

Employee Performance Determination

Dewi Darma Sary Tarigan, Mesra.B, Kiki Farida Ferine

Abstract

This study aims to analyze the effect of competence, motivation, and rewards on employee performance with work spirit as an intervening variable at the Regional Office of the Directorate General of Immigration of North Sumatra. The problem addressed in this study is the importance of improving employee performance in responding to increasingly complex public service demands, which are influenced by competence, motivation, rewards, and work spirit. This study employed a quantitative approach with an explanatory research design. The population consisted of all employees at the Regional Office of the Directorate General of Immigration of North Sumatra. Data were collected through questionnaires, while data analysis was conducted using the Partial Least Squares–Structural Equation Modeling (PLS-SEM) method with the assistance of SmartPLS software. The results indicate that competence has a positive and significant effect on employee performance ($\beta = 0.290$; $p = 0.006$) and work spirit ($\beta = 0.223$; $p = 0.029$). Motivation has a positive and significant effect on employee performance ($\beta = 0.479$; $p = 0.001$) and work spirit ($\beta = 0.398$; $p = 0.003$). Rewards also have a positive and significant effect on employee performance ($\beta = 0.411$; $p = 0.008$) and work spirit ($\beta = 0.375$; $p = 0.001$). However, work spirit does not have a significant effect on employee performance ($\beta = -0.184$; $p = 0.128$). Furthermore, work spirit is unable to mediate the effects of competence, motivation, and rewards on employee performance. The R-Square values indicate that competence, motivation, rewards, and work spirit explain 96.9% of the variance in employee performance, while competence, motivation, and rewards explain 97.0% of the variance in work spirit. The study concludes that competence, motivation, and rewards are important factors that directly improve employee performance. Meanwhile, work spirit was not proven to function as an intervening variable in the relationship between competence, motivation, rewards, and employee performance at the Regional Office of the Directorate General of Immigration of North Sumatra.

Keywords: Competence, Motivation, Rewards, Work Spirit, Employee Performance.

Dewi Darma Sary Tarigan¹

¹Management, Universitas Pembangunan Pancabudi, Indonesia

email: damanikmona77@gmail.com¹

Mesra B², Kiki Farida Ferine³

^{2,3}Management, Universitas Pembangunan Pancabudi, Indonesia

email: mesrab@dosen.pancabudi.ac.id², kikifarida@dosen.pancabudi.ac.id³

3rd International Conference Epicentrum of Economic Global Framework (ICEEGLOF)

Theme: Cross-Sector and Cross-Disciplinary Strategies for Achieving the SDGS

<https://proceeding.pancabudi.ac.id/index.php/ICEEGLOF>

Introduction

In the context of government agencies, employee performance is not only related to the achievement of work targets, but also concerns the quality of public services provided to the community. Optimizing employee performance is a must. Various factors are believed to affect employee performance, including competence, motivation, and rewards. Competence is the ability possessed by employees which includes knowledge, skills, and attitudes in carrying out their duties. According to Mangkunegara (2017), competence plays an important role in determining the level of success of a person at work. Research conducted by Wibowo (2016) also shows that competence has a positive influence on employee performance. However, the results of other studies show that competence does not always have a significant effect on performance, depending on organizational conditions and other supporting factors.

In addition to competence, work motivation is also an important factor in improving employee performance. Motivation is an internal and external drive that affects a person at work. Herzberg (1959) in his theory explained that motivation can increase job satisfaction and have an impact on improving performance. Research by Nugraheni et al. (2020) shows that work motivation has a significant effect on employee performance. However, there are also studies that have found that motivation does not have a direct effect on performance, but through other variables such as work morale. Another factor that is no less important is the rewards or awards that the organization gives to employees. Rewards can be in the form of financial or non-financial compensation that aims to improve employee morale and performance. According to Hasibuan (2019), giving fair and decent rewards can improve employee performance. Research by Pratama (2019) also shows that rewards have a positive effect on employee performance. However, some other research shows that rewards do not always have a significant impact if they are not supported by a transparent and fair system. In relation to these three variables, work morale is suspected to have an important role as an intervening variable. Work morale reflects the psychological condition of employees which is characterized by enthusiasm, loyalty, and commitment to work. According to Nitisemito (2014), high morale can increase employee productivity and performance. Research by Sutrisno (2017) also shows that work spirit has a significant effect on employee performance. In addition, research by Sari (2021) found that work morale is able to mediate the relationship between motivation and employee performance. This can be seen from the fact that there are still delays in service, inaccuracies in administrative completion, and consistent work targets. In addition, there is still a mismatch between employee competencies and job demands, especially in the face of digital technology developments. Employee work motivation also tends to fluctuate, which is shown by a decrease in work morale under certain conditions.

