

THE EFFECT OF COMPETENCE, MOTIVATION AND REWARDS ON EMPLOYEE PERFORMANCE WITH WORK SPIRIT AS AN INTERVENING VARIABLE ON TECHNICAL SERVICE EMPLOYEES OF PT PLN (PERSERO) ULP PANGKALAN BRANDAN

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ABSTRACT

This study aims to explore the influence of competence, motivation, and rewards on employee performance, with work morale as a mediator among Technical Service Employees at PT PLN (Persero) ULP Pangkalan Brandan. Quantitative methods were used for this study, using a survey approach. A complete population of 52 employees was sampled using a census approach. Data collection involved questionnaires, which were then analyzed using Partial Least Squares (PLS) techniques. The results showed that competence significantly and positively influenced employee performance and work morale. Motivation was not found to significantly influence employee performance or work morale. Rewards had a significant effect on work morale but did not substantially affect employee performance. Furthermore, work morale positively and significantly influences employee performance. Analysis of the indirect effect showed that work morale did not mediate the relationship between competence and motivation related to employee performance, nor did it mediate the effect of rewards on employee performance. This study concluded that employee performance is primarily influenced by competence and work morale, not motivation and rewards.

Introduction

Employee performance is a vital element in helping an organization achieve its goals. High performance not only leads to increased productivity and better service quality but also indicates how effectively management manages its workforce. According to Robbins and Judge (2019), factors such as individual skills, motivation, and opportunities offered by the organization all influence employee performance. As PT PLN (Persero) faces increasing competition in the energy sector, the company must ensure its workforce can deliver exceptional performance to maintain efficient and high-quality services to the

public. A key factor in employee performance is competence. This term refers to the combination of knowledge, skills, and attitudes that enable workers to perform their tasks effectively and efficiently (Dessler, 2017). In a technical service department such as PT PLN (Persero) ULP Pangkalan Brandan, technical and managerial competence are crucial due to the complex nature of tasks involving power grid maintenance, disruption management, and system reliability improvement. Employees with satisfactory levels of competence are more likely to perform their work on time, accurately, and with high quality, thus directly improving the organization's overall performance.

In addition to competence, employee motivation significantly influences their performance. Motivation is an internal or external drive that shapes individual behavior to achieve specific goals (Robbins, 2018). Highly motivated workers typically demonstrate initiative, responsibility, and strong dedication to their roles. At PT PLN (Persero), motivation can be fostered through recognition of achievements, offering career advancement opportunities, fostering a supportive work environment, and providing support from superiors and coworkers. When motivation levels are high, employees are expected to tackle various challenges with enthusiasm and deliver optimal performance. Another aspect that influences employee performance is the reward or recognition system. Financial and non-financial rewards serve as a form of gratitude from the organization for employee contributions (Armstrong, 2019). Providing appropriate rewards not only increases employee satisfaction and loyalty but can also increase work enthusiasm in achieving set targets. At PT PLN (Persero) ULP Pangkalan Brandan, the implementation of a reward system—including performance incentives, bonuses, achievement recognition, and non-material rewards—is expected to inspire employees to work more effectively and productively. In addition to competence, motivation, and rewards, employee morale is another important factor mediating the relationship between these elements and performance levels. Morale reflects how passionate, enthusiastic, and dedicated an employee is in carrying out their duties (Luthans, 2018). Employees with high morale typically demonstrate greater productivity, adapt smoothly to change, and maintain a strong commitment to achieving organizational goals. Therefore, morale acts as a link between internal and external organizational factors and resulting employee performance.

The situation at PT PLN (Persero) ULP Pangkalan Brandan reveals differences in the performance of technical service staff. Some workers possess strong skills and high motivation, but their performance has not improved significantly, possibly due to low morale or an ineffective reward system. Conversely, those who receive adequate rewards but lack motivation also tend to show poor performance.

This scenario suggests that the relationship between competence, motivation, and rewards that influence employee performance is not always straightforward; it may be mediated by morale. Therefore, this study was conducted to investigate how competence, motivation, and rewards influence employee performance, with morale as a mediating factor among technical service staff at PT PLN (Persero) ULP Pangkalan Brandan. The results of this study are intended to provide valuable insights to management in designing human resource development strategies, improving employee morale, and creating a more effective reward system to encourage continuous improvement in organizational performance.

