

The Influence of Work Competence and Work Environment on Employee Performance at PT Bank Mandiri Tbk Kerom Papua Branch with Job Satisfaction as a Mediating Variable

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Abstract

This study aims to analyze the influence of work competence and work environment on employee performance with job satisfaction as a mediating variable. While competence and the work environment are independent variables, employee performance is a dependent variable. The mediating variable is job satisfaction. 150 employees of the Kerom Branch of PT Bank Mandiri Tbk in Papua were given questionnaires to complete in order to gather data for the study. In this work, an associative research methodology was combined with a quantitative technique. The Partial Least Squares (SmartPLS)-based Structural Equation Modeling (SEM) method was used to analyze the data. Both skill (coefficient = 0.462) and the work environment (coefficient = 0.389) positively and significantly affect job satisfaction. Additionally, the work environment (coefficient of 0.198) and competence (coefficient of 0.172) both significantly and favorably affect employee performance. Employee performance is significantly and favorably impacted by work satisfaction, as seen by its 0.321 value. Additionally, both competence (coefficient of 0.236) and work satisfaction (coefficient of 0.217) have a significant and positive impact on employee performance.

Keywords: *Job competence, Work environment, Job satisfaction, Performance*

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Introduction

The potential, skills, knowledge, and talents that people within a community or organization possess and may use to accomplish particular objectives are referred to as human resources (HR). HR, in the context of an organization, refers to all of its members or workers. They are the most important resources and are essential to advancing initiatives and accomplishing company objectives. A strategic approach to workforce management, human resource management (HRM) makes sure that a business has skilled, driven, and productive workers who can successfully accomplish its goals. HRM processes include recruitment and selection, training and development, performance management, employee relations and communication, compensation and rewards, and change management.

By adopting a holistic and sustainable approach to HRM, organizations can maximize their human potential and gain competitive advantage. In facing the challenges of globalization and rapid technological advancement, HRM must also adapt to the dynamic business environment. An essential aspect of this is the development of digital skills and adaptive capabilities among employees. Organizations need to invest in training programs that enhance digital literacy, understanding of new technologies, and adaptability to fast-paced change. Additionally, HRM should prioritize employee well-being by implementing

work practices that support work-life balance and maintain mental and physical health.

One of Indonesia's biggest banks, Bank Mandiri, is a State-Owned Enterprise (BUMN). Four government banks—Bank Bumi Daya, Bank Dagang Negara, Bank Ekspor Impor Indonesia, and Bank Pembangunan Indonesia—merged to form the new company in 1998. Bank Mandiri is crucial to preserving the stability of the national economy in addition to offering a wide range of financial services to the general public, including corporate, retail, commercial, and Islamic banking. Professionals with backgrounds in banking, information technology, risk management, business development, and finance make up Bank Mandiri's workforce. By carrying out duties including analysis, product and service creation, and providing creative financial solutions suited to client demands, they strategically and operationally support the company's vision and goal.

Performance is the outcome of a work process that shows how successfully a person completes duties and obligations that have been delegated to them. It shows the degree of success in doing tasks in line with the goals established by the company. In a professional setting, performance is a key metric for evaluating a person's contribution to the team's and the organization's overall efficacy and productivity. Employees at PT Bank Mandiri Tbk, Kerom Branch, Papua, continue to perform poorly, according to preliminary observations. According to Yanti's prior research (2022), performance is critical to an organization's success since it displays how successfully and efficiently the company's goals and aims are met. Strong performance not only boosts productivity, but it also helps to improve competitiveness and long-term organizational sustainability.

Low job satisfaction is thought to be the cause of decreased performance. A favorable emotional state that arises from an individual's assessment of their job or entire work experience is known as job satisfaction. It shows the degree to which a worker's requirements, goals, and expectations are met by their position. Job happiness is greatly influenced by elements including task fit with individual talents, equitable pay, positive working relationships, and possibilities for professional growth. Reduced motivation, more absenteeism, and even turnover can result from low work satisfaction, all of which have a detrimental impact on the functioning of the business as a whole. Employee work satisfaction at PT Bank Mandiri Tbk, Kerom Branch, Papua, is still poor, according to preliminary assessments. According to earlier studies by Marlius (2024), performance is significantly impacted by work satisfaction. According to this research, workers who are happy in their positions typically perform better because they are more engaged, motivated, and committed to carrying out their tasks.

