

Examining Linkage between Competence, Compensation and Organizational Innovation to Job Satisfaction and Employee Performance

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Abstract: This study aims to empirically examine and analyze the effect of competence, compensation and organizational innovation on employee performance; and competence, compensation and organizational innovation on employee performance through job satisfaction. The design of this study used a survey method with cross-sectional data collection through questionnaires. Determination of the sample using simple random sampling with the number of respondents 288 employees in regional organizations in Polman Regency. The analytical method used in testing the hypothesis is Structural Equation Modeling (SEM) with Amos. The results of the study provide evidence that competence has a positive and significant effect on employee job satisfaction; compensation has a positive and significant effect on employee job satisfaction; organizational innovation has a positive and significant effect on employee job satisfaction; competence has a positive and significant effect on employee performance; compensation has a positive and significant effect on employee performance; organizational innovation has a positive and insignificant effect on employee performance; competence has a positive and significant effect on employee performance through job satisfaction; compensation has a positive and significant effect on employee performance through job satisfaction; organizational innovation has a positive and significant effect on employee performance through job satisfaction.

Keywords: Competence, Organizational Innovation, Compensation, Job Satisfaction, Employee Performance.

I. Introduction

The existence of humans in organizations has a position that is largely determined by the quality of the people who work in it. The rapidly changing environment demands their ability to capture the phenomenon of change, analyze its impact on the organization and prepare steps to deal with these conditions (Rosak-Szyrocka, 2017). Seeing this reality, the role of human resources in organizations is not only administrative but rather leads to how to be able to develop the potential of human resources to be more creative and innovative. Human resources are an important factor for every organization or company because, without human resources, the goals and objectives of an organization or company will not be achieved as planned (Amy Wei Tian, John Cordery, 2016). Human resources are not only seen as an element of production but also as humans who have emotions and personalities that can be used as forces to move the organization Shifting the role of human resources from mere complements to human resources that already have a strategic role, contributing to determining the future organization (Khan et al., 2010). Human resources have a contribution to determining the future of the organization through a functional orientation. This means that not only supervision, direction, and control are needed, but also development, creativity, flexibility, and collective management (coordination).

In relation to the task of human resource management, namely studying and developing various ways so that humans can be integrated effectively to achieve goals or to strategically empower human resource management functions (Connelly & Torrence, 2018). In an atmosphere of intense competition, the role of the human resources department will be increasingly felt in helping line managers to achieve their goals. In general, every organization, both government and non-government tries to improve itself to improve the performance of its human resources (Bryson et al., 2017). This is intended to deal with increasingly competitive work dynamics and demands to provide an increase in employee performance, which is not an easy thing to do, because it will be faced with various challenges and obstacles, and these must be addressed first. For this reason, every organization, both government and private institutions must strive to improve the quality of the performance of its human resources through increased competence, appropriate compensation, increased organizational innovation, and strives for them to achieve job satisfaction (Agustin, 2021). If these elements can be applied or owned by an institution, it will have an impact on improving employee performance in an organization. The formation of employee competence and professionalism towards the implementation of work needs to be directed toward programs that are in accordance with predetermined competency standards. The role of competence is needed in improving employee performance. Employees who have good work competencies will certainly find it easy to carry out all work, be able to read situations and problems that occur at work and can

provide appropriate responses, and have good adjustments to their environment. Employees in Polewali Mandar Regency in carrying out their duties and functions are quite broad and have heavy responsibilities. The implementation of these tasks and functions is a challenge that must be faced in developing work methods that increasingly demand progress and competition. The performance shown by each employee must reflect the effort to realize the vision and mission that has been set. However, in Polewali Mandar Regency, there are still employees who think that competence is not something that is considered capable of professional improvement, even though they do not have the knowledge, skills, and abilities, they can still complete the job by relying on experience alone. Then there are employees who think that increasing competence is just a waste of time and money, because they consider professionalism and high productivity not the result of increasing competence but because of long work experience in a field.

In organizations, compensation issues are very complex but the most important for employees and the organization itself. The provision of compensation to employees must have a logical and rational basis. However, the humane emotional factors should not be ignored. Compensation is very important for the employee himself as an individual, because the amount of compensation is a reflection or measure of the value of the employee's work itself (Pan et al., 2022). On the other hand, the size of the compensation can affect work performance, motivation and job satisfaction of employees. If compensation is given appropriately and correctly, employees will get job satisfaction and be motivated to achieve organizational goals. However, if the compensation provided is inadequate or inappropriate, employee performance, motivation, and job satisfaction will decrease (Needles et al., 2008). In Polewali Mandar Regency, there are several employees who are dissatisfied with the incentives they receive based on the duties and responsibilities of the work given, causing these employees to be less responsible in carrying out work and their attendance at the office is not according to regulations, coming and going home from work is not on time. Based on the Polewali Mandar Regency Regulation No. 12 of 2016 Article 3, with this Regional Regulation a Regency Regional Apparatus is formed consisting of the Regional Secretariat, DPRD Secretariat, Regional Inspectorate, Regional Office, Regional and District Agencies.