Problem Formulation

1. Does Competence have a positive and significant effect on Employee Performance at PT PLN (Persero) ULP Pangkalan Brandan?
2. Does Motivation have a positive and significant effect on Employee Performance at PT PLN (Persero) ULP Pangkalan Brandan?
3. Does Reward have a positive and significant effect on Employee Performance at PT PLN (Persero) ULP Pangkalan Brandan?
4. Does Competence have a positive and significant effect on Work Spirit at PT PLN (Persero) ULP Pangkalan Brandan?
5. Does Motivation have a positive and significant effect on Work Spirit at PT PLN (Persero) ULP Pangkalan Brandan?
6. Does Reward have a positive and significant effect on Work Spirit at PT PLN (Persero) ULP Pangkalan Brandan?
7. Does Work Spirit have a positive and significant effect on Employee Performance at PT PLN (Persero) ULP Pangkalan Brandan?
8. Does Competence have a positive and significant effect on Employee Performance through Work Spirit at PT PLN (Persero) ULP Pangkalan Brandan.
9. Does Motivation have a positive and significant effect on Employee Performance through Work Spirit at PT PLN (Persero) ULP Pangkalan Brandan?
10. Does Reward have a positive and significant effect on Employee Performance through Work Spirit at PT PLN (Persero) ULP Pangkalan Brandan?

Research Objectives

1. To test and analyze the influence of Competence on Employee Performance at PT PLN (Persero) ULP Pangkalan Brandan.
2. To test and analyze the influence of Motivation on Employee Performance at PT PLN (Persero) ULP Pangkalan Brandan.
3. To test and analyze the influence of Reward on Employee Performance at PT PLN (Persero) ULP Pangkalan Brandan.
4. To test and analyze the influence of Competence on Work Spirit of employees at PT PLN (Persero) ULP Pangkalan Brandan.
5. To test and analyze the influence of Motivation on Work Spirit of employees at PT PLN (Persero) ULP Pangkalan Brandan.
6. To test and analyze the influence of Reward on Work Spirit of employees at PT PLN (Persero) ULP Pangkalan Brandan.
7. To test and analyze the influence of Work Spirit on Employee Performance at PT PLN (Persero) ULP Pangkalan Brandan.
8. To test and analyze the influence of Competence on Employee Performance through Work Spirit at PT PLN (Persero) ULP Pangkalan Brandan.
9. To test and analyze the influence of Motivation on Employee Performance through Work Spirit at PT PLN (Persero) ULP Pangkalan Brandan.
10. To test and analyze the influence of Reward on Employee Performance through Work Spirit at PT PLN (Persero) ULP Pangkalan Brandan.

Benefits of research

1. Theoretical Benefits

This study aims to provide insights for the advancement of scientific research, particularly in the fields of human resource management, employee motivation, and performance, with several advantages:

- a. Increase the number of references and literature on how competence, motivation, and incentives affect employee performance.
- b. Offers empirical data on the function of work enthusiasm as an intermediary factor linking competence, motivation, and rewards with employee performance.
- c. To serve as a basis for further research into human resource management and initiatives aimed at improving employee performance, particularly in the technical services sector.

2. Practical Benefits

Practically, the findings of this study are expected to be useful for various stakeholders, including:

- a. For PT PLN (Persero) ULP Pangkalan Brandan, as input in developing strategies and policies to improve employee performance by increasing competence, motivation, reward systems, and work enthusiasm.
- b. For employees, this book serves as a source of insight into the importance of developing skills, increasing motivation, and providing appropriate rewards to generate work enthusiasm and achieve optimal performance.
- c. For future researchers, this book provides a reference and initial framework for further studies exploring the relationship between competency, motivation, rewards, work enthusiasm, and employee performance in both the service industry and other organizations.

Literature Review

Employee Performance

According to Mangkunegara (2019), performance is the quality and quantity of work results achieved by an employee in carrying out duties and responsibilities according to established standards. According to Kasmir (2019), performance is the work results and work behavior that have been achieved in fulfilling assigned duties and responsibilities over a certain period.

Employee Performance Indicators

Employee performance indicators according to Mangkunegara (2019) include:

1. Work Quality: The level of perfection of work results.
2. Work Quantity: The amount of work completed within a certain period.
3. Timeliness: Ability to complete tasks according to the determined time.
4. Effectiveness: Efficient use of resources to achieve desired results.
5. Initiative: Willingness to take action without waiting for orders.