Problem Formulation

1. Does Competence Affect the Performance of Employees at the Regional Office of the Directorate General of Immigration of North Sumatra?
2. Does Motivation affect the performance of employees at the Regional Office of the Directorate General of Immigration of North Sumatra?
3. Does Reward affect employee performance at the Regional Office of the Directorate General of Immigration of North Sumatra?
4. Does competency affect the work spirit of employees at the Regional Office of the Directorate General of Immigration of North Sumatra?
5. Does motivation affect the work spirit of employees at the Regional Office of the Directorate General of Immigration of North Sumatra?
6. Does Reward affect the work spirit of employees at the Regional Office of the Directorate General of Immigration of North Sumatra?

7. Does work spirit affect employee performance at the Regional Office of the Directorate General of Immigration of North Sumatra?
8. Does Competency affect the performance of employees with work ethic as an intervening variable at the Regional Office of the Directorate General of Immigration of North Sumatra?
9. Does Motivation affect employee performance with work ethic as an intervening variable at the Regional Office of the Directorate General of Immigration of North Sumatra?
10. Does Reward affect the performance of employees with work spirit as an intervening variable at the Regional Office of the Directorate General of Immigration of North Sumatra. ?

Research Objectives

1. To test and analyze the influence of Competency on employee performance at the Regional Office of the Directorate General of Immigration of North Sumatra.
2. To test and analyze the influence of Motivation on employee performance at the Regional Office of the Directorate General of Immigration of North Sumatra.
3. To test and analyze the effect of Rewards on employee performance at the Regional Office of the Directorate General of Immigration of North Sumatra.
4. To test and analyze the influence of Competency on employee morale at the Regional Office of the Directorate General of Immigration of North Sumatra.
5. To test and analyze the influence of Motivation on employee morale at the Regional Office of the Directorate General of Immigration of North Sumatra.
6. To test and analyze the influence of Reward on employee morale at the Regional Office of the Directorate General of Immigration of North Sumatra.
7. To test and analyze the influence of work spirit on employee performance at the Regional Office of the Directorate General of Immigration of North Sumatra.
8. To test and analyze the influence of Competency on the Performance of employees with work ethic as an intervening variable at the Regional Office of the Directorate General of Immigration of North Sumatra.
9. To test and analyze the influence of Motivation on employee Performance with Work Morale as an intervening variable at the Regional Office of the Directorate General of Immigration of North Sumatra.
10. To test and analyze the effect of Reward on the Performance of employees with work ethic as an intervening variable at the Regional Office of the Directorate General of Immigration of North Sumatra.

Literature Review

Employee Performance

According to Sinambela (2020), employee performance is the ability of employees to carry out the tasks that are their responsibility in accordance with the standards set by the organization. According to Kasmir (2019), employee performance is the result of work and work behavior that has been achieved in completing tasks and responsibilities given in a certain period.

Employee Performance Indicators

According to Kasmir (2019), employee performance indicators include:

1. Quality of work
2. Working quantity
3. Punctuality
4. Effectiveness
5. Independence

Competencies

According to Sutrisno (2019), competence is a basic characteristic of individuals that is related to effective performance. According to Wibowo (2018), competence is an ability that includes knowledge, skills, and work attitudes in carrying out tasks.

Competency Indicators

According to Wibowo (2018), competency indicators include:

1. Knowledge
2. Skills
3. Attitude

Motivation

According to Robbins and Judge (2018), motivation is a process that explains the intensity and direction of individual behavior in achieving goals. According to Sutrisno (2019), motivation is the motivation in a person to do an action.

Motivation Indicators

According to Sutrisno (2019), motivational indicators include:

1. Physiological needs
2. Security needs
3. Social needs
4. Reward needs
5. Self-actualization

Reward

a. Definition of Reward

According to Fahmi (2018), rewards are a form of appreciation given to employees. According to Hasibuan (2019), rewards are rewards for both financial and non-financial services.

b. Reward Indicator

According to Fahmi (2018), reward indicators include:

1. Salary or wages
2. Incentives
3. Benefits
4. Non-financial awards

Work Spirit

a. Definition of Work Spirit

According to Sutrisno (2019), work spirit is a mental attitude that shows enthusiasm for work. According to Busro (2018), work spirit is a psychological condition that encourages a person to work enthusiastically.

b. Work Morale Indicator

According to Busro (2018), indicators of work morale include:

1. Work enthusiasm
2. Loyalty
3. Collaboration
4. Discipline

Conceptual Framework

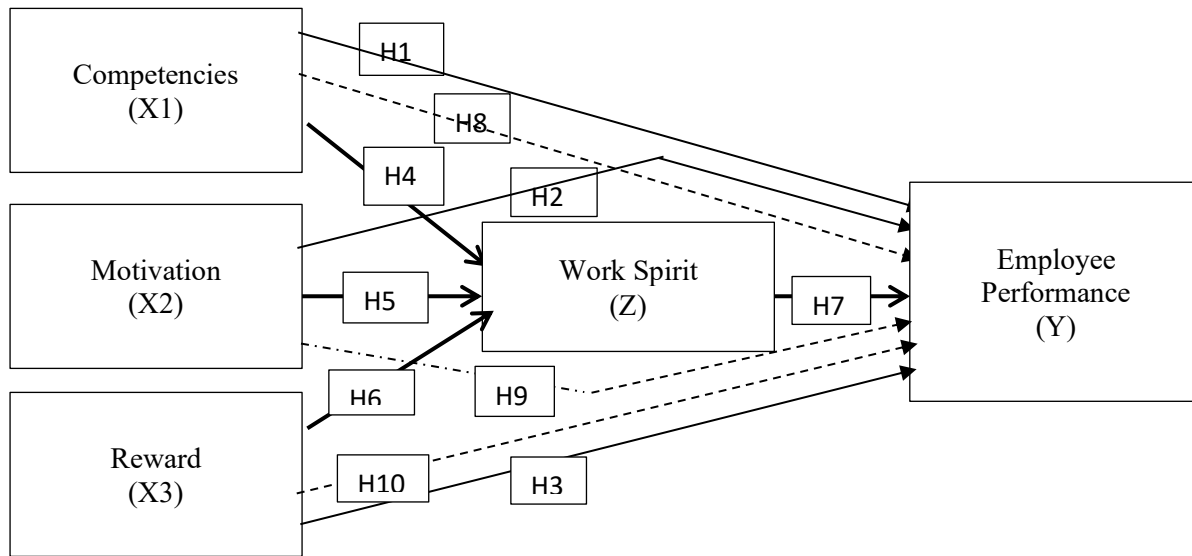


Figure 1: Conceptual Framework

Research Hypothesis

1. Competence affects the performance of employees at the Regional Office of the Directorate General of Immigration of North Sumatra.
2. Motivation affects the performance of employees at the Regional Office of the Directorate General of Immigration of North Sumatra.
3. Rewards affect employee performance at the Regional Office of the Directorate General of Immigration of North Sumatra.
4. Competence affects the work spirit of employees at the Regional Office of the Directorate General of Immigration of North Sumatra.
5. Motivation affects the work spirit of employees at the Regional Office of the Directorate General of Immigration of North Sumatra.
6. Rewards affect the work spirit of employees at the Regional Office of the Directorate General of Immigration of North Sumatra.
7. Work spirit affects the performance of employees at the Regional Office of the Directorate General of Immigration of North Sumatra.
8. Competence affects the performance of employees with work spirit as an intervening variable in the Regional Office of the Directorate General of Immigration of North Sumatra.
9. Motivation affects employee performance with work ethic as an intervening variable at the Regional Office of the Directorate General of Immigration of North Sumatra.
10. Rewards affect the performance of employees with work morale as an intervening variable at the Regional Office of the Directorate General of Immigration of North Sumatra.

Research Methods

Types and Approaches to Research

This research is a quantitative approach with an associative type of research. According to Sugiyono (2019), quantitative research is a research method used to research on certain populations or samples with the aim of testing a hypothesis that has been established. Associative research aims to find out the relationship or influence between two or more variables. In this study, a quantitative

approach was used to analyze the influence of competence, motivation, and reward on employee performance with work morale as an intervening variable.

Population and Sample

Population

According to Sugiyono (2019), population is a generalized area consisting of objects or subjects that have certain characteristics that are set by researchers to be studied and then conclusions are drawn. The population in this study is all employees at the Regional Office of the Directorate General of Immigration of North Sumatra which totals 40 employees.

According to Sugiyono (2019), samples are part of the number and characteristics possessed by the population. In this study, the sampling technique used a saturated sample (census), where all members of the population were used as samples. Thus, the number of samples in this study is 40 employees.

Data Analysis

The analysis approach used in the PLS (Partial Least Square) method is as follows:

1. Analyze the external model
2. Analyze the Inner Model
3. Hypothesis Testing

The test hypothesis can be seen in the t-statistical value and probability. For hypothesis testing using statistical significance, the alpha t-statistical value of 5% was 1.96. Therefore, the criteria for obtaining/estimating the hypothetical value are H_a and H_0 if the t-statistic is more than 1.96. To reject/accept the hypothesis using probability, H_a is rejected if p is less than 0.05.27 (Ghozali, 2018).