In Polewali Mandar Regency, many employees are absent during office hours or after national holidays. This indicates that the performance among civil servants has not grown and become a collective consciousness. The high and low performance of these employees can be influenced by several factors, namely motivation, compensation, organizational innovation and job satisfaction. The Polewali Mandar Regency Government is fully aware that in addition to paying attention to the competence of human resources, compensation, and organizational innovation will also affect job satisfaction and employee performance in the organization. The Polewali Mandar Regency Government has implemented various policies related to competency development, compensation and organizational innovation in an effort to increase job satisfaction and employee performance. Competence development, compensation management and improvement in organizational innovation must continue to be carried out so that employees can become reliable human resources to face global competition and the dynamics of progress in human resource management in Polewali Mandar Regency. It is based on that the conditions faced by employees in Polewali Mandar Regency are currently experiencing various changes and paradigms that direct government organizations to continue to strengthen the quality of their employees in carrying out their main tasks and functions in accordance with the conditions of the work environment. These efforts are carried out through competency improvement, proper compensation management and continuous organizational innovation to increase job satisfaction and employee performance. However, there are still some employees in Polewali Mandar Regency that have not yet shown optimal performance. Therefore, the ways taken by policy makers in the Polewali Mandar Regency Government include increasing employee competence, managing appropriate compensation, and increasing organizational innovation. Various empirical researches prove that competence, compensation, organizational innovation make a significant contribution to job satisfaction and employee performance in government agencies.

Competency is a knowledge or know how for doing an effective job; Competence is the knowledge or knowledge of how to do work effectively (Tütlys & Spöttl, 2017). The benefits of competence and its use in human resource management are enormous. Currently, the concept of competence has begun to be applied in various aspects of human resource management, although most of them are in the areas of training and development, recruitment and selection, and remuneration systems (Bergenhengouwen et al., 1997; Salman et al., 2020). For the government, compensation affects macroeconomic stability, namely the unemployment rate, inflation, purchasing power and economic development, as well as the country's politics and society. Wages determine the amount of tax a government receives and its ability to provide public services for its citizens. The amount of income tax collected by the government determines the government's ability to provide social security to employees while at work and in their old age. Based on the phenomenon and the inconsistency of the findings of previous researchers, this research is directed at increasing job satisfaction and employee

performance at Regional Apparatus Organizations in Polewali Mandar Regency through increasing human resource competence, managing appropriate compensation, and increasing organizational innovation.

II. Literature Review

Employees are the main asset of the organization who are the planners and active actors of every activity of the organization. Employees who have competence in this case are capable, capable and skilled, not guaranteeing the implementation of good employee duties and functions, if work morale is low. According to Mulang, (2021) to achieve a certain competence a person needs to have a number of capabilities which are usually a combination of the dimensions of knowledge, skills and attitudes (personal traits). This research is directed at the field of human resource management, namely the influence of competence, compensation, and organizational innovation on job satisfaction and employee performance in Regional Apparatus Organizations in Polewali Mandar Regency. The grand theory is based on what Donald put forward in 2007. Competence of human resources is reflected in the window theory, that a person's competence is seen from the four sides of the window frame, namely knowledge or education (education), skills (skills), experience (experience) and attitudes of mastery. work or technology (mastery of technology) (Heideman Lassen & Waehrens, 2021; Ivaldi et al., 2022).

The focus or core of this window theory is competence. Skilled resources supported by mature work experience are capable human resources. The more competent human resources, the more satisfying and high-performing work will be. The grand theory is based on the opinion of Mondy and Noe in 1993 where compensation can be divided into two types, namely financial compensation and non-financial compensation (Blömeke et al., 2022). Financial compensation consists of direct financial compensation and indirect financial compensation. Direct financial compensation consists of salaries, wages, bonuses and commissions. Meanwhile, indirect financial compensation is also known as allowance, which includes all financial rewards that are not covered by direct compensation. While non-financial compensation (non-financial compensation) consists of satisfaction received either from the work itself, such as responsibilities, opportunities for recognition, opportunities for promotion, or from the psychological and or physical environment in which the person is located, such as pleasant co-workers, policy -healthy policies, cafeteria, job sharing, condensed work week and free time. Thus, compensation is not only related to monetary rewards (extrinsic), but also to the goals and intrinsic rewards of the organization such as recognition and promotion opportunities. The main characteristics of future organizations, according to Alfin Toffler, the famous futurist, are flexibility, creativity and innovation (Escamilla-Fajardo et al., 2019; Samad, 2012). One of the managerial tasks and functions that will become increasingly urgent and important in the future is to manage strategic changes with characteristics including the integration of organizational strategy with its structure, the technology used and the human resources in it. These various factors are adjusted again to the demands of the organization's external environment. So it becomes important in the transformation of the organization, namely a complete understanding of organizational transformation, organizational culture, the "strategy-culture" matrix and strategic change management.

