

Determinants of employee performance: the mediating role of job satisfaction in competence, motivation, and work environment model

Tria Maulia¹, Suhardi², Rahmad Firdaus³

^{1,2,3}Universitas Pertiba, Indonesia

Email: triakims@gmail.com; mashardy@gmail.com; firdaus.rff@gmail.com

ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh kompetensi, motivasi kerja, dan lingkungan kerja terhadap kinerja karyawan dengan kepuasan kerja sebagai variabel mediasi. Penelitian ini menggunakan pendekatan kuantitatif dengan analisis *Structural Equation Modeling Partial Least Squares (SEM-PLS)*. Sampel penelitian sebanyak 100 karyawan sektor formal di Provinsi Kepulauan Bangka Belitung. Data dikumpulkan menggunakan kuesioner dengan skala Likert. Hasil penelitian menunjukkan bahwa kompetensi tidak berpengaruh signifikan terhadap kinerja maupun kepuasan kerja. Lingkungan kerja berpengaruh signifikan terhadap kepuasan kerja, tetapi tidak berpengaruh terhadap kinerja. Motivasi kerja berpengaruh signifikan terhadap kinerja, namun tidak berpengaruh terhadap kepuasan kerja. Kepuasan kerja berpengaruh positif dan signifikan terhadap kinerja karyawan serta menjadi variabel dengan pengaruh terbesar. Temuan ini menunjukkan bahwa peningkatan kinerja karyawan lebih efektif dilakukan melalui peningkatan motivasi dan kepuasan kerja yang didukung oleh lingkungan kerja yang kondusif. Penelitian ini memberikan kontribusi empiris dalam literatur manajemen sumber daya manusia mengenai peran mediasi kepuasan kerja dalam meningkatkan kinerja karyawan.

Kata Kunci: kompetensi; motivasi kerja; lingkungan kerja; kepuasan kerja; kinerja karyawan

ABSTRACT

This study aims to analyze the influence of competence, work motivation, and work environment on employee performance with job satisfaction as a mediating variable. This study uses a quantitative approach with Structural Equation Modeling Partial Least Squares (SEM-PLS) analysis. The research sample was 100 formal sector employees in the Bangka Belitung Islands Province. Data were collected using a questionnaire with a Likert scale. The results showed that competence did not significantly influence performance or job satisfaction. The work environment significantly influenced job satisfaction, but did not influence performance. Work motivation significantly influenced performance, but did not influence job satisfaction. Job satisfaction had a positive and significant effect on employee performance and was the variable with the largest influence. These findings indicate that improving employee performance is more effectively done through increasing motivation and job satisfaction supported by a conducive work environment. This study provides an empirical contribution to the human resource management literature regarding the mediating role of job satisfaction in improving employee performance.

Keyword: competence; work motivation; work environment; job satisfaction; employee performance

Corresponding Author:

Tria Maulia,
Universitas Pertiba,
Jl. Adhiyaksa No.9, Kacang Pedang, Kec. Gerunggang, Kota Pangkal
Pinang, Kepulauan Bangka Belitung 33684, Indonesia
Email: triakims@gmail.com



1. INTRODUCTION

Employee performance is widely recognized as a critical determinant of organizational effectiveness and long-term competitiveness in an increasingly dynamic business environment. In contemporary human resource management literature, employee performance is not solely shaped by individual ability but also by psychological and organizational factors that influence employee behavior. Competence, work motivation, and work environment are frequently identified as key determinants that influence performance either directly or indirectly through psychological mechanisms such as job satisfaction. Competence reflects employees' knowledge, skills, and behavioral capabilities required to perform tasks effectively, motivation drives effort and persistence in achieving work goals, while the work environment provides physical and social conditions that support productivity. The integration of these factors is considered essential in enhancing employee performance and sustaining organizational outcomes across various industries and organizational contexts (Judge et al., 2001; Bakker & Demerouti, 2017; Jiang et al., 2012; Campion et al., 2011; Grant, 2008).