Results

Outer Model Analysis

1. Convergent Validity

The correlation between the item/indicator score and the construct score shows the convergent validity of the measurement model with the reflexive indicator. If the correlation value of an indicator is more than 0.70, it is considered reliable. However, a charge between 0.50 and 0.60 is still appropriate at the stage of development of this study's scale. The indication is that it has a load below 0.60 and is not significant according to external load data. The structural model of the research is illustrated in the following figure:

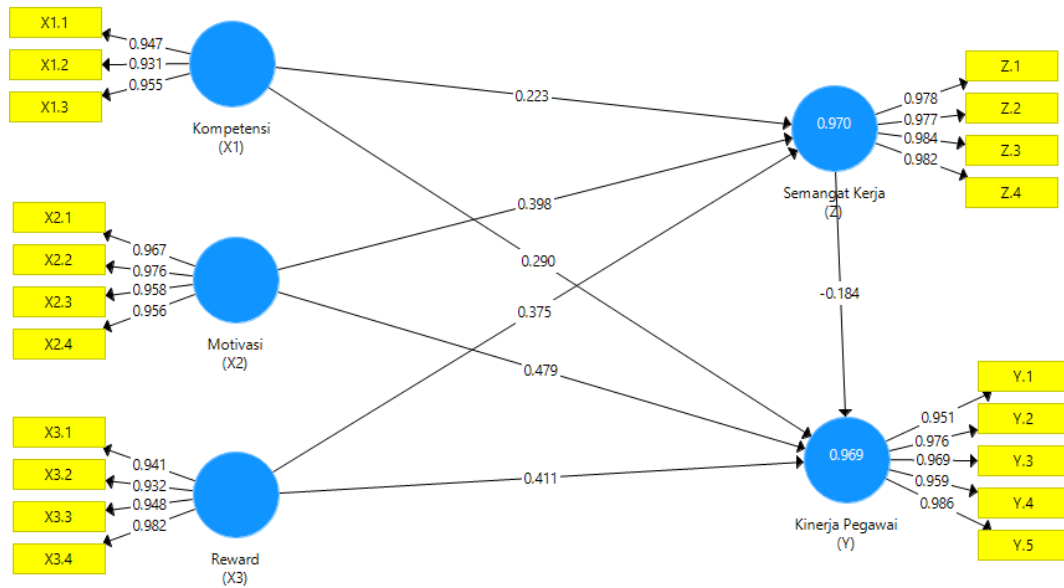


Figure 2. Outer Model

Source: Smart PLS 3.3.3

Table 2. Outer Loadings

	Performance Pegawai_(Y)	Kompetensi_(X1)	Motivasi_(X2)	Reward_(X3)	The Spirit Kerja_(Z)
X1.1		0,947			
X1.2		0,931			
X1.3		0,955			
X2.1			0,967		
X2.2			0,976		
X2.3			0,958		
X2.4			0,956		
X3.1				0,941	
X3.2				0,932	
X3.3				0,948	
X3.4				0,982	
Y.1	0,951				
Y.2	0,976				
Y.3	0,969				
Y.4	0,959				
Y.5	0,986				
Z.1					0,978
Z.2					0,977
Z.3					0,984
Z.4					0,982

Source: Smart PLS 3.3.3

Based on Table 2, the results of the outer loadings test show that all indicators in the variables of Competence, Motivation, Reward, Work Morale, and Employee Performance have a loading factor value above 0.70. The outer loading value of the Competency indicator ranges from 0.931–0.955, Motivation between 0.956–0.976, Reward between 0.932–0.982, Work Morale between 0.977–0.984, and Employee Performance between 0.951–0.986. The highest loading factor value is found in the Y.5 indicator of 0.986, while the lowest value is found in the X1.2 indicator of 0.931. Thus, all indicators are declared valid and able to reflect the latent constructs of each variable well because they have met the convergent validity criteria with an outer loading value of > 0.70 .

2. Discriminant Validity

The findings of the discriminatory validity test will be discussed in this section. Cross loading values were used for the discriminant validity test. If the cross loading value of an indicator on one variable is greater than the other variable, it is said to show discriminant validity. The cross loading values for each indicator are as follows:

Table 3. Discriminant Validity

	Performance Pegawai_(Y)	Kompetensi_(X1)	Motivasi_(X2)	Reward_(X3)	The Spirit Kerja_(Z)
X1.1	0,927	0,947	0,914	0,914	0,903
X1.2	0,877	0,931	0,878	0,890	0,910
X1.3	0,937	0,955	0,943	0,921	0,930
X2.1	0,963	0,938	0,967	0,944	0,943
X2.2	0,967	0,960	0,976	0,969	0,966
X2.3	0,900	0,910	0,958	0,897	0,928
X2.4	0,931	0,916	0,956	0,917	0,927
X3.1	0,941	0,920	0,923	0,941	0,903
X3.2	0,885	0,885	0,893	0,932	0,910
X3.3	0,911	0,896	0,907	0,948	0,924
X3.4	0,959	0,955	0,953	0,982	0,968
Y.1	0,951	0,911	0,916	0,923	0,927
Y.2	0,976	0,927	0,949	0,950	0,931
Y.3	0,969	0,938	0,943	0,949	0,918
Y.4	0,959	0,948	0,935	0,909	0,921
Y.5	0,986	0,962	0,977	0,974	0,966
Z.1	0,973	0,964	0,967	0,987	0,978
Z.2	0,919	0,942	0,940	0,935	0,977
Z.3	0,955	0,954	0,970	0,974	0,984
Z.4	0,929	0,936	0,950	0,923	0,982