According to Herzberg, two factors that can cause a sense of satisfaction or dissatisfaction according to Herzberg are: Maintenance factors, namely factors that can cause dissatisfaction to an employee consisting of: Company policies; Supervision; interpersonal relationships; Working conditions; Wages. Motivation factors, namely factors that can satisfy and encourage people to work diligently, consisting of: Successful implementation; Confession; The work itself; Responsibility; Development of individual potential (Alrawahi et al., 2020; DeShields Jr et al., 2005; Ewen, 1964; Gawel, 1997). According to (Lan et al., 2021) Performance is human output that can be measured from productivity, absenteeism, turnover, citizenship, and satisfaction. Research (Rosmaini & Tanjung, 2019) proves that partially competence has a positive and insignificant effect on employee performance, but inconsistency findings were found by (Mulyasari, 2019) who found that competence has a positive and significant effect on employee performance.

Research from (ESA Wijaya & Sumiati, 2021) proves that job satisfaction has a positive and significant effect on employee performance, but inconsistency findings were found by (Sihombing F, 2016) who found that competence had no significant effect on job satisfaction. Research (Sukidi & Wajdi, 2017) proves that competence has a positive and significant effect on job satisfaction and employee performance, but inconsistent findings were put forward by Rosmaini & Tanjung, (2019) which proves that competence has a positive and insignificant effect on employee performance, satisfaction work has a positive and significant effect on employee performance. Research (Sukidi & Wajdi, 2017) proves that compensation has an effect on job satisfaction, but inconsistency findings were found by Arinal & Rahayu, (2017). The results show that the compensation factor has no significant effect on job satisfaction. Research (Furiady & Kurnia, 2015) proves that compensation has a positive effect on employee performance, but inconsistent findings were put forward by Juliningrum & Sudiro, (2014) who stated that compensation has not been able to contribute to work motivation and performance. Juliningrum & Sudiro, (2014) that salaries, incentive payments, bonuses, allowances,

insurance, recreation have no impact on employee performance. PTIUK UB employees still need self-recognition (self-actualization) and status as permanent employees. Research (Sukidi & Wajdi, 2017) proves that compensation has a positive and significant effect on job satisfaction and employee performance. but inconsistent findings were put forward by (Lisnawati, 2017) who found that there was a direct and indirect effect of compensation variables on organizational performance in the Aceh Education and Training Personnel Agency (BKPP) through the intervening variable of job satisfaction. Sembiring et al. (2020) found that organizational innovation has a significant and positive effect on employee job satisfaction. However, the inconsistent findings were found by Subramanian & Nilakanta, (1996a) that innovation has a negative effect on employee performance. Research (Sukidi & Wajdi, 2017) proves that job satisfaction has a positive and significant effect on job satisfaction, but according to a survey conducted by Manpower Group companies in the United States (US) and Canada in 2012 involving 411 workers in the US and Canada, as many as 19% who feel satisfied and 16% feel quite satisfied in their work. Meanwhile, two-thirds of respondents stated that they are not happy at work. A total of 21% said they were not satisfied and 44% said they were not satisfied. The survey results are supported by a Mercer survey involving 30,000 workers located in 17 places around the world which found that 28% - 56% of employees said they wanted to quit their job (Opinion, 2013). That means there are still many employees who are not satisfied at work.

The increase in job satisfaction and employee performance is based on the needs of the organization and the progress of organizational innovation which is increasingly important. Efforts to increase job satisfaction and employee performance in Polewali Mandar Regency, besides being carried out through increasing competence, are also carried out through the management of compensation for each employee, and increasing organizational innovation, so that employees can complete their work properly and appropriately. Therefore, the competence factors that are believed to affect the performance of employees in Polewali Mandar Regency include knowledge, skills, expertise, and professional attitudes. If this is managed properly, it is expected that employee performance will increase significantly. Thus, this study uses 5 variables, namely 3 independent variables, 1 intervening variable and 1 dependent variable. The independent variables consist of competence, compensation, and organizational innovation. The intervening variable is job satisfaction, while the dependent variable is employee performance.

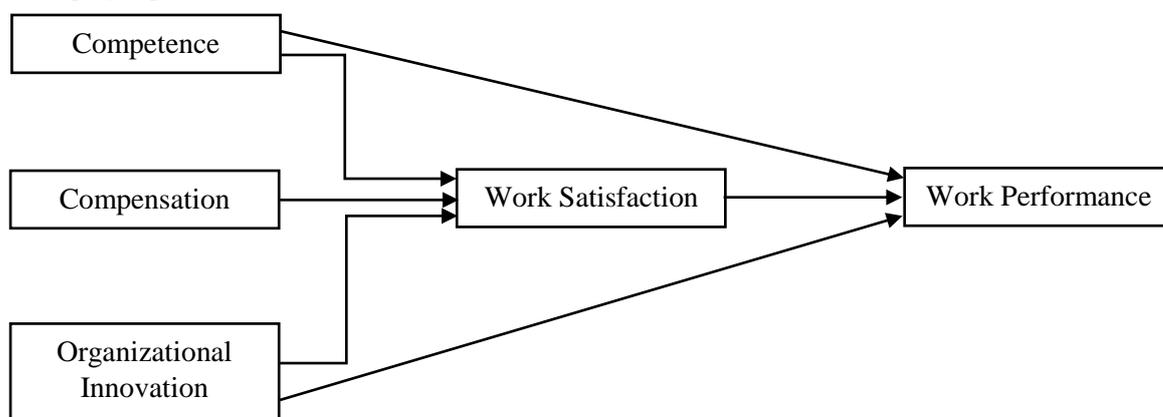


Figure 1: Conceptual Framework

Based on the flow of the conceptual framework above, the following hypotheses can be put forward:

