

The Role of Communication in Mediating the Influence of Human Resource Quality on Employee Performance in Financial Institutions and Regional Assets of North Sumatra Province

Elisabeth Kristina Junita Sianipar, Elfitra Desy Surya, Mesra B.

Abstract

This study aims to analyze the influence of the quality of human resources on employee performance with communication as an intervening variable in the Regional Finance and Assets Agency of North Sumatra Province. This study uses a quantitative approach with a survey method through the distribution of 80 questionnaires to employees as respondents. The sample is determined by purposive sampling technique so that the data obtained is in accordance with the research objectives. The data collected was analyzed using path analysis to determine the direct and indirect influences between variables. The results of the study show that the quality of human resources has a positive and significant effect on employee performance and through communication. Likewise, communication has a positive and significant effect on employee performance. In addition, the quality of human resources has been proven to have a positive and significant indirect influence on employee performance through communication. Thus, communication plays a role as an intervening variable that mediates the influence of the quality of human resources on employee performance. The results of this research are expected to be an input for leaders in improving employee performance through improving the quality of human resources, and the effectiveness of communication in the work environment.

Keywords: Competence, Work Motivation, Employee Performance

Elisabeth Kristina Junita Sianipar

Master of Management, Universitas Pembangunan Panca Budi, Indonesia

e-mail: sianiparbeth@gmail.com

Elfitra Desy Surya, Mesra B.

e-mail: elfitradesy@dosen.pancabudi.ac.id, mesrab@dosen.pancabudi.ac.id

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Introduction

In the current era of bureaucratic reform and digitization of public administration, government sector organizations are required to be able to manage quality human resources (HR) in order to achieve organizational goals effectively and efficiently. The Regional Finance and Assets Agency (BKAD) of North Sumatra Province is a government agency that has a vital role in managing regional finances and assets in a transparent, accountable, and professional manner. Therefore, improving employee performance is a top priority.

According to Sutrisno (2020), employee performance is the result of quality and quantity of work achieved by an employee according to the set work standards. One of the important factors that affect performance is the quality of human resources. Mangkunegara (2020) explained that the quality of human resources includes knowledge, skills, attitudes, and work motivation. Competent and highly skilled human resources will encourage the creation of optimal performance.

However, the quality of good human resources does not necessarily guarantee the achievement of employee performance if it is not supported by an effective communication process within the organization. According to Robbins & Judge (2022), organizational communication is the process of conveying information and understanding between individuals or groups to achieve a common goal. Effective communication minimizes miscommunication, reduces conflict, and improves work coordination between employees.

Hasibuan (2021) emphasized that communication plays an important role in moving, directing, and coordinating employee tasks so that the implementation of work can run smoothly. Communication is also a bridge in the distribution of ideas, ideas, and instructions from leaders to subordinates.

Some previous research supports this relationship. Yuliana & Dewi (2021) found that the quality of human resources has a positive effect on employee performance, but the influence will be stronger if it is supported by good communication in the work environment. Putri & Riani (2022) in their research stated that organizational communication has been proven to be able to mediate the influence of employee competencies on performance in government agencies. Another study by Rahmawati & Siregar (2023) also shows that effective communication strengthens the relationship between human resource development and employee performance in the public sector.

Although the quality of human resources of BKAD employees in North Sumatra Province is generally classified as good based on educational qualifications and work experience, the results of initial observations show that there are still obstacles in information delivery, coordination between work units, and communication gaps between leaders and subordinates. This has an impact on work delays, output mismatches, and low teamwork effectiveness.

This problem indicates that organizational communication has the potential to be a mediating variable that strengthens the influence of human resource quality on employee performance. If internal communication runs effectively, then the potential and competence of employees can be channeled to the maximum, so that organizational goals can be better achieved.

Based on this description, this study is important to analyze the role of communication in mediating the influence of human resource quality on employee performance at the Regional Finance and Assets Agency of North Sumatra Province. The results of this research are expected to make a theoretical contribution to the development of public sector human resource management science and become practical considerations for BKAD leaders in formulating strategies to improve internal communication to support employee performance.