Recent studies emphasize the important role of job satisfaction as a mediating mechanism linking organizational factors and employee performance. Job satisfaction represents employees' affective evaluation of their work, including satisfaction with tasks, supervision, compensation, and organizational climate. Employees with higher levels of job satisfaction tend to demonstrate stronger organizational commitment, higher work engagement, and improved performance outcomes. As a result, many empirical studies position job satisfaction as an intervening variable that explains how competence, motivation, and work environment translate into employee performance. This perspective suggests that improvements in competence and motivation may not directly enhance performance unless employees experience positive psychological conditions reflected in job satisfaction (Albrecht et al., 2015; Karatepe, 2013; Tims et al., 2013; Chiang & Jang, 2008; Newman et al., 2018).

From a theoretical perspective, the relationship among competence, motivation, work environment, and performance can be explained using the *Ability–Motivation–Opportunity (AMO)* framework, which posits that employee performance is influenced by employees' abilities, motivational factors, and opportunities provided by the organization. Competence represents employees' ability to perform tasks effectively, motivation determines the intensity and direction of effort, while the work environment provides opportunities for employees to apply their capabilities. However, these relationships are often indirect because psychological states such as job satisfaction mediate the effects of organizational practices on performance outcomes. Job satisfaction enhances employees' emotional attachment to their work, encourages discretionary effort, and improves behavioral outcomes that ultimately lead to higher performance. Therefore, integrating job satisfaction into the performance model provides a more comprehensive understanding of employee behavior and organizational effectiveness (Parker et al., 2017; Humphrey et al., 2007; Podsakoff et al., 2007; De Clercq et al., 2019; Inuwa, 2016).

Despite extensive research examining determinants of employee performance, previous findings remain inconsistent. Some studies report that competence and motivation directly influence employee performance, while others indicate that their effects become stronger when mediated by job satisfaction. Similarly, the work environment has been found to directly affect performance in some studies, whereas other research suggests that its influence operates primarily through job satisfaction. These inconsistent findings highlight the need for an integrated model that simultaneously examines competence, motivation, and work environment with job satisfaction as a mediating variable. Furthermore, empirical studies that incorporate these three antecedents within a single comprehensive framework remain limited, particularly in emerging organizational contexts. Therefore, further investigation is required to develop a more comprehensive model of employee performance determinants (Judge et al., 2001; Newman et al., 2018; De Clercq et al., 2019; Albrecht et al., 2015; Tims et al., 2013).

Based on these research gaps, this study develops a model titled *Determinants of Employee Performance: The Mediating Role of Job Satisfaction in Competence, Motivation, and Work Environment Model* to examine the relationships among competence, work motivation, work environment, and employee performance with job satisfaction as a mediating variable. This study is expected to contribute theoretically by extending human resource management literature on integrated performance models and empirically by providing evidence on the mediating role of job satisfaction. Practically, the findings are expected to provide managerial implications for organizations in designing strategies to enhance employee performance through competence development, motivation enhancement, and the creation of a supportive work environment that fosters job satisfaction.

2. LITERATURE REVIEW

A. *Competence and Employee Performance*

Competence is widely recognized as a fundamental factor influencing employee performance because it reflects employees' knowledge, skills, and behavioral capabilities required to perform job tasks effectively. Competence enables individuals to understand work procedures, solve problems, and adapt to organizational demands. Employees with higher competence tend to complete tasks more efficiently, produce higher-quality outputs, and contribute to organizational productivity. In the human resource management perspective, competence is considered an important strategic asset because it determines employees' ability to meet performance standards and organizational expectations. Moreover, competence strengthens employees' self-efficacy and confidence, which further support performance improvement. Previous empirical studies consistently report that competence has a positive relationship with employee performance, indicating that competent employees demonstrate higher productivity, better work quality, and improved task completion (Campion et al., 2011; Jiang et al., 2012; Newman et al., 2018; Karatepe, 2013; Tims et al., 2013).

However, several studies suggest that competence does not always directly influence employee performance, particularly in highly standardized jobs where work procedures are clearly defined. In such contexts, employees tend to follow predetermined operational standards, reducing variations in performance outcomes caused by differences in competence. Therefore, the relationship between competence and employee performance remains an important issue to be empirically examined within different organizational contexts. Based on these arguments, the following hypothesis is proposed:

H1: Competence has a positive effect on employee performance.