Inadequate job competence can also be a factor in decreased performance. The term "work competence" describes a person's collection of abilities, attitudes, and knowledge needed to complete tasks successfully and efficiently. Competence includes not just technical skills but also decision-making abilities, interpersonal skills, and flexibility. Strongly competent workers typically take initiative, finish projects on time, and favorably impact the accomplishment of company objectives. Conversely, low competence may result in work errors, dependency on others, and delays in task completion, ultimately impacting productivity and performance quality. Initial observations indicate that employee competence at PT Bank Mandiri Tbk, Kerom Papua Branch, is still suboptimal. A prior research done by Hajiali (2021) discovered that work competence has a substantial impact on performance. These findings demonstrate that employees with proper knowledge, abilities, and work attitudes are better capable of executing tasks successfully and efficiently, which contributes favorably to achieving peak performance.

Decreased performance may also be attributed to an unsupportive work environment. The work environment includes all physical and psychological conditions in the workplace that can influence employees' enthusiasm, comfort, and productivity. A noisy, cramped, unsafe, or socially disharmonious environment can lead to stress, fatigue, and low motivation. In addition, a lack of support from supervisors or colleagues can further worsen the working atmosphere. Therefore, creating a conducive work environment both physically (such as adequate lighting, ventilation, and safety) and psychologically (such as good interpersonal relationships and a positive work culture) is essential to maintaining and improving employee performance. Initial observations indicate that the work environment among employees at PT Bank Mandiri Tbk, Kerom Branch, Papua, does not yet support the achievement of optimal performance. According to a previous study by Wahyudi (2021), performance was significantly impacted by the work environment. According to these research, a physically and non-physically pleasant workplace can enhance workers' motivation, focus, and ability to complete tasks efficiently.

Analysis Method

In order to determine and examine the causal links between employee performance, job happiness, work environment, and competence at PT Bank Mandiri Tbk, Kerom Branch, Papua, this study used an associative quantitative research methodology. Because it enables researchers to investigate the relationship and impact between two or more variables within a predetermined framework, the associative design was selected (Sugiyono, 2022). Employee performance is the dependent variable, job satisfaction is the mediating variable, and competence and work environment are the independent factors in this study. The 150 workers of the Kerom Branch of PT Bank Mandiri Tbk in Papua made up the study's population. To provide a thorough representation of the research population, the sampling strategy used a saturated sample methodology, in which every member of the population was included as a responder. A structured questionnaire with many questions scored on a Likert scale from 1 (strongly disagree) to 5 (strongly agree) was given to respondents directly in order to gather data. This method improves the accuracy of statistical testing by making it possible to quantify subjective judgments into quantifiable facts. Following data collection, the SmartPLS software was used to evaluate the replies using the Structural Equation Modeling–Partial Least Squares (SEM–PLS) method. Even with very small sample sizes or non-normally distributed data, the SEM–PLS approach was used because to its resilience in managing intricate causal linkages involving several latent variables (Hair, 2023). This approach combines two analytical elements: the measurement model, which tests the validity and reliability of indicators, and the structural model, which assesses the relevance and strength of proposed links between constructs..

Result and Discussion

The measuring model that assesses how well the observable indicators represent their associated latent variables is the outer model in the Partial Least Squares (PLS) analytical framework. The main focus of this approach is evaluating the validity and dependability of the connections between constructs and their indicators. The outer model is the basis for confirming whether each indicator accurately reflects the theoretical dimension of the latent construct it assesses (Hair et al., 2023). Researchers may verify that their measurement model is accurate and consistent, providing a solid foundation for moving on with the structural (interior) model analysis.