- H1: Competence as measured by indicators of knowledge, skills, experience and attitude has a positive and significant effect on employee performance
- H2: Compensation measured by indicators of salary, position allowance, family allowance, employee income allowance (TPP), health allowance and facilities have an effect positive and significant on employee performance.
- H3: Organizational innovation as measured by indicators of technological innovation, administrative innovation, strategic innovation and organizational structure innovation has a positive and significant effect on employee performance.
- H4: Competence measured by indicators of knowledge, skills, experience and attitudes have a positive and significant effect on employee job satisfaction.
- H5: Compensation as measured by indicators of salary, position allowance, family allowance, employee income allowance (TPP), health allowance and facilities have a positive and significant effect on employee job satisfaction.

- H6: Organizational innovation as measured by indicators of technological innovation, administrative innovation, strategic innovation and organizational structure innovation have a positive and significant effect on employee job satisfaction.
- H7: Competence as measured by indicators of knowledge, skills, experience and attitudes has a positive and significant effect on employee performance through job satisfaction.
- H8: Compensation as measured by indicators of salary, position allowance, family allowance, employee income allowance (TPP), health allowance and facilities have a positive and significant effect on employee performance through job satisfaction.
- H9: Organizational innovation as measured by indicators of technological innovation, administrative innovation, strategic innovation and organizational structure innovation has a positive and significant effect on employee performance through job satisfaction.
- H10: Job satisfaction as measured by indicators of responsibility, progress, achievement, recognition and the work itself has a positive and significant effect on employee performance.

III. Research Method

3.1. Design and Sample Criteria

This research was conducted in Polewali Mandar Regency, West Sulawesi, Indonesia. This research was carried out for 3 (three) months, starting from May to July 2021. The types of data used in this writing were quantitative data and qualitative data, while the secondary data sources were obtained using questionnaires. The population in this study is the Regional Apparatus Organization including the Office, Agency and Secretariat in Polewali Mandar as shown in Table 1.

Table 1. Sample Criteria

No.	Work unit	Population	Sampel
1	Agency for Personnel, Education and Training	46	13
2	National Unity and Political Body	26	7
3	Finance Agency	45	13
4	Regional Disaster Management Agency	20	6
5	Revenue Agency	41	12
6	Research, Development and Planning Agency	44	12
7	Department of Marine Affairs and Fisheries	43	12
8	Department of Population and Civil Registration	36	10
9	public health Office	82	23
10	Office of Communication, Informatics, Statistics and Encoding	30	8
11	Department of Environment and Forestry	53	15
12	Department of Public Works and Spatial Planning	65	18
13	Community and Village Empowerment Service	29	8
14	Department of Youth, Sports and Tourism	32	9
15	One-Stop Integrated Service and Investment Service	25	7
16	Department of Education and Culture	62	17
17	Office of Population Control, Family Planning, Women's Empowerment and Child Protection	26	7
18	Department of Transportation	35	12
19	Department of Industry, Trade, Cooperatives, Small and Medium Enterprises	44	13
20	Library and Archives Service	24	7
21	Department of Agriculture and Food	25	7
22	Department of Housing, Settlement and Land	26	8
23	social services	27	8
24	Department of Transmigration, Manpower and Energy and Mineral Resources	32	9
25	the regional Secretariat	30	8
26	Secretariat of the Regional House of Representatives	40	11
27	Polewali Mandar District Government	29	8
	Total	1017	288

3.2. Procedure and Measurement

This research uses two approaches, namely descriptive approach and explanatory research. This approach uses a descriptive approach, because the researcher tries to explain the results of the study by using tables, pictures and graphs regarding the data that has been processed. While the explanatory approach is used to explain the effect of the independent variables on the intervening and dependent variables. The independent variables in this study consist of competence (X1), compensation (X2) and organizational innovation (X3) variables. While the intervening variable (Z) is job satisfaction and the dependent variable is employee performance (Y).). The instrument used to collect the data needed to test the hypothesis is a questionnaire instrument. The questionnaire was designed and adapted to the research objectives. To complement the authentically obtained data, interviews with competent parties at the research site were also conducted as shown in table 2. In this study, the steps taken in SEM testing are described as follows: First, the development of a theoretical model; In this step, what must be done is to conduct a series of scientific explorations through literature review in order to obtain justification for the theoretical model to be developed. SEM is not used to produce a model, but is used to confirm the theoretical model through empirical data. The second step, the development of a path diagram, the theoretical model that has been built in the first stage is then described in a path diagram to make it easier to see the causality relationships that you want to test. The third step is to evaluate the goodness of fit criteria. At this stage, testing is carried out on the suitability of the model through a study of various goodness of fit criteria. Several indices of suitability and cut of value to test whether a model can be accepted or rejected include statistical Chi-square testing, where the model is considered good or satisfactory if the chi-square value is low. The smaller the chi-square, the better the model and it is accepted based on probability with a cut-off value of p-value > 0.05 or p-value > 0.10. RMSEA (the root mean square error of approximation) which shows the goodness of fit that can be expected when the model is estimated in the population (Joseph F. Hair, Jr., G. Tomas M. Hult, Christian M. Ringle, 2013). The RMSEA value which is less than or equal to 0.08 is an index for the acceptance of the model which shows a close fit of the model based on the degrees of freedom.