B. *Work Motivation and Employee Performance*

Work motivation refers to internal and external forces that initiate, direct, and sustain employees' work-related behavior. Motivation plays a crucial role in encouraging employees to exert effort, maintain persistence, and achieve organizational goals. Motivated employees are more likely to demonstrate higher engagement, commitment, and willingness to perform beyond minimum job requirements. Motivation also enhances employees' initiative, creativity, and responsibility, which ultimately improve performance outcomes. Theoretical perspectives such as *expectancy theory* and *self-determination theory* emphasize that motivated employees are more productive because they perceive a meaningful relationship between effort, performance, and rewards.

Empirical research confirms that work motivation significantly influences employee performance across various organizational settings. Employees with higher motivation tend to demonstrate stronger dedication, improved efficiency, and higher work quality. Motivation enhances employees' willingness to exert effort and persist in challenging work situations, leading to improved organizational outcomes. Additionally, motivated employees tend to exhibit proactive behavior, which further contributes to performance improvement (Grant, 2008; Bakker & Demerouti, 2017; Albrecht et al., 2015; Podsakoff et al., 2007; Jiang et al., 2012).

Nevertheless, some studies indicate that motivation may not always translate directly into performance when employees face structural constraints such as rigid procedures or limited autonomy. Therefore, examining the relationship between motivation and employee performance remains important to understand the role of motivation in different organizational contexts.

H2: Work motivation has a positive effect on employee performance.

C. *Work Environment and Employee Performance*

The work environment represents physical and psychological conditions in which employees perform their tasks. A supportive work environment enhances employee comfort, reduces stress, and promotes productivity. Physical aspects such as workspace design, lighting, temperature, and equipment availability influence employees' ability to perform tasks effectively. Meanwhile, psychological aspects such as interpersonal relationships, leadership support, and organizational culture contribute to employees' emotional well-being and work engagement. A conducive work environment enables employees to perform tasks efficiently and improves their overall performance.

Previous studies show that the work environment significantly influences employee performance. A positive work environment improves employees' concentration, reduces fatigue, and enhances collaboration among team members. Moreover, supportive organizational climates encourage employees to demonstrate higher commitment and productivity. The availability of adequate resources and supportive leadership also strengthen employees' ability to achieve performance targets (Humphrey et al., 2007; Parker et al., 2017; Bakker & Demerouti, 2017; Newman et al., 2018; Podsakoff et al., 2007).

However, other studies suggest that the work environment may not always directly affect performance, particularly when work processes are standardized. In such cases, the work environment may influence psychological factors such as job satisfaction rather than directly affecting performance.

H3: Work environment has a positive effect on employee performance.

D. Competence and Job Satisfaction

Competence influences job satisfaction because employees who possess adequate skills and knowledge tend to experience greater confidence in performing their tasks. When employees feel capable of completing work effectively, they are more likely to experience positive emotions toward their job. Competence also reduces work-related stress because employees are better prepared to handle job demands. Consequently, competent employees tend to report higher levels of job satisfaction.

Empirical research supports the positive relationship between competence and job satisfaction. Competence enhances employees' sense of achievement, professional growth, and perceived organizational support. Employees who feel competent are more likely to experience intrinsic satisfaction because they can perform tasks effectively and contribute meaningfully to organizational goals (Judge et al., 2001; Newman et al., 2018; Albrecht et al., 2015; Grant, 2008; Humphrey et al., 2007).

H4: Competence has a positive effect on job satisfaction.

E. Work Motivation and Job Satisfaction

Work motivation plays an important role in shaping job satisfaction because motivated employees tend to develop positive attitudes toward their work. Motivation enhances employees' enthusiasm, engagement, and commitment, which contribute to satisfaction. Employees who are intrinsically motivated experience a sense of achievement and fulfillment, while extrinsic motivation such as rewards and recognition also contribute to satisfaction.