Source: Smart PLS 3.3.3

Based on Table 3, the results of the discriminant validity test show that all indicators have the highest loading value on the construct they measure compared to their correlation values on other constructs. The Competency indicator (X1.1–X1.3) has a loading value of 0.931–0.955 in the Competency variable, the Motivation indicator (X2.1–X2.4) has a loading value of 0.956–0.976 in the Motivation variable, the Reward indicator (X3.1–X3.4) has a loading value of 0.932–0.982 in the Reward variable, the Employee Performance indicator (Y.1–Y.5) has a loading value of 0.951–

0.986 in the Employee Performance variable, and the Work Spirit indicator (Z.1–Z.4) has a loading value of 0.977–0.984 in the Employee Performance variable. Work Morale variable. Thus, each indicator is able to distinguish the construct it measures from the other, so that it can be concluded that the research model has met the criteria of discriminant validity and all indicators are declared valid for use in further analysis.

3.Composite reliability

Two approaches were used in this study to test dependencies: composite reliability and Cronbach alpha. While composite reliability evaluates the actual value of the dependency of a construct, Cronbach's alpha evaluates the lower limit of the reliability value of a construct. This study tested reliability using Composite reliability based on this opinion. In general, the combined dependency value, or alpha, should be higher than 0.7, although 0.6 is still acceptable. The Composite Reliability and Cronbach's Alpha values are shown in the table below.

Table 4. Construct Reliability and Validity

	Cronbach's Alpha	Composite Reliability	Mean Variance Extracted (AVE)
Performance Pegawai (Y)	0,983	0,987	0,937
Kompetensi_(X1)	0,939	0,961	0,892
Motivasi_(X2)	0,975	0,982	0,930
Reward_(X3)	0,965	0,974	0,904
The Spirit Kerja_(Z)	0,987	0,990	0,961

Source: Smart PLS 3.3.3

Based on Table 4, the results of the construct reliability and validity test showed that all research variables had Cronbach's Alpha and Composite Reliability values above 0.70 and Average Variance Extracted (AVE) values above 0.50. The Employee Performance variable has a Cronbach's Alpha value of 0.983, Composite Reliability of 0.987, and AVE of 0.937. The Competency variable obtained a Cronbach's Alpha value of 0.939, Composite Reliability of 0.961, and AVE of 0.892. The Motivation variable has a Cronbach's Alpha value of 0.975, Composite Reliability of 0.982, and AVE of 0.930. The Reward variable obtained a Cronbach's Alpha value of 0.965, Composite Reliability of 0.974, and AVE of 0.904. Meanwhile, the Work Morale variable had a Cronbach's Alpha value of 0.987, Composite Reliability of 0.990, and AVE of 0.961. These results show that all constructs have an excellent level of reliability and are able to explain the variance of the indicators well. Thus, all variables in this study were declared reliable and valid, making them suitable for analysis at the next stage.

Inner Model Analysis

To ensure that the structural model created is reliable and accurate, the structural model (inner model) is evaluated. The stages of structural model evaluation analysis can be seen through several indicators, including:

1. Coefficient of Determination (R²)

Based on the data processing that has been carried out using the SmartPLS 3.0 program, the R Square value is obtained as follows:

Table 5. R Square Results

	R Square	Adjusted R Square
--	----------	-------------------

Performance Pegawai_(Y)	0,969	0,965
The Spirit Kerja_(Z)	0,970	0,967

Source: Smart PLS 3.3.3

Based on Table 5, the R Square value for the Employee Performance variable (Y) is 0.969 with the Adjusted R Square is 0.965. These results show that 96.9% of the variation in Employee Performance can be explained by the variables of Competence, Motivation, Reward, and Work Morale, while the remaining 3.1% is explained by other factors outside the research model. Furthermore, the Work Morale (Z) variable has an R Square value of 0.970 with an Adjusted R Square of 0.967. This shows that 97.0% of the variation in Work Morale can be explained by the variables of Competence, Motivation, and Reward, while the remaining 3.0% is influenced by other variables that were not studied in this study. Overall, the R Square value of the two endogenous variables was in the very strong category, which shows that the research model has an excellent ability to explain the relationship between the variables studied.