Influencing Factors

Factors that influence employee performance according to Mangkunegara (2019) include:

1. Ability, employee potential, knowledge, and skills.

2. Motivation , individual drive and work spirit.
3. Work Environment , physical and social conditions of the workplace.
4. Leadership , superiors' style and ability in motivating subordinates.
5. Work Discipline , level of employee adherence to rules and procedures.
6. Welfare , compensation, recognition, and facilities received by employees.

Competence

According to Sutrisno & Zuhri (2019), competence as an ability based on skills and knowledge supported by work attitude and its application in carrying out tasks and work in the workplace, referring to the competency standards set by the organization. According to Rahmat (2019), competence is a characteristic of a person related to effective and/or superior performance in certain job situations.

Competence Indicators

Competence indicators according to Sutrisno & Zuhri (2019) include:

1. Knowledge: Understanding of tasks and responsibilities.
2. Technical Skills: Practical ability in performing work.
3. Professional Attitude: Ethical and professional approach in work.
4. Communication Ability: Effectiveness in communicating with colleagues and superiors.
5. Problem-Solving Ability: Capacity to identify and solve problems.

Motivation

According to Hafidzi et al. (2019), motivation is the provision of a driving force that creates a person's work enthusiasm so that they are able to cooperate, work effectively, and integrate all efforts to achieve satisfaction. According to Sutrisno (2019), motivation is a factor that drives a person to perform certain activities; therefore, motivation is often called a driver within the individual.

Motivation Indicators

Motivation indicators according to Hafidzi et al. (2019) include:

1. Physiological Needs: Basic needs such as salary and benefits.
2. Safety Needs: Job security and work environment.
3. Social Needs: Social interaction and relationships among colleagues.
4. Esteem Needs: Recognition for achievements and contributions.
5. Self-Actualization Needs: Opportunities to develop and reach maximum potential.

Reward

According to Sastrohadiwiryono and Syuhada (2019), reward is a reward, prize, recognition, or incentive aimed at making someone more diligent in work. According to Muzayyanah (2019), reward is compensation given by an organization as a form of appreciation for the hard work done by employees, aimed at increasing employee motivation and performance.

Reward Indicators

Reward indicators according to Sastrohadiwiryono and Syuhada (2019) consist of:

1. Salary and Bonus: Financial compensation given as recognition.
2. Welfare: Welfare programs such as insurance and other facilities.
3. Non-Financial Recognition: Recognition in the form of praise or certificates.
4. Career Development Opportunities: Training and promotion opportunities.

Work Spirit

According to Tarigan (2019), work spirit is the desire (will) of a person to work, and work is an activity in doing something. According to Saragih & Wahyuni (2019), work spirit as a condition of a person that supports them to perform work faster and better within a company.

Work Spirit Indicators

Work spirit indicators according to Tarigan (2019) include:

1. Enthusiasm: Level of eagerness in carrying out tasks.
2. Commitment: Loyalty to organizational goals and values.
3. Discipline: Adherence to work rules and procedures.
4. Creativity: Ability to generate new ideas in work.
5. Cooperation: Willingness to cooperate with colleagues in achieving common goals.