Previous studies indicate that motivated employees tend to report higher job satisfaction because motivation enhances positive work experiences and emotional attachment to the organization. Motivation also strengthens employees' willingness to remain in the organization and contribute to organizational success (Bakker & Demerouti, 2017; Grant, 2008; Tims et al., 2013; Newman et al., 2018; Humphrey et al., 2007).

H5: Work motivation has a positive effect on job satisfaction.

F. Work Environment and Job Satisfaction

The work environment significantly influences job satisfaction because employees spend a substantial portion of their time within the organizational setting. A supportive environment promotes comfort, reduces stress, and enhances interpersonal relationships. Employees working in a positive environment are more likely to be satisfied with their jobs.

Studies show that work environment factors such as supportive leadership, collaborative culture, and adequate facilities enhance job satisfaction. Psychological safety and organizational support also contribute to employees' positive emotional responses toward their work (Humphrey et al., 2007; Parker et al., 2017; Albrecht et al., 2015; Podsakoff et al., 2007; Karatepe, 2013).

H6: Work environment has a positive effect on job satisfaction.

G. Job Satisfaction and Employee Performance

Job satisfaction is a key psychological factor influencing employee performance. Satisfied employees tend to demonstrate higher commitment, motivation, and productivity. Job satisfaction enhances positive work attitudes and reduces turnover intention, which contributes to improved performance.

Empirical research consistently shows that job satisfaction significantly affects employee performance. Employees who are satisfied with their jobs demonstrate higher engagement, improved work quality, and stronger organizational commitment. Job satisfaction also encourages employees to perform beyond formal job requirements (Judge et al., 2001; Bakker & Demerouti, 2017; Tims et al., 2013; Grant, 2008; Jiang et al., 2012).

H7: Job satisfaction has a positive effect on employee performance.

3. RESEARCH METHOD

This study employed a quantitative research approach with a causal research design to examine the relationships among competence, work motivation, work environment, job satisfaction, and employee performance. A quantitative approach was selected because this study aims to test hypotheses and analyze causal relationships among variables using statistical techniques. The causal design allows the researcher to investigate both direct and indirect effects, particularly the mediating role of job satisfaction in the relationship between competence, motivation, work environment, and employee performance. The research model was analyzed using *Structural Equation Modeling (SEM)* based on *Partial Least Squares (PLS)*, which is suitable for complex models involving multiple constructs and mediation effects.

The population of this study consisted of employees working in formal-sector organizations in the Bangka Belitung Islands Province. These employees were selected because formal organizations provide structured work environments where competence, motivation, job satisfaction, and performance can be measured more objectively. Since the total population size was not precisely known, this study employed a non-probability sampling technique using purposive sampling. This sampling technique allows the selection

of respondents based on specific criteria relevant to the research objectives. The criteria for selecting respondents included: (1) employees working in formal organizations, (2) employees with at least one year of work experience, and (3) employees willing to participate in the study. Based on these criteria, a total of 100 respondents were selected. The sample size is considered adequate for *SEM-PLS* analysis because *PLS* does not require a large sample size and is suitable for exploratory and predictive research models. Furthermore, the sample size follows the recommendation that the minimum sample should be ten times the largest number of structural paths directed at a particular construct.

Data were collected using a structured questionnaire distributed to respondents. The questionnaire consisted of two main sections: respondent demographic information and measurement items for each research variable. All items were measured using a five-point Likert scale ranging from 1 (*strongly disagree*) to 5 (*strongly agree*). The Likert scale was chosen because it is widely used in organizational behavior research and enables the measurement of respondents' perceptions of the constructs studied. Primary data were obtained directly from respondents, while secondary data were collected from academic journals, books, and previous research relevant to the study. The questionnaire was distributed both online and offline to increase response rates and ensure data adequacy.

This study included five constructs: competence, work motivation, work environment, job satisfaction, and employee performance. Competence was measured using indicators related to knowledge, skills, and work abilities. Work motivation was measured using intrinsic and extrinsic motivation indicators. Work environment was measured using physical and psychological environment indicators. Job satisfaction was measured using satisfaction with work, supervision, co-workers, and working conditions. Employee performance was measured using quality of work, quantity of work, timeliness, and responsibility indicators. All measurement items were adapted from established literature to ensure content validity. Data analysis was conducted using *Structural Equation Modeling (SEM)* with the *Partial Least Squares (PLS)* approach. The *SEM-PLS* method was selected because it is suitable for complex models with mediating variables and does not require normal data distribution. The analysis was performed using *SmartPLS* software.