GFI (goodness of fit index), is a non-statistical measure that has a range of values between 0 (poor fit) to 1.0 (perfect fit). A high score in this index indicates a better fit. AGFI (adjusted goodness of fit index), where the recommended level of acceptance is if AGFI has a value equal to or greater than 0.90. CMIN/DF, is the minimum sample discrepancy function divided by the degree of freedom. CMIN/DF is nothing but a chi-square statistic, divided by DF is called relative X2. If the relative X2 value is less than 2.0 or 3.0, it is an indication of an acceptable fit between the model and the data. TLI (tucker lewis index), is an incremental index that compares a tested model against a base line model, where the recommended value as a reference for the acceptance of a model is 0.95 (Joseph F. Hair, Jr., G.Tomas M Hult, Christian M. Ringle, 2013). A value close to 1 indicates a very good fit. CFI (Comparative fit index), which when close to 1, indicates the highest level of fit. The recommended value is CFI 0.95. The last step is hypothesis testing through structural testing with the following equation:

$$Y1 = \beta_0 + \beta_1 (X1) + \beta_2 (X2) + \beta_3 (X3) + e \dots\dots\dots \text{Formula (1)}$$

$$Y2 = \beta_0 + \beta_1 (X1) + \beta_2 (X2) + \beta_3 (X3) + Y1 + e \dots\dots\dots \text{Formula (2)}$$

Description:

Y1 = Work Satisfaction

Y2 = Performance

X1 = Competence

X2 = Compensation

X3 = Organizational Innovation

β1, β2, β3, = Regression Coefficient

Table 2: Variabel Measurement

No.	Variables	Indicator	Responses Mean Answer	Loading Factor	AVE	CR
1	Competence	knowledge	4,29	0.616	0.606	0.856
		Skills	4.28	0.976		
		experience	4.10	0.675		
		attitude	4.26	0.797		
2	Compensation	Wages	3,49	0.747	0.716	0.938
		Positional allowance	3,72	0.865		

		Family Allowance	3,78	0.862		
		Performance Allowance	3,69	0.903		
		Health benefits	4,02	0.856		
		Facility	3,92	0.836		
3	Organizational innovation	Technological Innovation	3,95	0.886	0.558	0.787
		Administrative Innovation	3,89	0.698		
		Strategy Innovation	4,00	0.610		
		Organizational Structure Innovation	3,67	0.554		
4	Work Satisfaction	Responsibility	4,27	0.601	0.536	0.792
		Progress	4,22	0.619		
		Achievement	4,04	0.574		
		Confession	4,01	0.795		
		The work itself	4,38	0.690		
5	Employee Performance	Quality	4,09	0.668	0.662	0.906
		Quantity	4,08	0.714		
		Punctuality	4,03	0.667		
		The need for supervision	4	0.784		
		Effectiveness	4,20	0.918		
		Efficiency	4,25	0.934		

IV. Result and Discussion

4.1. Characteristics of Respondents

The following shows the results of the study based on the characteristics of the respondents, variable descriptions, SEM analysis and hypothesis testing which are described below. This study explains the characteristics of respondents in Regional Apparatus Organizations in Polman Regency which is determined through the Slovin formula, obtained as many as 288 employees as respondents. Characteristics are a description of the identity of the respondent, which include the following: Gender, Age, Education, and Period of Work. The characteristics of these respondents are important to explain their relationship to the influence of competence, compensation and organizational innovation on employee performance through employee job satisfaction at Regional Apparatus Organizations in Polman Regency.

Table 3: Characteristics of Respondents Based on Self-Identity

No.	Measurement	Classification	Number of Respondents	
			Freq	%
1	Gender	Men	178	61,80%
		Women	110	38,19%
2	Age (Years)	20-30	68	23,61%
		31-40	102	35,41%
		41-50	76	26,38%
		51>	42	14,58%
3	Education Level	Junior High School	18	6,25%
		Senior High School	62	21,52%
		Bachelor	181	62,84%
		Magister	24	8,33%
		Doctoral	3	1,04%
4	Work Length (Years)	1-5	26	9,02%
		6-10	53	18,40%
		11-20	88	30,55%
		21-30	97	33,68%
		Up to 30	24	8,33%

