 | 0.823 |
| X4.4 | 0.531 |
| X4.5 | 0.811 |
| X4.6 | 0.805 |
| X4.7 | 0.777 |
| X4.8 | 0.714 |

| | |
|---|---|
| Y1 | 0.816 |
| Y2 | 0.868 |
| Y3 | 0.792 |
| Y4 | 0.834 |
| Y5 | 0.703 |
| Y6 | 0.828 |
| Y7 | 0.833 |
| Y8 | 0.872 |
| Y9 | 0.844 |
| Y10 | 0.863 |

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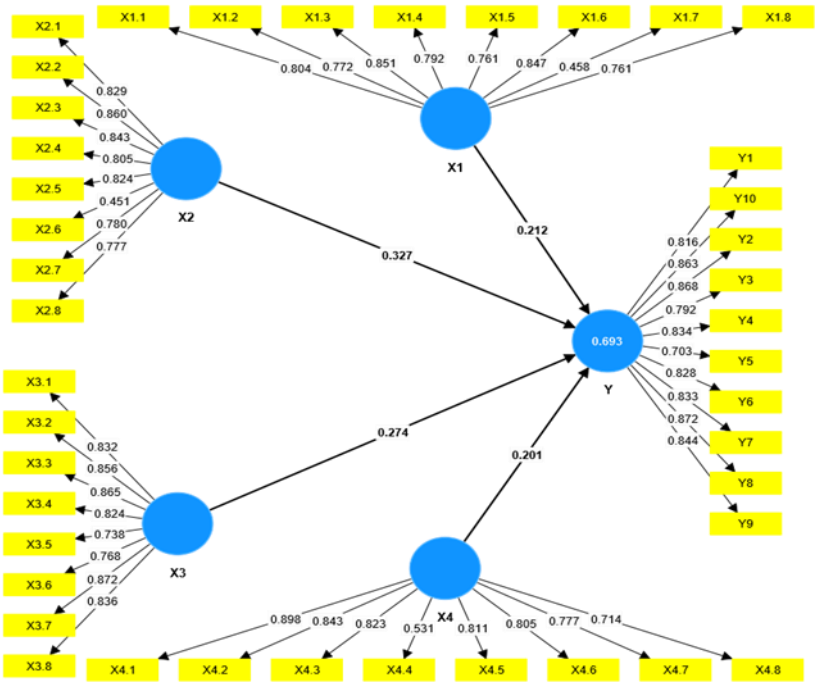