The *SEM-PLS* analysis consists of two stages: measurement model evaluation (*outer model*) and structural model evaluation (*inner model*). The measurement model was assessed by examining convergent validity, discriminant validity, and reliability. Convergent validity was evaluated using factor loadings and *Average Variance Extracted (AVE)*, with acceptable values above 0.70 for loadings and 0.50 for *AVE*. Reliability was assessed using *Composite Reliability* and *Cronbach's Alpha*, with threshold values greater than 0.70. The structural model evaluation was conducted to examine the relationships among constructs. The structural model was assessed using path coefficients, *t-statistics*, *p-values*, and *R-square* values. Hypothesis testing was conducted using the bootstrapping procedure with a significance level of 5 percent. A hypothesis was accepted if the *p-value* was less than 0.05 and the *t-statistic* exceeded 1.96. The *R-square* value was used to evaluate the predictive power of the model, indicating how much variance in the dependent variable is explained by the independent variables.

4. RESULTS AND DISCUSSION

This study examines the determinants of employee performance by analyzing the effects of competence, work motivation, and work environment on employee performance, with job satisfaction as a mediating variable. The structural model was evaluated using *SEM-PLS* to test the proposed hypotheses. The results reveal varying relationships among the constructs, indicating that employee performance is influenced by both psychological and organizational factors. The discussion below presents each relationship, compares the findings with theory and prior studies, and explains the implications of the results.

The structural model results indicate that competence, motivation, and work environment explain 36.0% of the variance in job satisfaction ($R^2 = 0.360$), suggesting a moderate explanatory power of the model. Among the antecedent variables, the work environment shows a significant positive effect on job satisfaction ($\beta = 0.404$; $p = 0.000$), indicating that supportive physical and psychological workplace conditions enhance employees' emotional well-being. In contrast, competence ($\beta = 0.104$; $p = 0.333$) and motivation ($\beta = 0.217$; $p = 0.081$) do not significantly influence job satisfaction. These findings imply that employees' satisfaction is shaped more by contextual workplace conditions than by individual capability or motivational level. The result supports job characteristics and work environment theories, which emphasize that interpersonal relationships, organizational support, and working conditions are critical determinants of satisfaction. Therefore, improving workplace climate, communication, and support systems becomes essential to strengthen employee satisfaction.