Based on table 3, it is known that of the 288 respondents involved in this study, 178 people were male respondents. While the remaining 110 people are female respondents. In terms of age, it is known that of the 288 respondents involved in this study, 68 people were respondents aged 20-30 years. Furthermore, as many as 76 people are respondents aged 31-40 years, then 102 people are respondents aged 41-50 years while the remaining 42 people are respondents aged over 50 years. From the level of education, it is known that of the 288

respondents involved in this study, 181 people were respondents with the last education of S1. Furthermore, respondents with high school education as many as 62 people. Furthermore, 24 people are respondents with Masters Education. Then respondents with junior high school education as many as 18. While the remaining 3 people are respondents with the latest education S3. Furthermore, in terms of tenure, of the 288 respondents involved in this study, 97 people were respondents who had a working period of 21-30 years. Furthermore, respondents who have a working period of 11-20 years amounted to 88 people. Then 53 people are respondents who have a working period of 6-10 years. Furthermore, the respondents who have a working period of 1-5 years are 26 people. While the remaining 24 people are respondents who have a working period of more than 30 years.

4.2. Variable Construct Analysis

In order to fulfill the requirements in the goodness of fit tests in the initial model (1) which has not been fulfilled, modification indices are carried out, as shown in Figure 2.

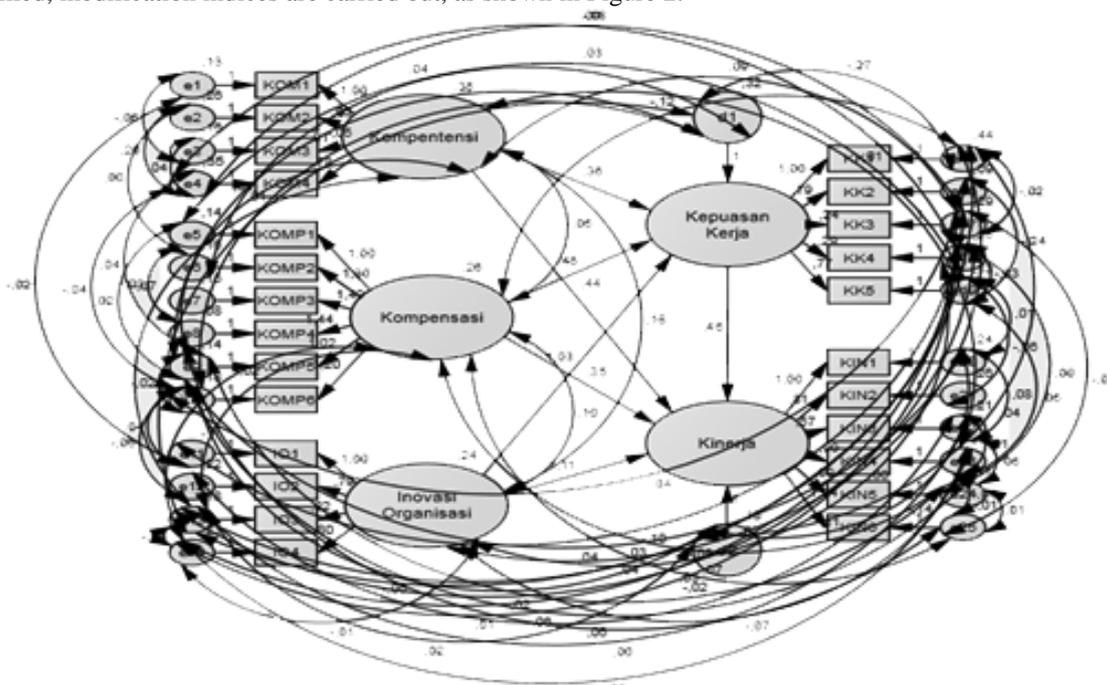


Figure 2: Structural Equation Model (SEM) Test Results

Table 4: Comparison of the model suitability index with the cut – off value

Goodnes of Fit Indeks	Cut-off Value	Analysis result	Model Evaluation
Chi square (df = 300)	< 341.395	5.184	Good
Probability	≥ 0,05	0,166	Good
RMSEA	≤ 0.08	0,048	Good
GFI	≥ 0.90	0,949	Good
AGFI	≥ 0.90	0,926	Good
TLI	≥ 0.95	0.910	Less
CFI	≥ 0.95	0,975	Good
NFI	≥ 0.95	0,960	Good
RMR	≤ 0.05	0,020	Good
CMIN/DF	≤ 2.00	2,137	Less

Based on Table 4, it is shown that after the Modification Indices were carried out, it was shown that the model had met the Goodness Of Fit test, namely the suitability of the model with the cut-off value. The results of the model testing in Figure 2 and table 4. Show that of the ten criteria for the Goodness Of Fit structural model index that was built to estimate the parameters according to the data from the observations, there are 8 (eight) criteria that have met the requirements (cut off points) that are required. namely Chi Square, Probability, RMSEA, GFI, AGFI, CFI, NFI and RMR.