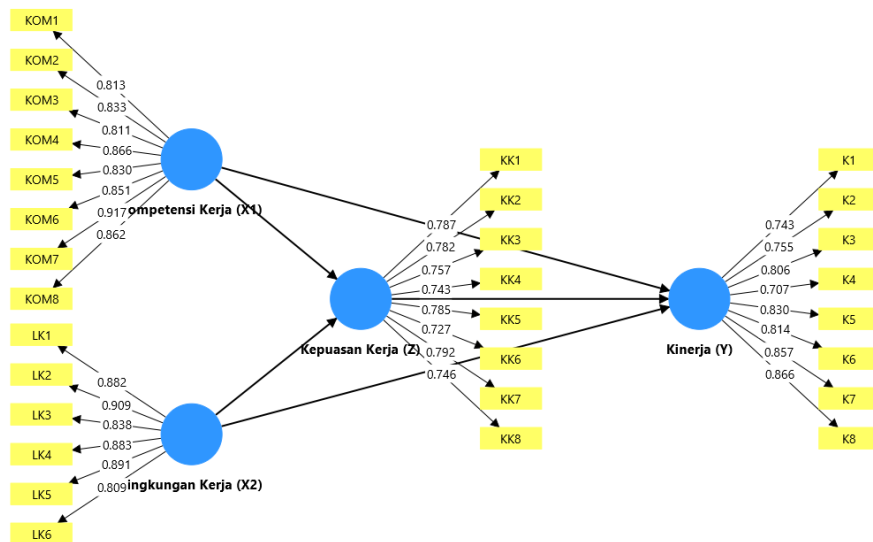


Figure 1 Outer Model

Source: Processed data (2025)

To ensure that the indicators accurately reflect the key elements, it is necessary to first assess the ideas' validity and reliability (Hair et al., 2023). Convergent validity is evaluated using the Average Variation Extracted (AVE), which illustrates the amount of variation captured by the construct in relation to measurement error, while the internal consistency of the indicators is evaluated using reliability metrics such as Cronbach's alpha and composite reliability. When these parameters are satisfied, the measurement strategy and the study's overall results become more dependable.

Table 1 Reliability and Validity

	Cronbach's alpha	Composite reliability	Average variance extracted (AVE)
Work Competence (X1)	0.944	0.954	0.720
Work Environment (X2)	0.936	0.949	0.756
Job Satisfaction (Z)	0.899	0.919	0.585
Performance (Y)	0.918	0.934	0.639

Source: Processed data (2025)

Cronbach's Alpha, Composite Reliability, and Average Variance Extracted (AVE) were the three main metrics used to evaluate the study's validity and reliability. With Cronbach's Alpha values over the 0.70 cutoff, the findings show that all constructs satisfy the dependability requirements. With scores of 0.944 for Work Competence (X1), 0.936 for Work Environment (X2), 0.899 for Job Satisfaction (Z), and 0.918 for Performance (Y), these metrics specifically demonstrate strong internal consistency. Strong build dependability was indicated by composite dependability scores more than 0.90 for every variable. Every concept explains more than half of the variance in the indicators, as evidenced by the fact that all AVE values are more than the allowed minimum of 0.50. The constructs employed in this work are therefore reliable and appropriate for further research.

In Partial Least Squares (PLS) analysis, the inner model also known as the structural model serves as a framework for evaluating the causal relationships among the latent variables defined in the research. This model illustrates the direction and magnitude of the hypothesized influence between constructs, thereby revealing how one latent variable affects another within the study's conceptual structure. The primary focus of the inner model is to examine the strength, significance, and predictive accuracy of the structural paths connecting the variables.

Hair et al. (2023) state that the path coefficients, coefficient of determination (R^2), and effect size (f^2) are among the important indicators used in the evaluation of the inner model. R^2 shows the percentage of the dependent variable's variation that can be accounted for by its predictors, while the path coefficients show the strength and direction of impact between constructs. The proportional influence of each external variable on the endogenous construct is measured by f^2 . When combined, these measures allow researchers to assess the model's overall explanatory power within the study's context and ascertain if the assumptions put forth are experimentally validated.