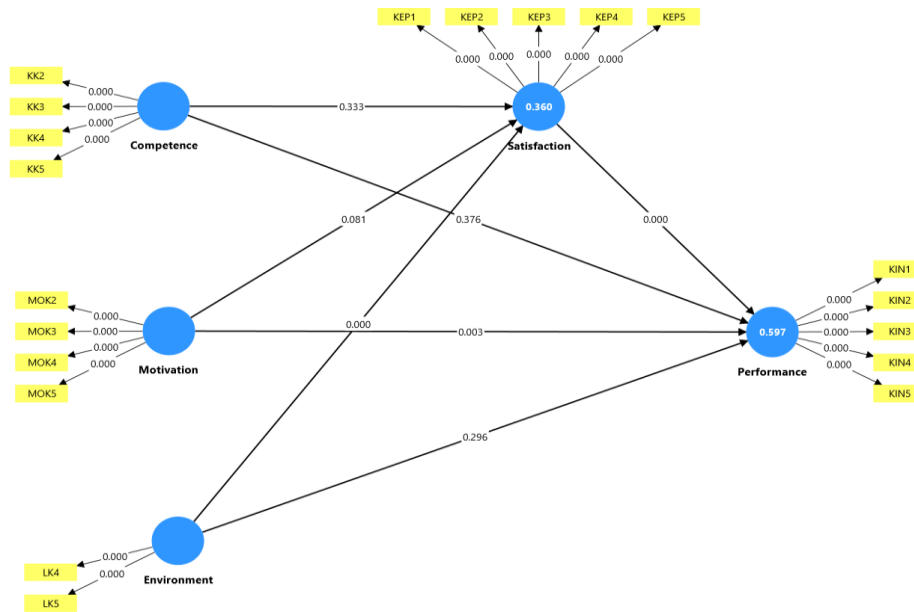


Figure 1. Path Coefficient of Structural Model

Furthermore, the model shows that competence, motivation, work environment, and job satisfaction jointly explain 59.7% of employee performance ($R^2 = 0.597$), indicating substantial predictive power. Job satisfaction has the strongest and most significant influence on performance ($\beta = 0.613$; $p = 0.000$), confirming its central role as a key determinant of employee productivity. Motivation also has a significant positive effect on performance ($\beta = 0.286$; $p = 0.003$), indicating that motivated employees tend to demonstrate higher work outcomes. However, competence ($\beta = 0.078$; $p = 0.376$) and work environment ($\beta = -0.093$; $p = 0.296$) do not significantly affect performance directly. These findings suggest that employee performance is primarily driven by psychological factors, particularly satisfaction and motivation, rather than individual competence or environmental conditions alone. The results imply that organizations should prioritize enhancing job satisfaction and motivation through supportive policies, recognition systems, and employee well-being initiatives to achieve sustainable performance improvement.

Overall, this study demonstrates that employee performance is primarily influenced by work motivation and job satisfaction, while competence and work environment play indirect roles. These findings suggest that psychological factors are more important than individual capability in determining performance. The results also highlight the mediating role of job satisfaction in translating organizational factors into performance outcomes. Practically, organizations should develop integrated human resource strategies that enhance motivation, improve the work environment, and foster job satisfaction to achieve sustainable employee performance.

Table 1. Results of Hypothesis Testing (SEM-PLS)

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Competence -> Performance	0.078	0.078	0.088	0.885	0.376
Competence -> Satisfaction	0.104	0.116	0.107	0.967	0.333
Environment -> Performance	-0.093	-0.087	0.089	1.046	0.296
Environment -> Satisfaction	0.404	0.397	0.116	3.487	0.000
Motivation -> Performance	0.286	0.283	0.095	2.994	0.003
Motivation -> Satisfaction	0.217	0.225	0.124	1.743	0.081
Satisfaction -> Performance	0.613	0.609	0.101	6.070	0.000

The structural model results indicate that competence, motivation, and work environment exhibit varying influences on job satisfaction and employee performance. The relationship between competence and performance is positive but not significant ($\beta = 0.078$; $p = 0.376$), indicating that employees' capability does not directly determine performance outcomes. Similarly, competence does not significantly influence job satisfaction ($\beta = 0.104$; $p = 0.333$), suggesting that employees' skills and knowledge alone are insufficient to enhance satisfaction levels. The work environment also does not significantly affect performance ($\beta = -0.093$;

$p = 0.296$), although the direction is negative, indicating that workplace conditions do not directly determine productivity. However, the work environment shows a significant positive effect on job satisfaction ($\beta = 0.404$; $p = 0.000$), demonstrating that supportive physical and psychological workplace conditions play an important role in enhancing employees' emotional well-being and satisfaction. In contrast, motivation has a positive but non-significant effect on job satisfaction ($\beta = 0.217$; $p = 0.081$), suggesting that motivation alone is insufficient to create satisfaction without supportive organizational conditions.

Furthermore, the results reveal that motivation has a significant positive effect on employee performance ($\beta = 0.286$; $p = 0.003$), indicating that motivated employees tend to demonstrate higher productivity and better work outcomes. The strongest relationship in the model is found between job satisfaction and employee performance ($\beta = 0.613$; $p = 0.000$), confirming that satisfaction is the most influential determinant of performance. This finding implies that employees who feel satisfied with their work are more likely to demonstrate commitment, engagement, and improved performance. Overall, the results suggest that employee performance is primarily driven by psychological factors, particularly job satisfaction and motivation, while competence and work environment influence performance indirectly. These findings highlight the importance of improving employee satisfaction through supportive workplace conditions and motivational strategies to achieve sustainable performance improvement.