Referring to the parsimony principle of Arbuckle, (1997) that if one or two criteria of goodness of fit have met the expected value, then the model can be said to be good or the development of a conceptual and theoretical hypothetical model can be said to be supported by empirical data. Referring to the table above, it is shown that the value of Chi-Square = 5.184 with a value of degree of freedom (df) = 597 and a probability of 0.000. The results of this chi square indicate that the null hypothesis which states that the model is the same as the empirical data is accepted, which means that the model is declared fit or is in accordance with the results of observations so that it is possible to analyze structural relationships and test hypotheses.

4.3. Hypothesis test

Hypothesis testing aims to test whether there is a significant effect of exogenous variables on endogenous variables. With a significant level of 0.05, H_0 will be rejected if the significant value (P) < 0.05 and $cr > 1.96$, while if the significant value (P) > 0.05 and $cr < 1.96$ then H_0 is not rejected. The results of hypothesis testing are shown in table 5.

Table 5: Results of Direct Hypothesis Testing

Hip	Variables			P-Value	Direct Effect	Indirect Effect	Total Effect	Information
	Eksogenous	Intervening	Endogenous					
1	Competence	-	Work Satisfaction	0,000	0,324	-	0,324	Support
2	Compensation	-	Work Satisfaction	0,000	0,310	-	0,310	Support
3	Organizational Innovation	-	Work Satisfaction	0,005	0,311	-	0,311	Support
4	Competence	-	Performance	0,011	0,312	-	0,312	Support
5	Compensation	-	Performance	0,010	0,256	-	0,256	Support
6	Organizational Innovation	-	Performance	0,067	0,201	-	0,201	Not Support
7	Work Satisfaction	-	Performance	0,000	0,440	-	0,440	Support
The Role of Mediation Variables with Sobel's Test								
8	Competence	Work Satisfaction	Performance	0,0037	0,312	0,144	0,456	Support
9	Compensation	Work Satisfaction	Performance	0,0052	0,256	0,172	0,428	Support
10	Organizational Innovation	Work Satisfaction	Performance	0,0164	0,201	0,153	0,354	Support

Based on the results of the SEM analysis in table 5, the following results were obtained:

- (1) The P-value of the influence of the competence variable on job satisfaction is very significant (0.00) with a positive CR of 3.763. Because the p-value obtained is <0.05 and cr is positive > 1.96, then H_0 is rejected and it is concluded that the competency variable has a positive and significant effect on job satisfaction, the better the competence, the higher the employee job satisfaction, and vice versa.
- (2) The P-value of the influence of the compensation variable on job satisfaction is very significant (0.001) with a positive CR of 3.534. Because the p-value obtained is <0.05 and cr is positive > 1.96, then H_0 is rejected and it is concluded that the compensation variable has a positive and significant effect on job satisfaction, the better the compensation, the higher the employee job satisfaction.
- (3) The P-value of the influence of the organizational innovation variable on job satisfaction is very significant (0.005) with a positive CR of 2.820. Because the p-value obtained is <0.05 and the CR is positive > 1.96, then H_0 is rejected and it is concluded that the organizational innovation variable has a positive and significant effect on job satisfaction, the better the organizational innovation, the higher the employee job satisfaction.
- (4) The P-value of the influence of the job satisfaction variable on performance is very significant (0.00) with a positive CR of 4.557. Because the p-value obtained is <0.05 and CR is positive > 1.96, H_0 is rejected and it is concluded that the variable Job satisfaction has a positive and significant effect on performance, the better job satisfaction, the higher the performance.
- (5) The P-value of the influence of the competence variable on performance is very significant (0.011) with a positive CR of 2.557. Because the p-value obtained is <0.05 and the CR is positive > 1.96, H_0 is rejected and it is concluded that the competency variable has a positive effect. and significant to performance, the better the competence, the higher the employee's performance.

- (6) The P-value of the effect of the compensation variable on performance is very significant (0.010) with a positive CR of 2.583. Because the p-value obtained is < 0.05 and CR is positive > 1.96 , H_0 is rejected and it is concluded that the compensation variable has a positive effect. and significant to performance, the better the compensation, the higher the employee's performance.
- (7) The P value of the influence of the organizational innovation variable on performance is not significant (0.067) with a positive CR of 1.843. Because the p-value obtained is > 0.05 and CR is positive > 1.96 , then H_0 is rejected and it is concluded that the organizational innovation variable has an effect positive and not significant on performance, the better the organizational innovation, the higher the employee's performance.

Based on the results of calculations using the Sobel test, the following results were obtained:

- (1) The significant value of the mediation test of the job satisfaction variable on the influence of competence on performance is 0.0037, because the significant value obtained is < 0.05 , it is concluded that significantly the job satisfaction variable can mediate the indirect effect of the competency variable on performance. The competence variable can have an indirect effect on performance through job satisfaction variables. Good competence will increase employee job satisfaction which in turn will improve employee performance.
- (2) The significant value of the mediation test of the job satisfaction variable on the effect of compensation on performance is 0.0052, because the significant value obtained is < 0.05 , it is concluded that significantly the job satisfaction variable can mediate the indirect effect of the compensation variable on performance. Compensation variables can have an indirect effect on performance through job satisfaction variables. Good compensation will increase employee job satisfaction which will further improve employee performance.
- (3) The significant value of the mediating test of the job satisfaction variable on the influence of organizational innovation on performance is 0.0164, because the significant value obtained is < 0.05 , it can be concluded that significantly the job satisfaction variable can mediate the indirect effect of the organizational innovation variable on performance. Organizational innovation variables can have an indirect effect on performance through job satisfaction variables. Good organizational innovation will increase employee job satisfaction which will further improve employee performance.