2. Hypothesis Testing

The next step is to analyze the hypothetical relationship between latent constructs in this study after evaluating the inner model. T-Statistics and P-Values were tested in the process of testing the hypothesis of this study. If the P-Value is less than 0.05 and the T-Statistics value is more than 1.96 then the hypothesis is considered accepted. The result of the direct influence path coefficient is as follows:

Table 6. Path Coefficients (Direct Influence)

	Original Sample (O)	T Statistics (O/STDEV)	P Values	Results
Kompetensi_(X1) -> Performance Pegawai_(Y)	0,290	2,502	0,006	Accepted
Kompetensi_(X1) -> Spirit Kerja_(Z)	0,223	1,905	0,029	Accepted
Motivasi_(X2) -> Performance Pegawai_(Y)	0,479	3,299	0,001	Accepted
Motivasi_(X2) -> Spirit Kerja_(Z)	0,398	2,777	0,003	Accepted
Reward_(X3) -> Performance Pegawai_(Y)	0,411	2,424	0,008	Accepted
Reward_(X3) -> Spirit Kerja_(Z)	0,375	3,210	0,001	Accepted
The Spirit of Kerja_(Z) -> Performance Pegawai_(Y)	-0,184	1,135	0,128	Rejected

Source: Smart PLS 3.3.3

1. The Influence of Competency on Employee Performance

The test results showed that Competency (X1) had a positive and significant effect on Employee Performance (Y), with a path coefficient value (Original Sample) of 0.290, a Statistical T value of 2.502, and a P Value of 0.006. Because the Statistical T value > 1.96 and the P Values < 0.05, the hypothesis is accepted. This shows that increasing employee competence will improve employee performance. Employees who have good knowledge, skills, and abilities tend to be able to complete work more effectively and efficiently.

2. The Influence of Competence on Work Morale

Competency (X1) has a positive and significant effect on Work Morale (Z), with a path coefficient value of 0.223, a Statistical T value of 1.905, and a P Value of 0.029. Since the P

values < 0.05 , the hypothesis is accepted. These results show that the higher the competence that employees have, the work spirit of employees will also increase. Good competence makes employees more confident in carrying out their duties and responsibilities.

3. The Influence of Motivation on Employee Performance

Motivation (X2) has a positive and significant effect on Employee Performance (Y), with a path coefficient value of 0.479, a statistical T value of 3.299, and a P Value of 0.001. Because the Statistical T value > 1.96 and the P Values < 0.05 , the hypothesis is accepted. This shows that high motivation can significantly improve employee performance. Motivated employees will be more enthusiastic in achieving targets and delivering optimal work results.

4. The Effect of Motivation on Work Morale

Motivation (X2) had a positive and significant effect on Work Morale (Z), with a path coefficient value of 0.398, a Statistical T value of 2.777, and a P Value of 0.003. Because the Statistical T value > 1.96 and the P Values < 0.05 , the hypothesis is accepted. These results show that increased motivation will encourage an increase in employee morale. The greater the internal and external encouragement that employees receive, the higher their enthusiasm for work.

5. The Effect of Rewards on Employee Performance

Reward (X3) has a positive and significant effect on Employee Performance (Y), with a path coefficient value of 0.411, a Statistical T value of 2.424, and a P Value of 0.008. Because the Statistical T value > 1.96 and the P Values < 0.05 , the hypothesis is accepted. This shows that giving good rewards can improve employee performance. The awards given by the organization are able to encourage employees to work better and maintain their work performance.

6. The Effect of Rewards on Work Morale

Reward (X3) has a positive and significant effect on Work Morale (Z), with a path coefficient value of 0.375, a Statistical T value of 3.210, and a P Value of 0.001. Because the Statistical T value > 1.96 and the P Values < 0.05 , the hypothesis is accepted. These results show that the better the reward system provided, the higher the work morale of employees. Recognition and appreciation for the results of work make employees feel appreciated so that they are more enthusiastic in carrying out their work.

7. The Influence of Work Morale on Employee Performance

Work Morale (Z) had a negative and insignificant effect on Employee Performance (Y), with a path coefficient value of -0.184, a Statistical T value of 1.135, and a P Value of 0.128. Because the Statistical T value < 1.96 and the P Values > 0.05 , the hypothesis was rejected. These results show that work morale does not have a significant influence on employee performance in this study. This condition indicates that increasing work morale alone is not necessarily able to improve performance if it is not supported by other factors such as competence, motivation, and an adequate reward system.