A. Competence and Employee Performance

The results indicate that competence does not have a significant effect on employee performance. Although the direction of the relationship is positive, the statistical value shows that competence is not a strong predictor of performance in this study. This finding suggests that employees' knowledge and skills alone are insufficient to directly enhance performance. In structured work environments, employees tend to follow standardized procedures, reducing the influence of competence differences on performance outcomes. Consequently, performance may depend more on organizational systems and motivational factors rather than individual capability.

This finding contrasts with the traditional *human capital* perspective, which emphasizes competence as a key driver of performance. Previous studies reported that competence enhances productivity and work quality by improving employees' ability to perform tasks effectively. Competence is often associated with improved problem-solving ability, efficiency, and task execution (Campion et al., 2011; Jiang et al., 2012; Newman et al., 2018; Grant, 2008; Tims et al., 2013). However, other studies suggest that competence may not significantly affect performance when job tasks are routine and highly standardized. Under such conditions, employees rely more on operational guidelines than on individual competence, which explains the non-significant relationship found in this study. This finding implies that organizations should not rely solely on competence development programs to improve performance. While training remains important, organizations should complement competence development with motivational strategies and supportive work environments to ensure that employees' capabilities translate into performance outcomes.

B. Competence and Job Satisfaction

The results show that competence does not significantly affect job satisfaction. This indicates that employees with higher competence do not necessarily experience greater satisfaction with their jobs. This finding suggests that job satisfaction is influenced more by contextual factors such as organizational climate, leadership support, and working conditions rather than individual ability.

Theoretically, competence is expected to enhance satisfaction because employees who feel capable tend to experience a sense of achievement and confidence. Previous studies indicate that competence increases intrinsic satisfaction by improving employees' perceived effectiveness and professional growth (Judge et al., 2001; Bakker & Demerouti, 2017; Newman et al., 2018; Albrecht et al., 2015; Grant, 2008). However, the present finding suggests that competence alone may not generate satisfaction unless supported by organizational recognition and rewards. This implies that organizations should combine competence development with supportive management practices to enhance satisfaction.

C. Work Environment and Employee Performance

The results indicate that the work environment does not significantly influence employee performance. This finding suggests that the physical and social work environment does not directly determine employees' productivity. Employees may maintain stable performance levels regardless of environmental conditions because they are required to follow standard procedures.

This finding differs from studies that report a direct relationship between work environment and performance. Previous research indicates that supportive work environments improve concentration, reduce fatigue, and enhance collaboration, which contribute to performance improvement (Humphrey et al., 2007; Parker et al., 2017; Bakker & Demerouti, 2017; Albrecht et al., 2015; Tims et al., 2013). However, other studies argue that the work environment primarily affects psychological outcomes rather than direct performance. Therefore, the non-significant result in this study suggests that the work environment influences performance indirectly through job satisfaction. The implication is that organizations should view the work environment as

a factor that enhances psychological well-being rather than directly increasing productivity. Improving workplace comfort, communication, and collaboration may enhance satisfaction, which subsequently improves performance.

D. Work Environment and Job Satisfaction

The results reveal that the work environment has a positive and significant effect on job satisfaction. This indicates that employees who work in supportive and comfortable environments tend to experience higher satisfaction levels. A conducive work environment enhances emotional well-being, reduces stress, and promotes positive interpersonal relationships.

This finding is consistent with *job characteristics theory*, which suggests that contextual factors influence employees' psychological states. Previous studies confirm that supportive work environments enhance satisfaction by improving employees' comfort and engagement (Humphrey et al., 2007; Parker et al., 2017; Grant, 2008; Newman et al., 2018; Jiang et al., 2012). The strong relationship found in this study indicates that the work environment is a key determinant of job satisfaction. This finding implies that organizations should prioritize creating supportive work environments. Improving communication, leadership support, and workplace conditions can enhance job satisfaction, which ultimately improves performance.