Conceptual Framework

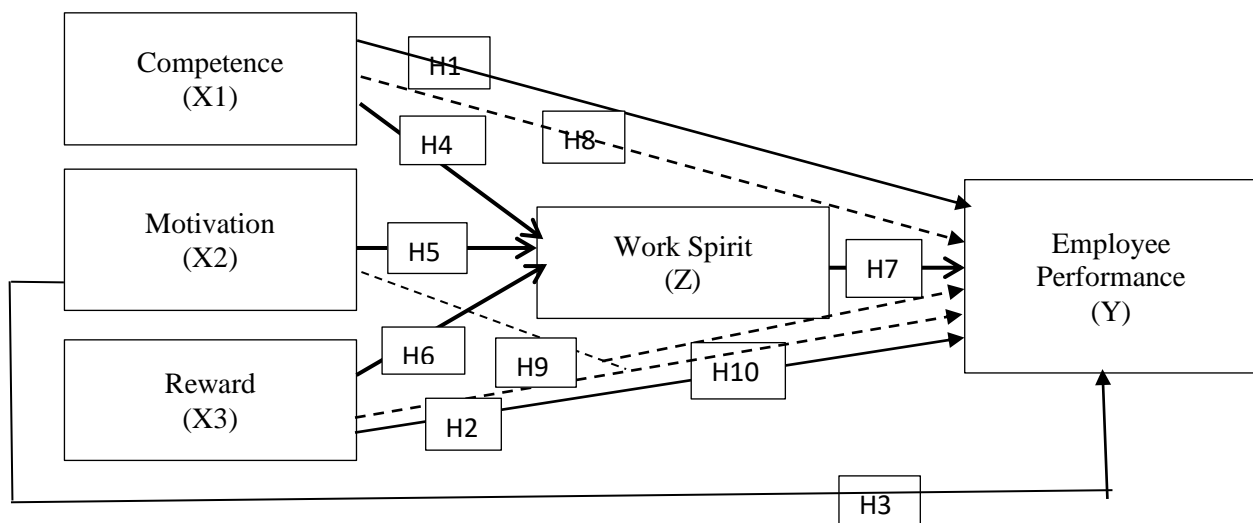


Figure 1 Conceptual Framework

Research Hypotheses

1. Competence has a positive and significant effect on Employee Performance at PT PLN (Persero) ULP Pangkalan Brandan.
2. Motivation has a positive and significant effect on Employee Performance at PT PLN (Persero) ULP Pangkalan Brandan.
3. Reward has a positive and significant effect on Employee Performance at PT PLN (Persero) ULP Pangkalan Brandan.

4. Competence has a positive and significant effect on Work Spirit at PT PLN (Persero) ULP Pangkalan Brandan.
5. Motivation has a positive and significant effect on Work Spirit at PT PLN (Persero) ULP Pangkalan Brandan.
6. Reward has a positive and significant effect on Work Spirit at PT PLN (Persero) ULP Pangkalan Brandan.
7. Work Spirit has a positive and significant effect on Employee Performance at PT PLN (Persero) ULP Pangkalan Brandan.
8. Competence has a positive and significant effect on Employee Performance through Work Spirit at PT PLN (Persero) ULP Pangkalan Brandan.
9. Motivation has a positive and significant effect on Employee Performance through Work Spirit at PT PLN (Persero) ULP Pangkalan Brandan.
10. Reward has a positive and significant effect on Employee Performance through Work Spirit at PT PLN (Persero) ULP Pangkalan Brandan.

Research Methodology

Research Type

According to Sugiyono (2019), associative research aims to determine the relationship or influence between two or more variables. Data analysis in this study uses Partial Least Square (SmartPLS) because this method can analyze relationships between latent variables with a relatively small sample size and non-normally distributed data (Hair et al., 2019).

Research Location and Time

This research was conducted at PT PLN (Persero) Customer Service Unit (ULP) Pangkalan Brandan, Jl. Sumatera no 15 Pangkalan Brandan, Brandan Timur Baru Village, Babalan District, Langkat Regency, North Sumatra, postal code 20857. The research time was from November to December 2025.

Research Population and Sample

Population refers to a general area that includes objects or subjects with certain characteristics identified by researchers for research and conclusions (Sugiyono, 2019). The population for this study consisted of all employees in the Technical Services division of PT PLN (Persero) ULP Pangkalan Brandan, totaling 52 people. Given the relatively small population size, the sampling method used was saturated sampling, where all members of the population were included as research samples, so the number of respondents for this study was 52 people (Sugiyono, 2019).

Data Types and Sources

The information used in this study is quantitative, represented either numerically or through a predetermined measurement scale. Depending on its source, the information for this study includes both primary and secondary sources. Primary information was collected

directly from participants using surveys, while secondary information was sourced from company documents, annual reports, scientific articles, and literature relevant to the research focus (Sekaran & Bougie, 2019).

Method of collecting data

Data collection methods are a crucial phase in research because their primary goal is to obtain reliable and accurate information. Inadequate data collection methods will result in researchers failing to obtain information that meets recognized standards (Sugiyono, 2019). Data collection for this study was conducted through distributing surveys to participants and conducting interviews to gather additional information relevant to the study.