Literature Review

2.1 Employee Performance

According to Mangkunegara (2017) "employee performance (work achievement) is the result of work in terms of quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him".

Employee Performance Indicators

According to Mangkunegara (2017), employee performance indicators include:

1. Quality of Work
Quality of work measures how well an employee does what is supposed to be done, including thoroughness, neatness, and accuracy in working according to set standards.
2. Working Quantity
Quantity of work measures how much work an employee produces in a given time, which can be seen from the speed at which each employee works.
3. Task Execution
Task execution measures how accurate an employee is in performing his or her duties and free from errors.
4. Responsibility
Responsibility refers to the awareness of the obligation to carry out the work properly and in accordance with the responsibilities given.

2.2 Communication

According to Bandriyah (2015:30), communication is the process of transferring understanding in the form of ideas, information from one person to another. Communication is needed to exchange information, give orders, and tell stories. As social beings, everyone exchanges information for their needs and tells stories about their lives. While on duty, managers need communication to give orders to subordinates. Therefore, communication plays an important role in human life at work or not.

Communication Indicators

According to Bandriyah (2015:38), the communication indicators are as follows:

1. Understandable
2. Submit feedback
3. Quick to accept
4. Task coordination

2.3 Quality of Human Resources

According to Winedar et.al (2019) The quality of human resources is the ability of an employee to carry out his duties, but not only to have the ability to complete work, but also for self-development and encourage the self-development of his colleagues.

Human Resource Quality Indicators

According to Winedar, et.al (2019) revealed that the indicators of human resource quality are as follows:

1. Have skills relevant to the field of work
2. Have adequate knowledge
3. Have a high tolerance attitude
4. Have a high spirit, and
5. Have an honest attitude

2.4 Conceptual Framework

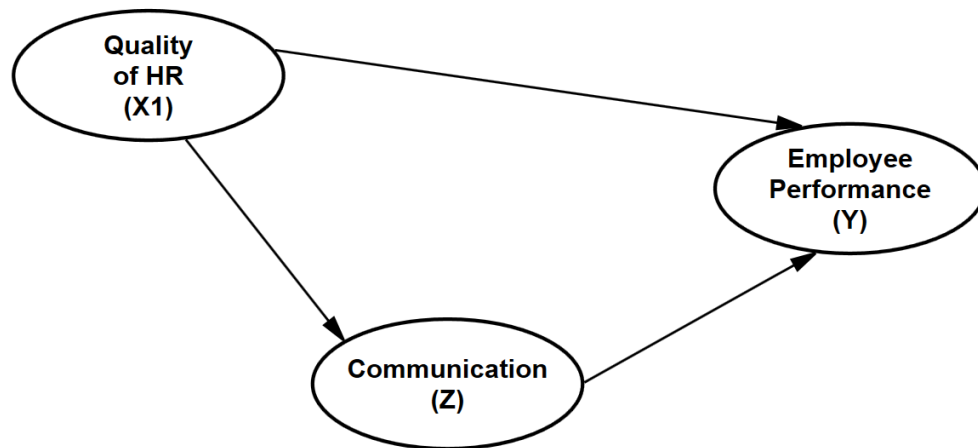


Figure 1. Conceptual Framework

2.5 Research Hypothesis

- H1: The quality of human resources has a positive and significant effect on the performance of employees at the Regional Finance and Assets Agency of North Sumatra Province.
- H2: The quality of human resources has a positive and significant effect on communication at the Regional Finance and Assets Agency of North Sumatra Province.
- H3: Communication has a positive and significant effect on employee performance at the Regional Finance and Assets Agency of North Sumatra Province.
- H4: The quality of human resources has a positive and significant effect on employee performance through communication at the Regional Finance and Assets Agency of North Sumatra Province.

Methods

3.1 Types of Research

The type of research that the researcher uses is quantitative research. This type of quantitative research is carried out to make a study that aims to adjust a research and to analyze the quality of human resources on employee performance with communication as an intervening variable in the Regional Finance and Assets Agency of North Sumatra Province.

3.2 Research Location and Research Time

The location of the research was conducted at the Regional Finance and Assets Agency of North Sumatra Province, which is located on Jl. Imam Bonjol No. 61, Suka Damai, Medan 20142. The research period was carried out for 3 months, from April to June 2025.