Table 7. Path Coefficients (Indirect Influences)

	Original Sample (O)	T Statistics (O/STDEV)	P Values	Results
Kompetensi_(X1) -> Spirit Kerja_(Z) -> Performance Pegawai_(Y)	-0,041	0,946	0,172	Rejected
Motivasi_(X2) -> Spirit Kerja_(Z) -> Performance Pegawai_(Y)	-0,073	0,933	0,176	Rejected
Reward_(X3) -> Spirit Kerja_(Z) -> Performance Pegawai_(Y)	-0,069	0,967	0,167	Rejected

Source: Smart PLS 3.3.3

8. The Influence of Competency on Employee Performance through Work Spirit
The test results showed that the indirect influence of Competency (X1) on Employee Performance (Y) through Work Morale (Z) had a coefficient value of -0.041, a Statistical T value of 0.946, and a P Value of 0.172. Because the Statistical T value < 1.96 and the P Values > 0.05 , the hypothesis was rejected. These results show that Work Morale is not able to mediate the influence of Competency on Employee Performance. In other words, improving competence plays a more direct role in improving performance than through increasing work morale.
9. The Influence of Motivation on Employee Performance through Work Morale
The indirect influence of Motivation (X2) on Employee Performance (Y) through Work Morale (Z) has a coefficient value of -0.073, a Statistical T value of 0.933, and a P Values of 0.176. Because the Statistical T value < 1.96 and the P Values > 0.05 , the hypothesis was rejected. These results show that Work Morale is not able to mediate the relationship between Motivation and Employee Performance. This indicates that the motivation of employees has more directly on performance improvement than through work morale.
10. The Effect of Rewards on Employee Performance through Work Morale
The indirect effect of Reward (X3) on Employee Performance (Y) through Work Morale (Z) has a coefficient value of -0.069, a Statistical T value of 0.967, and a P Value of 0.167. Because the Statistical T value < 1.96 and the P Values > 0.05 , the hypothesis was rejected. These results show that Work Morale is not able to mediate the influence of Rewards on Employee Performance. Thus, rewarding is more effective in improving employee performance directly than through increasing work morale.

Conclusion

1. Competence has a positive and significant effect on Employee Performance. This shows that the higher the competence of employees, the higher the performance produced. Thus, the first hypothesis is accepted.
2. Competence has a positive and significant effect on Work Morale. These results show that increasing competence is able to increase employee morale because employees feel more capable and confident in carrying out their work. Thus, the second hypothesis is accepted.
3. Motivation has a positive and significant effect on Employee Performance. This shows that motivation is an important factor in improving employee performance. The higher the motivation that employees have, the more optimal the work results achieved. Thus, the third hypothesis is accepted.
4. Motivation has a positive and significant effect on Work Morale. These results show that high motivation can increase the enthusiasm and enthusiasm of employees in carrying out their duties and responsibilities. Thus, the fourth hypothesis is accepted.
5. Rewards have a positive and significant effect on Employee Performance. This shows that giving the right rewards is able to encourage employees to work better and improve their performance. Thus, the fifth hypothesis is accepted.
6. Rewards have a positive and significant effect on Work Morale. These results show that the awards given by organizations can increase employee morale because employees feel appreciated for their contributions. Thus, the sixth hypothesis is accepted.
7. Work Morale does not have a significant effect on Employee Performance. These results show that work morale has not been able to improve employee performance in a real way. Employee performance is more influenced by other factors such as competence, motivation, and rewards. Thus, the seventh hypothesis is rejected.

8. Work Spirit is not able to mediate the influence of Competence on Employee Performance. These results show that competence is more effective in improving employee performance directly than through work morale. Thus, the eighth hypothesis is rejected.
9. Work Spirit is not able to mediate the influence of Motivation on Employee Performance. These results show that motivation has a stronger direct influence on employee performance than through work morale as a mediating variable. Thus, the ninth hypothesis is rejected.
10. Work Spirit is not able to mediate the influence of Rewards on Employee Performance. These results show that rewards are more effective in improving employee performance directly than through increased work morale. Thus, the tenth hypothesis is rejected.

Suggestions

1. Organizational leaders need to improve employee competencies through training, education, workshops, certifications, and human resource development programs on an ongoing basis. The results of the study showed that competence had a significant effect on employee performance with a path coefficient of 0.290 and on work morale of 0.223.
2. Organizations need to strengthen employee motivation by providing career development opportunities, rewards for work achievements, good communication, and support from leaders. This is important because motivation has the greatest influence on employee performance with a path coefficient of 0.479 and a significant effect on work morale of 0.398.
3. Organizations need to implement a fair, transparent, and performance-based reward system, both in financial and non-financial form. The results of the study showed that rewards had a significant effect on employee performance with a path coefficient of 0.411 and on work morale of 0.375.
4. Although work morale has been proven to be influenced by competence, motivation, and rewards, the results of the study show that work morale has not been able to significantly improve employee performance. Therefore, organizations not only need to increase employee morale, but also ensure that this enthusiasm is directed towards achieving clear and measurable work targets.
5. Based on the value of the direct influence coefficient, the Motivation variable is the most dominant factor in influencing employee performance. Therefore, organizations need to make increasing motivation a top priority in an effort to improve overall employee performance.
6. The next research is suggested to expand the research object in different agencies or organizations so that more diverse results can be obtained and improve the ability to generalize research findings.