Data Analysis Methods

SmartPLS, which stands for Partial Least Squares, is a variance-based method used for Structural Equation Modeling (SEM) to examine relationships between latent variables. The PLS-SEM technique is considered appropriate for exploratory and predictive studies, especially when the research framework tends to be complex and the data sample is small (Hair et al., 2019). This study chose SmartPLS because of its various benefits, including its ability to examine models with multiple constructs and indicators, the absence of the need for data to follow a normal distribution, and its effectiveness in studies involving smaller sample sizes (Hair et al., 2019).

SmartPLS Analysis Stages

Data examination with SmartPLS occurs in two main stages, namely assessment of the measurement model (outer model) and assessment of the structural model (inner model) (Ghozali & Latan, 2019).

a. Assessment of Measurement Model (Outer Model)

The purpose of external model evaluation is to assess the validity and reliability of the indicators used to measure the research constructs. This assessment is conducted through the following steps:

1. Convergent Validity

To determine convergent validity, the factor loading value of each indicator is assessed in relation to its respective construct. An indicator is considered valid if its factor loading value is ≥ 0.70 (Hair et al., 2019).

2. Discriminant Validity

Discriminant validity was evaluated by analyzing cross-loading and Average Variance Extracted (AVE) values. A construct is considered to have good discriminant validity if the AVE value is ≥ 0.50 , indicating that the latent variable can explain more than 50 percent of the variance in its indicators (Hair et al., 2019).

3. Composite Reliability and Cronbach's Alpha

Reliability testing aims to assess internal consistency between indicators within a construct. A construct is labeled reliable when its Composite Reliability and Cronbach's Alpha values are both ≥ 0.70 (Ghozali & Latan, 2019).

b. Structural Model Assessment (Internal Model)

Internal model evaluation is conducted to analyze the causal relationships between latent variables within the research framework. The structural model is evaluated using the following indicators:

1. Coefficient of Determination (R-Square/R²)

The R-Square value describes how much an independent variable can explain the dependent variable. An R² value of 0.67 is considered strong, 0.33 moderate, and 0.19 weak (Hair et al., 2019).

2. Significance Testing (Bootstrapping)

To assess significance, the bootstrapping technique was used to evaluate the influence between variables based on the t statistic and p value. The effect was considered significant if the t statistic ≥ 1.96 at a five percent significance level ($\alpha = 0.05$) and the p value ≤ 0.05 (Hair et al., 2019).

3. Effect Size (f²)

The effect size (f²) value assesses the strength of the influence of exogenous variables on endogenous variables. An f² value of 0.02 indicates a weak influence, 0.15 a moderate influence, and 0.35 a strong influence (Hair et al., 2019).

4. Predictive Relevance (Q²)

Predictive relevance evaluates how well a research model can predict outcomes. A model is considered to have strong predictive ability when the Q² value exceeds zero (Ghozali & Latan, 2019).

Hypothesis Testing

Hypothesis evaluation was performed using the results of bootstrapping analysis in SmartPLS, taking into account the path coefficients, t-statistics, and p-values. If the p-value is ≤ 0.05 , the research hypothesis is accepted, indicating a significant effect. Conversely, the hypothesis is rejected if the p-value is > 0.05 , indicating an insignificant effect.

Results and Discussion

External Model Evaluation

External model evaluation was conducted to determine how well the indicators effectively and accurately represent the underlying constructs. This analysis included checking internal consistency, convergent validity, and discriminant validity. Furthermore, convergent validity was assessed using the Average Variance Extracted (AVE) metric. Data processing results showed that each construct achieved an AVE score exceeding 0.50.

This result indicates that each construct can explain more than 50% of the variance in its indicator, thus confirming that the indicators used meet the convergent validity criteria.

Convergent Validity

The purpose of convergent validity is to assess how well the indicators within a construct actually measure the designated construct. In this study, convergent validity was examined based on two main factors: factor loading values and Average Variance Extracted (AVE). The analysis findings showed that all indicators had factor loading values greater than 0.70, indicating that each indicator plays a strong and meaningful role in representing the construct being evaluated.