Figure 1. PLS Item Algorithm and Latent Variables

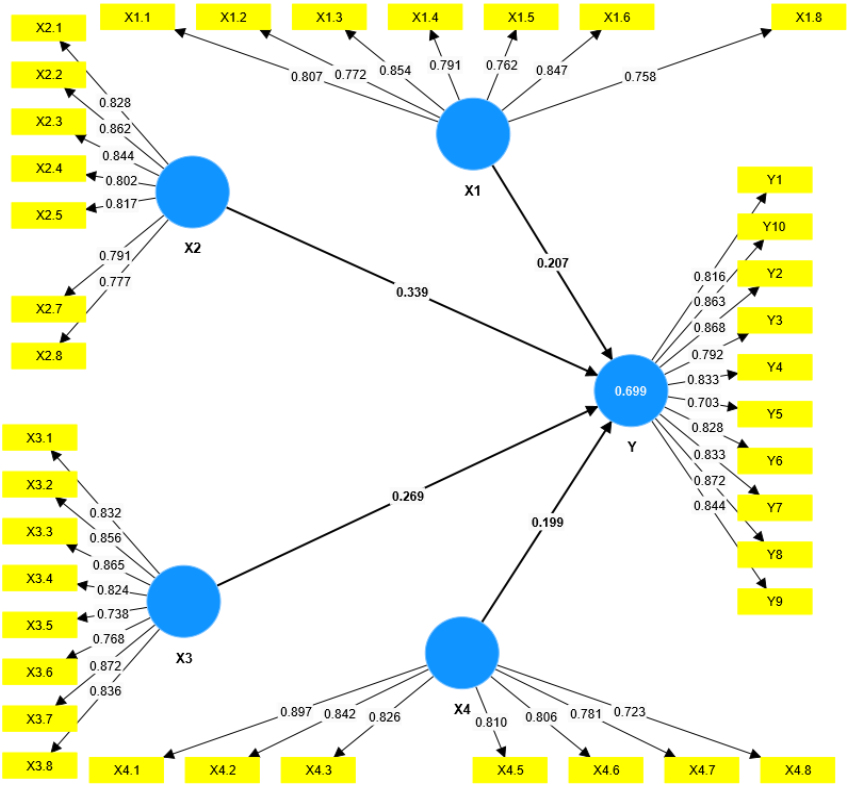


Figure 2. PLS Algorithm Items and Latent Variables (Stage 2)

Table 3. Loading Factor Value of All Items (Final Step)

| | Loading |
|---|---|
| X1.1 | 0.807 |
| X1.2 | 0.772 |
| X1.3 | 0.854 |
| X1.4 | 0.791 |
| X1.5 | 0.762 |
| X1.6 | 0.847 |
| X1.8 | 0.758 |

| | Loading |
|---|---|
| X2.1 | 0.828 |
| X2.2 | 0.862 |
| X2.3 | 0.844 |
| X2.4 | 0.802 |
| X2.5 | 0.817 |
| X2.7 | 0.791 |
| X2.8 | 0.777 |

| | Loading |
|---|---|
| X3.1 | 0.832 |
| X3.2 | 0.856 |
| X3.3 | 0.865 |
| X3.4 | 0.824 |
| X3.5 | 0.738 |
| X3.6 | 0.768 |
| X3.7 | 0.872 |
| X3.8 | 0.836 |

| | Loading |
|---|---|
| X4.1 | 0.897 |
| X4.2 | 0.842 |
| X4.3 | 0.826 |
| X4.5 | 0.810 |
| X4.6 | 0.806 |
| X4.7 | 0.781 |
| X4.8 | 0.723 |

| | Loading |
|---|---|
| Y1 | 0.816 |
| Y2 | 0.868 |
| Y3 | 0.792 |
| Y4 | 0.834 |
| Y5 | 0.703 |
| Y6 | 0.828 |
| Y7 | 0.833 |
| Y8 | 0.872 |
| Y9 | 0.844 |
| Y10 | 0.863 |

Next is the examination of Construct Reliability. Construct reliability was examined using two measures: (1) Composite Reliability (CR) or Cronbach's Alpha (CA), and (2) Average Variance Extracted (AVE). The threshold for acceptable CR or CA was above 0.6, while the threshold for AVE was above 0.5 (Bagozzi & Yi, 1998).

Table 4: Composite Reliability Value and AVE

| | Cronbach's Alpha | | | |
|---|---|---|---|---|
| the Competency | 0.906 | 0.916 | 0.925 | 0.639 |
| Motivation | 0.917 | 0.921 | 0.934 | 0.669 |
| Internal Environment | 0.933 | 0.937 | 0.944 | 0.681 |
| Work Discipline | 0.914 | 0.917 | 0.932 | 0.662 |
| Employee Performance | 0.948 | 0.950 | 0.956 | 0.683 |

Referring to Table 4, it was noted that all construct values for both CR (Composite Reliability) and CA (Cronbach's Alpha), as well as AVE (Average Variance Extracted), surpassed the threshold values of 0.6 and 0.5, respectively, confirming the adequacy of the constructs. The results indicated that there were no problems with Convergent Validity in the model under examination. Consequently, this allowed for proceeding with the subsequent test, which is Discriminant Validity.