3.3 Population and Sample

The population and sample in this study are all permanent employees at the Regional Finance and Assets Agency of North Sumatra Province. The number of employees at the office of the Regional Finance and Assets Agency of North Sumatra Province is 135 employees, with details: 80 ASN and 55 people as honorary employees. In this study, the sample was taken only from 80 ASN employees.

3.4 Research Data Sources

The data source used in this study is primary data.

Result and Discussion

4.1 Outer Model Analysis

The *Outer Model* analysis using the *PLS Algorithm* yielded:

Validity Test

Table 1. Value of Outer Loadings

	Communication	Employee Performance	Quality of HR
X.1			0,810
X.2			0,818
X.3			0,743
X.4			0,780
X.5			0,767
Y.1		0,876	
Y.2		0,853	
Y.3		0,865	
Y.4		0,813	
Z.1	0,882		
Z.2	0,872		
Z.3	0,879		
Z.4	0,832		

Source: PLS Smart Output, 2025

Based on the values in Table 1 above, showing the results of the outer model test through the loading factor / outer loadings value, all indicators in each variable have a loading value ≥ 0.70 . This shows that each indicator is able to represent a measured construct validly and robustly. Therefore, it can be concluded that all items in the questionnaire have met the criteria of convergent validity and can be used in subsequent analysis. For more details on the above value, you can also see the following figure.

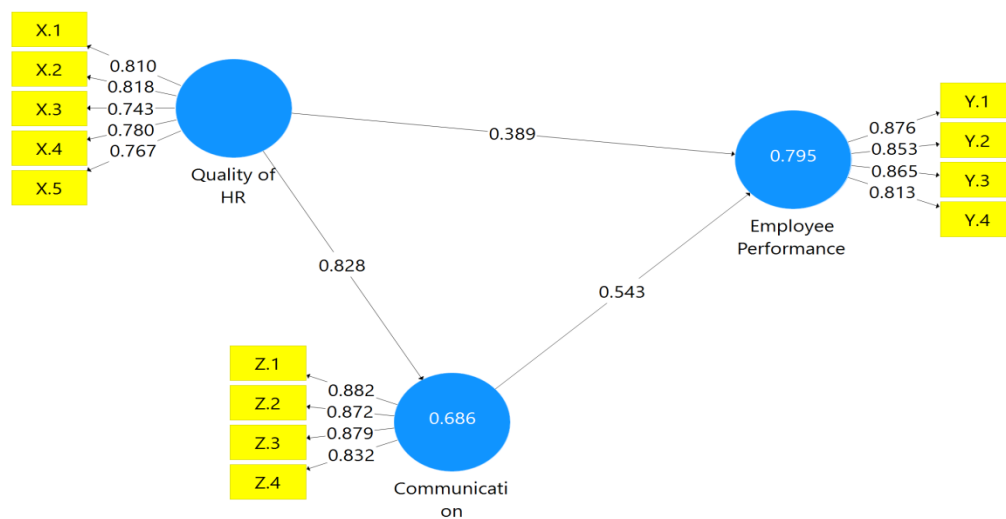


Figure 2. Outer Loadings

Reliability Test

Table 2. Construct Reliability and Validity Test

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Communication	0,889	0,890	0,923	0,751
Employee Performance	0,874	0,875	0,914	0,726
Quality of HR	0,843	0,846	0,888	0,615

Source: PLS Smart Output, 2025

From Table 2 above, the reliability test results show that Cronbach's Alpha and Composite Reliability values on all constructs have values above 0.70. This shows that all indicators have high internal consistency and are reliable in measuring their respective constructs. Thus, the research instrument is declared reliable and feasible for use in structural model testing.

Coefficient of Determination (R²)

In assessing a model with PLS it starts by looking at the R-square for each dependent latent variable. The table below is the result of Rsquare estimation using SmartPLS.