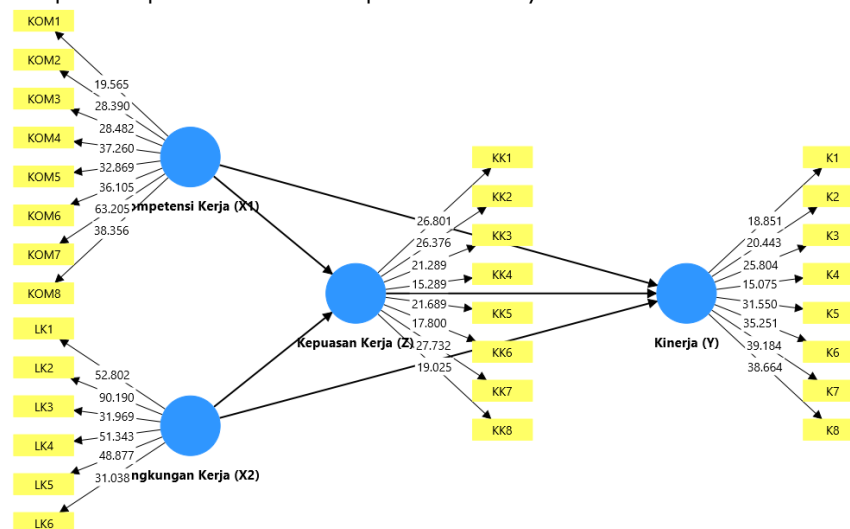


Figure 2 Inner Model

Source: Processed data (2025)

In PLS analysis, R Square represents the variation explained by the model. According to Hair et al. (2023), these metrics are critical for evaluating the structural model's strength and quality.

Table 2 R Square

	R Square	R Square Adjusted
Employee Performance (Y)	0,696	0,696
Job Satisfaction (Z)	0,612	0,612

Source: Processed data (2025)

The coefficient of determination (R Square) analysis was used to evaluate the study model's explanatory power. The results show that independent factors account for 61.2% of the variation in job satisfaction, with a R Square value of 0.612 for work satisfaction (Z). Employee Performance (Y), in contrast, has a R Square value of 0.696, indicating that 69.6% of the variance in employee performance can be explained by the combined effects of job satisfaction, work environment, and work competence. These numbers show that the model has a strong explanatory power and is appropriate for additional hypothesis testing.

Each exogenous construct's effect size on the endogenous variable is evaluated using F Square in addition to R Square. The relevance and importance of each route in the model are supported by a larger F Square value, which shows a significant contribution of an independent variable to the R Square of a dependent variable (Hair et al., 2023).

Table 3 F Square

	Work Competence (X1)	Work Environment (X2)	Job Satisfaction (Z)	Employee Performance (Y)
Work Competence (X1)			0.676	0.225
Work Environment (X2)			0.369	0.068

Job Satisfaction (Z)	0.242
Employee Performance (Y)	

Source: Processed data (2025)

According to Cohen's (1988) criteria, the findings of the f^2 (effect size) study show that Work Competence (X1) has a significant impact on Job Satisfaction (Z), with a f^2 value of 0.676. Furthermore, with a f^2 value of 0.225, Work Competence has a modest impact on Employee Performance (Y). The Work Environment (X2) variable has a minor impact on Employee Performance (Y) ($f^2 = 0.068$) and a medium impact on Job Satisfaction (Z) ($f^2 = 0.369$). Furthermore, Job Satisfaction (Z) contributes a medium effect on Employee Performance (Y) with an f^2 value of 0.242. These findings imply that Work Competence provides the most substantial contribution to Job Satisfaction and that all the observed variables play important roles in shaping Employee Performance, both directly and indirectly.

In PLS analysis, direct effect represents the immediate influence of one construct on another, while indirect effect shows the mediated influence through another variable. Both are critical for understanding causal relationships in the structural model (Hair et al., 2023).