**Discriminant Validity**

The discriminant validity of construct items was assessed using cross-loadings, as suggested by Vinzi et al. (2010). Cross-loading values represent the correlation between each construct and its respective items. These were calculated by correlating the component scores of each latent variable with their corresponding indicator blocks, along with all other items in the model. The correlation between constructs and their own items was compared to correlations with other constructs' items. A higher correlation value for a construct's indicators compared to others indicates strong Discriminant Validity. Table 5 below illustrates that each item's loading on its designated construct exceeded its cross-loading values with other constructs. The analysis results confirmed that there were no issues regarding Discriminant Validity. Below is the output from Smart PLS Version 4.1 showing the Cross Loading for constructs and their associated items.

Table 5. Cross Loading of Indicators

| | The Competency | Motivation | Internal Environment | Work Discipline | Employee Performance |
|---|---|---|---|---|---|
| X1.1 | **0.807** | 0.487 | 0.436 | 0.361 | 0.469 |
| X1.2 | **0.772** | 0.404 | 0.422 | 0.311 | 0.410 |
| X1.3 | **0.854** | 0.513 | 0.426 | 0.441 | 0.585 |
| X1.4 | **0.791** | 0.381 | 0.393 | 0.305 | 0.436 |
| X1.5 | **0.762** | 0.313 | 0.394 | 0.299 | 0.397 |
| X1.6 | **0.847** | 0.459 | 0.494 | 0.389 | 0.578 |
| X1.8 | **0.758** | 0.440 | 0.240 | 0.303 | 0.499 |
| X2.1 | 0.462 | **0.828** | 0.569 | 0.438 | 0.586 |
| X2.2 | 0.418 | **0.862** | 0.547 | 0.504 | 0.709 |
| X2.3 | 0.492 | **0.844** | 0.577 | 0.493 | 0.578 |
| X2.4 | 0.423 | **0.802** | 0.557 | 0.476 | 0.565 |
| X2.5 | 0.432 | **0.817** | 0.622 | 0.405 | 0.542 |
| X2.7 | 0.466 | **0.791** | 0.519 | 0.487 | 0.683 |
| X2.8 | 0.411 | **0.777** | 0.595 | 0.396 | 0.592 |
| X3.1 | 0.359 | 0.629 | **0.832** | 0.426 | 0.536 |

| | | | | | |
|---|---|---|---|---|---|
| X3.2 | 0.332 | 0.604 | **0.856** | 0.442 | 0.574 |
| X3.3 | 0.299 | 0.556 | **0.865** | 0.411 | 0.506 |
| X3.4 | 0.369 | 0.522 | **0.824** | 0.399 | 0.549 |
| X3.5 | 0.514 | 0.525 | **0.738** | 0.520 | 0.652 |
| X3.6 | 0.367 | 0.456 | **0.768** | 0.433 | 0.495 |
| X3.7 | 0.524 | 0.653 | **0.872** | 0.494 | 0.693 |
| X3.8 | 0.475 | 0.598 | **0.836** | 0.443 | 0.657 |
| X4.1 | 0.428 | 0.496 | 0.469 | **0.897** | 0.572 |
| X4.2 | 0.367 | 0.379 | 0.415 | **0.842** | 0.529 |
| X4.3 | 0.315 | 0.462 | 0.457 | **0.826** | 0.509 |
| X4.5 | 0.291 | 0.336 | 0.351 | **0.810** | 0.440 |
| X4.6 | 0.285 | 0.363 | 0.366 | **0.806** | 0.439 |
| X4.7 | 0.367 | 0.583 | 0.504 | **0.781** | 0.529 |
| X4.8 | 0.404 | 0.539 | 0.515 | **0.723** | 0.522 |
| Y1 | 0.533 | 0.663 | 0.550 | 0.540 | **0.816** |
| Y2 | 0.555 | 0.664 | 0.625 | 0.568 | **0.868** |
| Y3 | 0.538 | 0.572 | 0.584 | 0.437 | **0.792** |
| Y4 | 0.445 | 0.551 | 0.592 | 0.469 | **0.833** |
| Y5 | 0.377 | 0.617 | 0.540 | 0.445 | **0.703** |
| Y6 | 0.420 | 0.631 | 0.594 | 0.477 | **0.828** |
| Y7 | 0.575 | 0.563 | 0.551 | 0.573 | **0.833** |
| Y8 | 0.565 | 0.631 | 0.631 | 0.551 | **0.872** |
| Y9 | 0.466 | 0.610 | 0.567 | 0.508 | **0.844** |
| Y10 | 0.563 | 0.684 | 0.679 | 0.586 | **0.863** |