References

- [1] Arya Dwipayana, Kiki Farida Ferine, Nuzuliati Nuzuliati (2023), The Influence of Work Discipline and Leadership on Employee Performance with Employee Work Motivation as An Intervening Variable at Airport Authority Office Region II Medan, SINOMIKA Journal: Publikasi Ilmiah Bidang Ekonomi Dan Akuntansi
- [2] Busro, M. (2018). Teori-teori manajemen sumber daya manusia. Jakarta: Prenadamedia Group.
- [3] DH Silaen, MT Daulay, KF Ferine (2023), The Influence Of Compensation, Work Motivation And Work Discipline On The Performance Of Employees In Administrative Department With Work Loyalty As An Intervening Variable At The Airport Authority Office In Medan Region II, SIBATIK JOURNAL: Jurnal Ilmiah Bidang Sosial, Ekonomi, Budaya, Teknologi, dan Pendidikan
- [4] Fahmi, I. (2018). Manajemen sumber daya manusia: Teori dan aplikasi. Bandung: Alfabeta.

- [5] Ghozali, I. (2018). Aplikasi analisis multivariate dengan program IBM SPSS dan Partial Least Square (PLS) (Edisi 9). Semarang: Badan Penerbit Universitas Diponegoro.
- [6] Hasibuan, M. S. P. (2019). Manajemen sumber daya manusia. Jakarta: Bumi Aksara.
- [7] Heru Fajrin, B Mesra (2024), Improving employee performance through work motivation, Proceedings of the International Conference on Multidisciplinary Science (INTISARI)
- [8] Herzberg, F. (1959). The motivation to work. New York: John Wiley & Sons.
- [9] Kasmir. (2019). Manajemen sumber daya manusia (teori dan praktik). Jakarta: Rajawali Pers.
- [10] Mangkunegara, A. A. A. P. (2017). Manajemen sumber daya manusia perusahaan. Bandung: Remaja Rosdakarya.
- [11] Nitisemito, A. S. (2014). Manajemen personalia. Jakarta: Ghalia Indonesia.
- [12] Nugraheni, R., Sari, D. P., & Utami, H. N. (2020). Pengaruh motivasi kerja terhadap kinerja pegawai. Jurnal Administrasi Bisnis, 10(2), 45–53.
- [13] Pratama, A. (2019). Pengaruh reward terhadap kinerja pegawai pada instansi pemerintah. Jurnal Manajemen dan Bisnis, 8(1), 23–31.
- [14] Rahmat Sihombing, B Mesra, Muhammad Isa Indrawan (2025), Analysis of the Influence of Compensation and Training on Work Motivation: The Role of Individual Characteristics as Moderating Variables at PT PLN (Persero) UP3 Pematang Siantar, International Conference on Artificial Intelligence, Navigation, Engineering, and Aviation Technology
- [15] Robbins, S. P., & Judge, T. A. (2018). Perilaku organisasi (Edisi 16). Jakarta: Salemba Empat.
- [16] Sari, M. (2021). Peran semangat kerja dalam memediasi pengaruh motivasi terhadap kinerja pegawai. Jurnal Ilmu Manajemen, 9(3), 112–120.
- [17] Sinambela, L. P. (2020). Manajemen sumber daya manusia: Membangun tim kerja yang solid untuk meningkatkan kinerja. Jakarta: Bumi Aksara.
- [18] Sugiyono. (2019). Metode penelitian kuantitatif, kualitatif, dan R&D. Bandung: Alfabeta.
- [19] Sutrisno, E. (2017). Manajemen sumber daya manusia. Jakarta: Kencana.
- [20] Sutrisno, E. (2019). Manajemen sumber daya manusia. Jakarta: Kencana.
- [21] Wibowo. (2016). Manajemen kinerja. Jakarta: Rajawali Pers.
- [22] Wibowo. (2018). Manajemen kinerja. Jakarta: Rajawali Pers.
- [23] Wirandi Pranoto, B Mesra (2024), The influence of work motivation and leadership style on employee performance through job satisfaction as a mediating variable at the Employment BPJS Sumbagut Regional Office, Lead Journal of Economy and Administration
- [24] Yusuf Kibar, Kiki Farida Ferine, M Isa Indrawan (2023), [The Effect Of Work Stress And Work Discipline On Employee Performance With Work Motivation As An Intervening Variable At Pt Hki Jakarta](#), International Journal of Management, Economics and Accounting