E. Work Motivation and Employee Performance

The results show that work motivation has a positive and significant effect on employee performance. This finding indicates that motivated employees tend to demonstrate higher productivity, stronger commitment, and improved work outcomes. Motivation drives employees to exert effort and maintain persistence in achieving organizational goals.

This finding supports *expectancy theory*, which states that motivated employees are more likely to perform well because they expect rewards from their efforts. Previous studies consistently report that motivation enhances employee performance by increasing engagement and effort (Grant, 2008; Parker et al., 2017; Bakker & Demerouti, 2017; Albrecht et al., 2015; Newman et al., 2018). The significant relationship found in this study confirms that motivation is a key determinant of employee performance. The implication is that organizations should implement motivational strategies such as recognition, incentives, and career development to enhance performance.

F. Work Motivation and Job Satisfaction

The results indicate that work motivation does not significantly affect job satisfaction. This finding suggests that motivation primarily influences performance rather than satisfaction. Employees may remain motivated to perform tasks even when satisfaction levels vary.

This finding differs from studies that suggest motivation increases satisfaction. However, some research indicates that satisfaction depends more on environmental and organizational factors than on motivation alone. Therefore, motivation may not directly translate into satisfaction. The implication is that organizations should combine motivational practices with improvements in working conditions to enhance job satisfaction.

G. Job Satisfaction and Employee Performance

The results reveal that job satisfaction has the strongest positive effect on employee performance. This finding indicates that satisfied employees demonstrate higher commitment, engagement, and productivity. Job satisfaction enhances positive work attitudes, which improve performance.

This result supports the *job satisfaction–performance hypothesis*, which states that satisfied employees perform better. Previous studies confirm that job satisfaction improves performance by increasing engagement and reducing turnover intention (Judge et al., 2001; Bakker & Demerouti, 2017; Albrecht et al., 2015; Newman et al., 2018; Grant, 2008). The strong relationship found in this study highlights the importance of satisfaction in improving performance. This study implies that organizations should focus on enhancing job satisfaction to improve performance. Strategies such as improving the work environment, providing recognition, and supporting employee well-being can increase satisfaction and ultimately enhance performance.

5. CONCLUSION

This study examines the determinants of employee performance by analyzing the effects of competence, work motivation, and work environment on employee performance, with job satisfaction as a mediating variable. The findings reveal that competence does not significantly influence employee performance or job satisfaction. This result indicates that employees' knowledge and skills alone are insufficient to directly enhance performance or satisfaction. In structured work settings, performance tends to be influenced more by psychological and organizational factors rather than individual competence. Similarly, the work environment does not significantly affect employee performance, although it significantly influences

job satisfaction. This finding suggests that a supportive work environment primarily contributes to employees' emotional well-being rather than directly improving productivity.

The results also show that work motivation has a significant positive effect on employee performance but does not significantly influence job satisfaction. This indicates that motivated employees tend to perform better even when their satisfaction levels vary. Furthermore, job satisfaction has the strongest positive and significant effect on employee performance, highlighting its critical role in improving work outcomes. These findings confirm that employee performance is largely driven by psychological factors, particularly job satisfaction and motivation. Overall, this study concludes that improving employee performance is more effectively achieved by enhancing job satisfaction and work motivation, supported by a conducive work environment. The study provides managerial implications that organizations should prioritize employee well-being, recognition systems, and supportive workplace conditions to foster satisfaction and motivation, which ultimately lead to sustainable performance improvement.

This study has several limitations that should be considered when interpreting the findings. First, the sample size is relatively limited and focused only on employees in formal-sector organizations within a specific regional context, which may restrict the generalizability of the results to broader organizational settings. Second, this study uses a cross-sectional research design, which limits the ability to capture changes in employee satisfaction and performance over time. Third, the model only examines competence, motivation, and work environment as predictors of employee performance, while other potential determinants such as leadership style, organizational culture, compensation, and work engagement were not included. These variables may provide a more comprehensive explanation of employee performance. Therefore, future research is recommended to use larger and more diverse samples across different industries, apply longitudinal research designs to better capture causal relationships, and incorporate additional variables such as leadership, organizational commitment, and work engagement to develop a more comprehensive model of employee performance.

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