Table 4 Direct and Indirect Hypothesis Analysis

	Original Sample	T Statistics	P Values
Job Competence (X1) -> Job Satisfaction (Z)	0,245	3,182	0,000
Work Environment (X2) -> Job Satisfaction (Z)	0,103	2,298	0,012
Job Competence (X1) -> Performance (Y)	0,159	2,383	0,000
Work Environment (X2) -> Performance (Y)	0,178	3,459	0,000
Job Satisfaction (Z) -> Performance (Y)	0,234	3,669	0,014
Job Competence (X1) -> Job Satisfaction (Z) -> Performance (Y)	0,336	4,111	0,000
Work Environment (X2) -> Job Satisfaction (Z) -> Performance (Y)	0,375	4,593	0,000

Source: Processed data (2025)

The results of the hypothesis test demonstrate that at PT Bank Mandiri Tbk, Kerom Papua Branch, work competence and work environment significantly improve employee performance and job satisfaction. Job Satisfaction is significantly impacted by Work Competence ($P = 0.000$; coefficient = 0.245) and Work Environment ($P = 0.012$; coefficient = 0.103). As Yanti, Fikri, and Nofirda (2022) suggest, higher competence gives workers the technical know-how, abilities, and attitudes needed for efficient task completion, which boosts confidence and job satisfaction. Similarly, a well-facilitated, socially harmonious, and physically secure workplace increases workers' comfort and motivation, which raises satisfaction (Khoiriyah, Arief, & Tulhusnah, 2025). Furthermore, both Work Competence ($P = 0.000$; coefficient = 0.159) and Work Environment ($P = 0.000$; coefficient = 0.178) directly contribute to enhanced performance, reflecting that skilled and well-supported employees are more productive and effective (Sumerdana & Heryanda, 2021; Mahendra, Saddewisasi, & Sulistyawati, 2024).

Job Satisfaction itself has a significant positive effect on Employee Performance ($P = 0.014$; coefficient = 0.234), indicating that satisfied employees exhibit higher motivation, loyalty, and output, as found by Wahyudi, Ruslan, and Chahyono (2021). The mediating role of Job Satisfaction is also evident in the relationship between Work Competence and Performance ($P = 0.000$; coefficient = 0.336), as well as between Work Environment and Performance ($P = 0.000$; coefficient = 0.375). These indirect effects emphasize that

competence and environment not only have direct impacts on performance but also exert substantial influence through their contribution to job satisfaction. This aligns with studies by Handriyani, Ganarsih, and Maulida (2024), and Ishar, Latief, and Bahasoan (2024), who demonstrated that job satisfaction serves as a critical mediator in enhancing employee outcomes, especially in the banking sector, where service quality is highly dependent on employee well-being and workplace conditions.

Conclusions and Suggestions

The study, which looked at how workplace culture and competence affected worker performance at PT Bank Mandiri Tbk's Kerom Papua Branch, yielded some impressive results. The results showed that one of the mediating factors was work satisfaction. The study found that job happiness is positively and significantly impacted by both skills and the workplace. Additionally, employee performance is directly, favorably, and significantly impacted by expertise and the workplace. Employee performance is positively and significantly impacted by job satisfaction. The mediation research found that employee performance is positively and significantly impacted by competence and the workplace. According to these results, the PT Bank Mandiri Tbk branch in Kerom, Papua, would see an improvement in job satisfaction and general performance by enhancing employee competency and creating a favorable work environment.

To enhance employee performance at PT Bank Mandiri Tbk, Kerom Papua Branch, efforts should focus on improving four key dimensions: quantity, quality, timeliness, and work efficiency. This includes setting realistic performance targets, implementing integrated digital systems, and promoting lean work processes to reduce waste and increase productivity. In terms of job satisfaction, improvements can be made across four areas: satisfaction with the work itself, compensation, workplace relationships, and career development. The company should regularly review its compensation system for fairness and transparency, foster open communication and teamwork, and provide clear career advancement opportunities along with ongoing training programs. Regarding employee competence, development should emphasize knowledge and skills enhancement, adaptability, quality of work, and productivity. This can be achieved through relevant continuous training, flexibility-building workshops, consistent performance evaluations, and outcome-based monitoring. Lastly, creating a conducive work environment requires attention to both physical and non-physical aspects. Physically, it involves ensuring proper lighting, noise reduction, and air quality, while non-physical improvements include strengthening team dynamics, managing workload effectively, and reducing stress through supportive management practices. By implementing these strategies across all dimensions, PT Bank Mandiri Tbk, Kerom Papua Branch can improve employee well-being and performance, leading to greater organizational effectiveness and competitiveness.

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