Table 3. R Square Results

	R Square	R Square Adjusted
Communication	0,686	0,682
Employee Performance	0,795	0,790

Source: Smart PLS, 2025

In table 3, there is an R square value in both dependent variables for the communication variable, there is an R square value of 0.737, meaning that the influence of HR quality is 0.686 or 68.6%, the rest is in other variables outside the model. The R square value of employee performance is 0.795, meaning that the influence of HR and communication quality is 0.795 or 79.5%, the rest is on other variables outside the model.

4.2 Structural Model Testing (Inner Model)

Hypothesis Testing

Direct Influence Between Variables

The direct influence between variables can be seen in the value of *path coefficients*. The results of the data processing show the value of direct influence can be seen in the following table.

Table 4. Path Coefficients (Direct Influence)

	Original Sample	T Statistics	P Values	Conclusion
Quality of HR -> Employee Performance	0,389	3,269	0,001	Accepted
Quality of HR -> Communication	0,828	22,169	0,000	Accepted
Communication -> Employee Performance	0,543	4,213	0,000	Accepted

Source: PLS Smart Output, 2025

In the results of Table 4, there is a direct influence value which will be explained as follows:

1. The quality of human resources has a positive and significant effect on employee performance with a t-statistical value of 3.269 above 1.96 and a significance of 0.001 below 0.05, meaning that the quality of human resources has a positive and significant effect on employee performance because the significance value is below 0.05. The results of this study are in accordance with previous research, namely that the quality of human resources has a positive and significant effect on the performance of employees at the Medan Ministry of Religion office (Saputra & Mesra, 2023).
2. The quality of human resources has a positive and significant effect on communication with a t-statistical value of 22.169 above 1.96 and a significance of 0.000 below 0.05, meaning that the quality of human resources has a positive and significant effect on communication because the significance value is below 0.05. The results of this study are also in accordance with the research conducted by Putra (2024) which states that the quality of human resources has a positive and significant effect on communication.
3. Communication has a positive and significant effect on employee performance with a t-statistical value of 4.213 above 1.96 and a significance of 0.000 below 0.05, meaning that communication has a positive and significant effect on employee performance because the significance value is below 0.05. The results of this study are in accordance with the results of previous research, namely Sugiono's research (2021) which states that communication has a positive and significant effect on employee performance.

Indirect Influence Between Variables

The indirect influence between variables can be seen in the value of *specific indirect effects*. The results of data processing show the value of indirect influence can be seen in Table 5 below.

Table 5. Specific Indirect Effects

	Original Sample	T Statistics	P Values	Conclusion
Quality of HR -> Communication -> Employee Performance	0,450	4,334	0,000	Accepted

Source: Smart PLS, 2025

In table 5, there is an indirect influence between variables which will be explained as follows:

The quality of human resources has a positive and significant effect on employee performance through communication with a t-statistical value of 3.629 and a significance value of 0.000,

meaning that communication plays a role as an intervening variable between the quality of human resources and employee performance. Research by Eclipse (2021) states that the quality of human resources has a positive and significant effect on employee performance through communication with employees of the South Hulu Sungai Education Office.

Conclusion

1. The quality of human resources has a positive and significant effect on the performance of employees at the Regional Finance and Assets Agency of North Sumatra Province.
2. The quality of human resources has a positive and significant effect on communication at the Regional Finance and Assets Agency of North Sumatra Province.
3. Communication has a positive and significant effect on the performance of employees at the Regional Finance and Assets Agency of North Sumatra Province.
4. The quality of human resources has a positive and significant effect on employee performance through communication at the Regional Finance and Assets Agency of North Sumatra Province.

Suggestion

1. HR quality with the statement "I respect the differences of opinion and background of my colleagues". Here employees face employees who do not show an attitude of respect for differences (opinions, culture, ethnicity, religion, work style) so that agencies need to conduct training on diversity and inclusivity, facilitate open discussion forums.
2. For the communication variable with the statement "I always coordinate with colleagues in carrying out tasks". This means that coordination between employees is still weak, inconsistent, or even not carried out, so the solution is to implement a structured coordination system and can also improve employees' soft skills.
3. Employee performance with the statement "I am fully responsible for the work that is my duty". This means employees tend to avoid responsibility, procrastinate on work and blame others when things go wrong. The suggestion is to uphold a culture of accountability and increase a sense of belonging and involvement.

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