According to Ghazali (2021), Discriminant Validity could be tested by comparing the AVE square root value to the correlation value between constructs. The calculation results were presented in Table 6. From the table, it was observed that the square root values of AVE (main diagonal) were greater than the correlations of each construct, indicating that there were no issues with Discriminant Validity.

Table 6. Correlation Between Latent Variables and AVE Square Root

| | The Competency | Motivation | Internal Environment | Work Discipline | Employee Performance |
|---|---|---|---|---|---|
| The Competency | **0.799** | | | | |
| Motivation | 0.542 | **0.818** | | | |
| Internal Environment | 0.502 | 0.694 | **0.825** | | |
| Work Discipline | 0.437 | 0.562 | 0.546 | **0.814** | |
| Employee Performance | 0.613 | 0.750 | 0.717 | 0.627 | **0.827** |

**Structural Model Evaluation (Inner Model)**

After confirming that there were no issues with the measurement model, the evaluation of the structural model was then conducted. One of the evaluations of structural model was to observe the strength of the independent variables of the whole model. The strength of the independent variable was examined by observing the square of the multiple correlation (R2) of the existing dependent variable.

Table 7. Dependent Variable R2 Value

| | R-squared | R-square adjusted |
|---|---|---|
| Employee Performance | 0.699 | 0.686 |

Table 7 shows that the $R^2$ value for Employee Performance is 0.699, meaning that 69.9% (rounded to 70%) of the variation in Employee Performance can be explained by the constructs of Competence, Motivation, Internal Environment, and Work Discipline. The remaining 30% is due to other factors not included in this model.

As per Ghazali (2021), evaluating the inner model can also involve checking the predictive relevance value (Q2). This measures how well the model and its parameters predict observed values. A Q2 value greater than zero indicates good predictive relevance, while a Q2 less than zero suggests poor predictive relevance. The calculated Q2 value is as follows.

$$Q^2=1-(1-R_1^2)$$

" "=1-(1-0.699)

" "=0.596

The resulted in a value of 0.596, which is above zero, indicating that the model has predictive relevance. The last step in assessing the Inner Model involves evaluating the overall model. This evaluation cannot be directly performed in SEM-PLS. To address this issue, Tenenhaus et al. (2005) suggested using a global Goodness-of-Fit (GoF) criterion to validate the SEM-PLS model as a whole. The formula proposed by Tenenhaus et al. (2004) is as follows:

$$GoF=\sqrt{(\bar{}Communality)*(\bar{}(R^2))}$$

" "=√((0.596)*(0.699) )

" "=0.645

After the calculation, the GoF value obtained was 0,645. According to Tenenhaus (2005), the value of small GoF = 0.1, medium GoF = 0.25 and large GoF = 0.36. Based on the testing , and GoF it appeared that the model formed was already robust so that the hypothesis testing could be carried out.

**Hypothesis Testing**

In this study, five hypotheses were tested, as mentioned earlier. To determine if a hypothesis is statistically significant, the t-statistic value is compared to the t-table value. If the t-statistic is greater than the t-table value, then the hypothesis is considered statistically significant. For a two-tailed test at a 1% significance level, the t-table value is 2.58; at 5%, it's 1.96; and at 10%, it's 1.28. This study used a significance level of 5%.