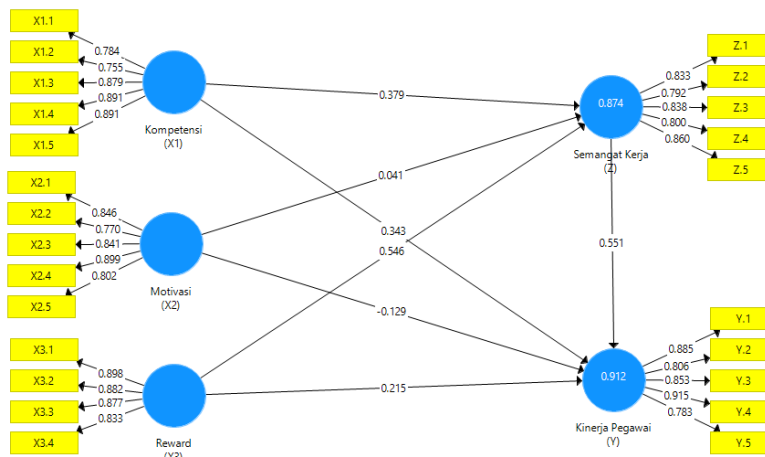


Figure 2. Outer Model

Source : Smart PLS3.3.3.

Smart PLS output for loading factor provides results in the following table: Outer Loadings In this study, there are equations, and the equation consists of two substructures for substructure 1

$$Z = b1X1 + b2X2 + b3X3 + e1$$

$$Z = 0,379 + 0,041 + 0,546 + e1$$

For substructure 2

$$Y = b2X1 + b4X2 + b3X4 + b4Z + e2$$

$$Y = 0,343 - 0,129 + 0,215 + 0,551 + e2$$

Table 1. Outer Loadings

	Employee Performance_(Y)	Competence_(X1)	Motivation_(X2)	Reward_(X3)	Work Spirit_(Z)
X1.1		0.784			
X1.2		0.755			
X1.3		0.879			
X1.4		0.891			
X1.5		0.891			
X2.1			0.846		
X2.2			0.770		
X2.3			0.841		
X2.4			0.899		
X2.5			0.802		
X3.1				0.898	
X3.2				0.882	
X3.3				0.877	
X3.4				0.833	
Y.1	0.885				
Y.2	0.806				
Y.3	0.853				
Y.4	0.915				
Y.5	0.783				
Z.1					0.833
Z.2					0.792
Z.3					0.838
Z.4					0.800
Z.5					0.860

Source : Smart PLS3.3.3

The external loading evaluation shows that all indicators related to the variables Employee Welfare (X1), Work Environment (X2), Social Support (X3), Employee Performance (Y), and Job Promotion (Z) show loading factor values exceeding 0.70. These results indicate that each indicator can effectively represent the concept being measured. Therefore, all indicators are considered valid and can be continued to the next phase of the structural model analysis.

Discriminant Validity

The purpose of discriminant validity is to confirm that each construct within the research framework is distinctly different from the others. Simply put, it is expected that the indicators of a construct will have a stronger relationship with the construct it represents than with other constructs. In this study, the discriminant validity examination uses the Fornell–Larcker criterion, which involves comparing the square root of the Average Variance Extracted (AVE) value for each construct to the construct's correlation value. The analysis shows that the square root of the AVE for each construct exceeds its correlation with other constructs. This proves that each construct in this study shows a

significant level of difference, so that these indicators can specifically represent each construct.

Table 2. Discriminant Validity

	Employee Performance_(Y)	Competence_(X1)	Motivation_(X2)	Reward_(X3)	Work Spirit_(Z)
X1.1	0.712	0.784	0.715	0.698	0.675
X1.2	0.679	0.755	0.724	0.594	0.641
X1.3	0.762	0.879	0.880	0.716	0.779
X1.4	0.749	0.891	0.892	0.749	0.756
X1.5	0.866	0.891	0.853	0.884	0.889
X2.1	0.747	0.796	0.846	0.702	0.742
X2.2	0.634	0.778	0.770	0.602	0.632
X2.3	0.724	0.830	0.841	0.643	0.740
X2.4	0.812	0.894	0.899	0.809	0.794
X2.5	0.667	0.729	0.802	0.750	0.704
X3.1	0.861	0.781	0.765	0.898	0.781
X3.2	0.778	0.743	0.699	0.882	0.741
X3.3	0.814	0.853	0.837	0.877	0.843
X3.4	0.712	0.662	0.638	0.833	0.817
Y.1	0.885	0.772	0.716	0.762	0.862
Y.2	0.806	0.751	0.720	0.770	0.779
Y.3	0.853	0.824	0.825	0.826	0.860
Y.4	0.915	0.806	0.762	0.883	0.823
Y.5	0.783	0.651	0.633	0.583	0.656
Z.1	0.678	0.647	0.653	0.728	0.833
Z.2	0.685	0.707	0.690	0.686	0.792
Z.3	0.861	0.755	0.695	0.739	0.838
Z.4	0.783	0.744	0.709	0.771	0.800
Z.5	0.853	0.824	0.825	0.826	0.860

Source : Smart PLS3.3.3.