Table 8. Below Shows the Results of the Relationships Between Constructs for the Proposed Hypotheses

| | Original sample (O) | Sample mean (M) | Standard deviation (STDEV) | T-statistics (\|O/STDEV\|) | P values | Decision |
|---|---|---|---|---|---|---|
| Competence -> Employee Performance | 0.207 | 0.210 | 0.072 | 2.860 | 0.004 | Significant |
| Motivation -> Employee Performance | 0.339 | 0.337 | 0.119 | 2.842 | 0.005 | Significant |
| Environment -> Employee Performance | 0.269 | 0.269 | 0.116 | 2.327 | 0.020 | Significant |
| Work Discipline -> Employee Performance | 0.199 | 0.201 | 0.078 | 2.534 | 0.011 | Significant |

Based on the estimation results, which showed a significant relationship at a 5 percent significance level, it was observed that the influence of competence, motivation, work environment, and discipline on performance had path coefficients of 0.207, 0.339, 0.269, and 0.199, respectively. This finding indicated that if each of these independent variables increased by one unit, employee performance would improve by the corresponding coefficient values of competence, motivation, work environment, and discipline. The better these four independent variables were managed, the better both employee performance and organizational performance became.

The study results indicate that at a 5 percent significance level (t-table 1.96), the variables of competence, motivation, work environment, and discipline have a significant effect on employee performance. These four independent variables have t-statistics and p-values of 2.860 (0.004 < 0.05), 2.842 (0.005 < 0.05), 2.327 (0.020 < 0.05), and 2.534 (0.011 < 0.05), respectively. These findings demonstrate that the proposed hypothesis stating that competence, motivation, work environment, and discipline significantly affect employee performance is supported by both theoretical and empirical studies used as the basis for hypothesis formulation.

Competence is proven to be a key factor in determining employee performance achievement. Competence defines what employees must do in the workplace at various levels. Work experience serves as one of the aspects that build competence. Through experience, employees can position themselves appropriately to achieve performance goals. To ensure that competence enhances performance, three support mechanisms are required, viz. tracking goal progress and action steps, communicating progress to others, and establishing rewards. In developing competence, it is essential to consider determining factors such as beliefs and values, skills, experience, personality traits, motivation, emotional issues, intellectual ability, and organizational culture.

Motivation is also proven to be a determining factor in employee performance achievement. High employee motivation drives more productive performance outcomes. Intensity, direction, and persistence in work are three

critical aspects of performance. Intensity refers to how much effort an individual exerts in performing a task. However, an individual's effort to achieve the desired performance must be directed toward organizational benefit. Efforts that are goal-oriented and consistent with organizational objectives determine how long an individual can sustain their efforts. Concrete steps to motivate employees include recognizing organization members and identifying their needs. The efforts to achieve this include: (1) Setting goals based on goal-setting principles; (2) Developing reliable performance measurement and providing periodic feedback; (3) Assigning organization members based on their abilities and talents; (4) Providing support in task completion, such as training and fostering a sense of capability; (5) Establishing a fair reward system; (6) Acting fairly, objectively, and as a role model.

The study results indicate that the work environment has a significant effect on performance. A conducive work environment supports employees in achieving better performance. Employees who work in a comfortable setting are more motivated to enhance their performance. A clean, comfortable, and supportive workspace, along with positive social relationships among colleagues, superiors, and subordinates, as well as the availability of work facilities and favorable working conditions, encourage employees to work effectively, foster high work enthusiasm, and ultimately lead to optimal performance. A good work environment is achieved when employees can perform their tasks optimally in a healthy, safe, and comfortable setting. The effects of workplace suitability become evident over the long term, while a poor work environment consumes more labor and time and does not support the development of an efficient work system. Therefore, it can be concluded that the work environment is the setting where employees perform their duties comfortably, thereby influencing the achievement of organizational goals.

Similarly, discipline has a significant impact on employee performance. Good work discipline reflects employees' sense of responsibility toward their assigned tasks. Discipline fosters work enthusiasm and enhances both employee and organizational performance. High discipline levels demonstrate employees' strong sense of responsibility for their duties. The higher the discipline exhibited by employees, the higher their achievable performance. The higher the discipline exhibited by employees, the higher their achievable performance. In essence, discipline is an individual's awareness and willingness to comply with all organizational regulations and applicable social norms. To ensure that work discipline contributes to achieving organizational goals, organizations must establish conditions that encourage employees to adhere to time regulations, organizational rules, workplace behavior guidelines, organizational values, and other relevant regulations.

The study findings indicate that the dependent variable, based on the calculated coefficient of determination (R-squared) value, accounts for 69.9 percent. This suggests that employee performance is influenced by independent variables—competence, motivation, work environment, and work discipline—by 69.9 percent. This value implies that if the organization strengthens employee performance through decisions related to motivation, work environment,

competence, and discipline collectively (ceteris paribus), employee performance will increase by 69.9 percent.

## CONCLUSION AND RECOMMENDATION

The objective of this study is to examine the influence of competence, motivation, work environment, and discipline on performance. Therefore, the study results can be summarized into several conclusions in order of their coefficient levels, as follows:

1. Motivation, work environment, competence, and discipline each have a significant impact on employee performance. This means that the higher the motivation, the more conducive the work environment established by the organization, the higher the quality of employee competence, and the more effective the work discipline regulations implemented by the organization, the greater and more qualitative the employee performance achievements.
2. The strength of the dependent variable is demonstrated by the calculated coefficient of determination (R-squared) value of multiple correlation (R2) for employee performance, which is 0.699. This indicates that employee performance is simultaneously determined by motivation, work environment, competence, and discipline, contributing 69.9 percent (ceteris paribus).

### Managerial Implication

The findings of this study reveal that motivation, work environment, competence, and discipline have a significant impact on employee performance, both partially and simultaneously. With such results, several implications arise for managerial practice.

1. Motivation is fundamentally a key factor in driving individuals to engage in various activities. This study reveals that motivation has the highest impact on employee performance compared to other variables.

To sustain motivation in supporting employees for better performance, several efforts can be undertaken, including:

a. Cultivating achievement as a core value, ensuring that every employee has strong, directed, and continuous motivation at work;
b. Aligning employee satisfaction with long-term organizational goals;
c. Establishing achievement as a fundamental necessity for every employee;
d. Encouraging employees to strive for excellence in their work;
e. Instilling a sense of responsibility in every employee; and
f. Creating a positive working relationship with internal stakeholders.

2. The study further reveals that the work environment significantly influences employee performance. To further support employee performance achievement, the following efforts can be undertaken:

a. Improving work facilities, such as office space, equipment, and work tools;
b. Enhancing internal communication and fostering better relationships among colleagues;
c. Creating a work culture that promotes higher competence and better performance quality;

d. Maintaining strong management support and commitment.

3. Competence is one of the key factors that determine employee and organizational performance. To enhance competence, the following efforts can be undertaken:
   a. Strengthening employees' confidence and values to foster creativity and innovation;
   b. Enhancing employees' skills and experience across various work areas through training, mentoring, or job rotation;
   c. Improving the quality of employees' personality traits through soft skills training;
   d. Identifying and encouraging employees' motivation to perform better;
   e. Addressing emotional barriers that may limit employees' competence development; and
   f. Enhancing employees' intellectual capacity to develop better conceptual and analytical thinking abilities.
4. Effectively implemented work discipline can drive employee performance and organizational goal attainment. Efforts to enhance work discipline include:
   a. Enforcing work rules and procedures consistently to create a sense of fairness and accountability among employees,
   b. Providing rewards for employees who demonstrate discipline and implementing clear and fair sanctions for those who violate rules,
   c. Conducting regular monitoring and evaluation of work discipline levels,
   d. Ensuring that leaders serve as role models in work discipline; and
   e. Encouraging employees to take responsibility for their tasks and performance outcomes.

**FUTHER STUDY**

This research still has a delay, so it is necessary to conduct further research related to the topic of Study of the Determinants of Employee Performance Enhancement Finance Ministry of the Republic of Indonesia to improve this research and add insight for readers

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