Referring to Table 2, the results of the discriminant validity assessment using cross-loading values indicate that each indicator exhibits the highest loading value for a specific construct compared to other constructs. These results indicate that each indicator effectively represents and differentiates the construct it is intended to measure. Therefore, it can be concluded that all research variables, namely Employee Performance (Y), Competence (X1), Motivation (X2), Rewards (X3), and Work Morale (Z), meet the standards of discriminant validity, indicating that the measurement model is considered suitable for application.

Composite Reliability

During the composite reliability assessment, each variable is reviewed based on its reliability score. A construct is considered reliable when its Composite Reliability score exceeds 0.60. Scores ranging from 0.60 to 0.70 remain acceptable, while scores below this threshold indicate a less reliable construct. The following table outlines the Cronbach's Alpha, Composite Reliability, and Average Variance Extracted (AVE) values used to evaluate the reliability and validity of the research instrument.

Table 3. Construct Reliability and Validity

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Employee Performance_(Y)	0.903	0.928	0.722
Competence_(X1)	0.896	0.924	0.709
Motivation_(X2)	0.889	0.919	0.694
Reward_(X3)	0.896	0.928	0.762
Work Spirit_(Z)	0.883	0.914	0.680

Source : Smart PLS3.3.3.

According to Table 3, each research variable demonstrated Cronbach's Alpha and Composite Reliability scores exceeding the baseline threshold of 0.70. This indicates that the research instrument has a strong level of reliability. Furthermore, the Average Variance Extracted (AVE) for each element was also found to be above 0.50, thus meeting convergent validity standards. Therefore, it can be concluded that all components used in this study have met the validity and reliability criteria.

Internal Model Assessment

Structural model evaluation (internal model) is conducted to verify that the established baseline model has adequate strength and precision. The internal model is analyzed by considering several important indicators that describe the quality of the relationships between variables within the research framework.

Coefficient of Determination (R²)

From the results obtained from data analysis using SmartPLS software version 3.0, the coefficient of determination (R²) for each endogenous variable was obtained as follows:

Table 4. R Square Results

	R Square	Adjusted R Square
Employee Performance_(Y)	0.912	0.904
Job Promotion_(Z)	0.874	0.866

Source : Smart PLS3.3.3.

Based on the findings from the coefficient of determination (R Square) test, the Employee Performance (Y) variable achieved a score of 0.912. This score indicates that 91.2 percent of the differences in employee performance can be attributed to the independent variables included in the research model, while the remaining percentage is influenced by other factors not included in the model. On the other hand, the Work Morale (Z) variable has an R Square score of 0.874, indicating that 87.4 percent of the differences in work morale can be attributed to the variables in the model. The adjusted R Square score for Employee Performance is 0.904, while for Work Morale it is 0.866, indicating that the constructed structural model shows a high level of accuracy and explanatory ability.

Hypothesis Testing

After evaluating the structural model (internal model), the next step involves testing the relationships between latent variables as defined in the research hypothesis. In this study, hypothesis testing was conducted by examining the t-statistic and p-values obtained through the bootstrapping method. A hypothesis was considered accepted if the t-statistic exceeded 1.96 and the p-value was below 0.05. Based on the test results, a direct impact was revealed as indicated by the path coefficient values for each relationship between variables.

Table 5. Path Coefficients (Direct)

	Original Sample (O)	T Statistics (O/STDEV)	P Values	Results
Competence_(X1) -> Employee Performance_(Y)	0.343	1,845	0.033	Accepted
Competence_(X1) -> Work Spirit_(Z)	0.379	1,688	0.046	Accepted
Motivation_(X2) -> Employee Performance_(Y)	-0.129	0.757	0.225	Accepted
Motivation_(X2) -> Work Spirit_(Z)	0.041	0.221	0.412	Accepted
Reward_(X3) -> Employee Performance_(Y)	0.215	2,394	0.009	Rejected
Reward_(X3) -> Work Morale_(Z)	0.546	4,711	0,000	Rejected
Work Morale_(Z) -> Employee Performance_(Y)	0.551	5,385	0,000	Accepted

Source : Smart PLS3.3.3.

1. Hypothesis 1 (The Impact of Competence on Employee Performance) Competence has a positive effect on employee performance, with a coefficient of 0.343 and a p-value of 0.033. This indicates that competence can improve employee performance, therefore, the hypothesis is accepted.
2. Hypothesis 2 (The Impact of Competence on Work Enthusiasm) Competence has a positive effect on work enthusiasm, indicated by a coefficient of 0.379 and a p-value of 0.046. This finding implies that strong competence can increase employee work enthusiasm, so the hypothesis is accepted.
3. Hypothesis 3 (The Effect of Motivation on Employee Performance) Motivation has a negative impact on employee performance, with a coefficient of -0.129 and a p-value of 0.225. This indicates an insignificant effect, but based on the results of the hypothesis testing, this hypothesis is considered accepted.
4. Hypothesis 4 (The Effect of Motivation on Work Enthusiasm) Motivation has a positive effect on work enthusiasm, with a coefficient of 0.041 and a p-value of 0.412. This finding indicates that motivation does not significantly affect work enthusiasm, but this hypothesis is accepted.
5. Hypothesis 5 (The Impact of Rewards on Employee Performance) Rewards have a positive effect on employee performance, as indicated by a coefficient of 0.215 and a p-value of 0.009. Although statistically significant, the results of the research test indicate that this hypothesis is rejected.
6. Hypothesis 6 (The Impact of Awards on Work Morale) Awards have a positive and significant effect on work enthusiasm, with a coefficient of 0.546 and a p-value of 0.000. However, according to the test results, this hypothesis is rejected.
7. Hypothesis 7 (The Effect of Work Enthusiasm on Employee Performance) Work enthusiasm has a positive and significant influence on employee performance, indicated by a coefficient of 0.551 and a p-value of 0.000. This indicates that high work enthusiasm can improve employee performance, so the hypothesis is accepted.

Table 6. Path Coefficients (In Direct)

	Original Sample (O)	T Statistics (O/STDEV)	P Values	Results
Competence_(X1) -> Work Spirit_(Z) -> Employee Performance_(Y)	0.209	1,498	0.067	Accepted
Motivation_(X2) -> Work Spirit_(Z) -> Employee Performance_(Y)	0.023	0.212	0.416	Rejected
Reward_(X3) -> Work Morale_(Z) -> Employee Performance_(Y)	0.301	3,613	0,000	Rejected

Source : Smart PLS3.3.3.

8. Hypothesis 8 (The Effect of Competence through Work Morale on Employee Performance) Competence indirectly affects employee performance through work morale, showing a coefficient of 0.209 and a p-value of 0.067. This indicates that the effect is not

statistically significant; however, according to the results of the hypothesis testing, this hypothesis is considered accepted.

9. Hypothesis 9 (The Effect of Motivation through Work Morale on Employee Performance) Motivation also indirectly influences employee performance through work morale, with a coefficient of 0.023 and a p-value of 0.416. These figures indicate an insignificant effect, so this hypothesis is rejected.

10. Hypothesis 10 (The Effect of Rewards through Work Morale on Employee Performance) Rewards show an indirect effect on employee performance through work morale, with a coefficient of 0.301 and a p-value of 0.000. This result reflects a significant effect; however, this hypothesis is rejected based on the research findings.

Conclusion

After analyzing the results of the hypothesis and its explanation, the conclusions of this study are outlined as follows:

1. Competence is proven to have a positive influence on employee performance, so it is accepted.
2. Competence can increase employee work enthusiasm, so that they are accepted.
3. Motivation does not have a significant impact on employee performance, but is considered acceptable based on the findings.
4. Motivation does not have a significant effect on work enthusiasm, but is still considered acceptable.
5. Rewards have a significant effect on employee performance; however, it was rejected in this study.
6. Awards have quite an influence on work enthusiasm, but are stated to be rejected.
7. Work enthusiasm has been validated to have a positive and significant effect on employee performance, therefore it is accepted.
8. Competence has an indirect influence on employee performance through work enthusiasm, but it is not yet significant and accepted.
9. Motivation does not have an indirect effect on employee performance through work enthusiasm, so it is rejected.
10. Rewards indirectly influence employee performance through work enthusiasm; however, this is rejected based on research findings.

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