4.4. Discussion

In general, every organization, both government and non-government, tries to improve itself to improve the performance of its human resources. This is intended to deal with increasingly competitive work dynamics and demands to provide an increase in employee performance, which is not an easy thing to do, because it will be faced with various challenges and obstacles, and these must be addressed first. For this reason, every organization, both government and private institutions must strive to improve the quality of the performance of its human resources through increasing competence, appropriate compensation, increasing organizational innovation, and trying to achieve job satisfaction. If these elements can be applied or owned by an institution, it will have an impact on improving employee performance in an organization. Competence is the ability possessed by a person in actualizing his potential to carry out his work activities. The collaboration of competency indicators in terms of knowledge, skills, experience and attitudes is reflected by most of the employees at Regional Apparatus Organizations in Polman Regency, so that employees feel a sense of satisfaction. However, this does not mean that employees can be satisfied quickly, competence must continue to be improved so that they are still able to keep up with faster-moving technological developments. To implement compensation policies, it is necessary to study the existence of regulations regarding compensation with the aim of being able to provide compensation to employees in a fair and structured manner so that it will facilitate payroll administration and to motivate employees to excel. employee work such as research conducted by Research (Sukidi & Wajdi, 2017) proves that compensation has an effect on job satisfaction, but it is different from research conducted by (Veri & Rahayu, 2017). The results show that the compensation factor has no significant effect on job satisfaction.

The results of this study are in line with previous studies that examine how the influence of competence in increasing employee job satisfaction such as research conducted by (C. Wijaya et al., 2020) proves that competence has a positive and significant effect on job satisfaction, but it is different from research (Sihombing et al., 2020) al., 2016) who found that competence had no significant effect on job satisfaction. To be able to show satisfactory organizational performance or not, strategic organizational changes are needed. The way organizations work that still adheres to the "as usual" principle will no longer be adequate in the future, in the midst of local and domestic, even regional and global competition. Organizations that want to increase their productivity and effectiveness, ultimately face various problems that arise in the future, need innovative ways of

thinking and acting. Organizational Innovation owned by Employees at Regional Apparatus Organizations in Polman Regency in terms of Technological Innovation where of the 288 PNS gathered as regional apparatus organizations (OPD) in Polman Regency, at most 210 people or 72.9% of respondents agreed that the work unit in Polman Regency where they work always develop technological innovations with completely new systems within the organization. Then in terms of Administrative Innovation, of the 288 civil servants who are gathered as regional apparatus organizations (OPD) in Polman Regency, at most 209 people or 72.6% of respondents agree that the work unit where they work always develops and adopts new strategies that are more effective and efficient in achieving goals. Furthermore, in terms of Strategic Innovation, of the 288 civil servants who were gathered as regional apparatus organizations (OPD) in Polman Regency, at most 213 people or 74% of respondents agreed that the work unit where they work always develops and adopts new strategies that are more effective and efficient in achieving the target. Furthermore, in terms of Organizational Structure Innovation, of the 288 civil servants gathered as regional apparatus organizations (OPD) in Polman Regency, a maximum of 178 people or 61.8% of respondents agreed that the work unit where they work always develops and adopts new concepts in developing more effective and efficient organizational structure in achieving goals.

Organizational innovation is a demand for organizational transformation which is no longer merely organizational development when an organization has not been able to show satisfactory performance, or is unable to adapt to changes in the external environment that is so competitive, and the scale of the organization is still small and growing rapidly. The results of this study are in line with previous research that examines how the influence of organizational innovation in increasing employee job satisfaction such as research conducted by (Astuti et al., 2019) found that organizational innovation has a significant and positive effect on employee job satisfaction. In contrast to research found by (Subramanian & Nilakanta, 1996b) innovation has a negative effect on employee performance. In this study, competence has a positive and significant effect on employee performance in Regional Apparatus Organizations in Polman Regency. This indicates that the competencies possessed by employees have been able to provide significant results on their work results. The average value of the competency variable is 4.23, this shows that the overall implementation of competence seen from the indicators of knowledge, skills, experience and attitudes of respondents to employee performance at Regional Apparatus Organizations in Polman Regency is in the good category, which means the better the competencies possessed. employees will have a significant influence on employee performance.

The results of this study are in line with previous research that examines the influence of competence in improving employee performance, such as research conducted by Irma Mulyasari (2019) which found that competence has a positive and significant effect on employee performance. In contrast to research conducted by (Rosmaini & Tanjung, 2019) proving that partially competence has a positive and insignificant effect on employee performance. Basically a person at work will feel comfortable and have a sense of pleasure if at work he gets job satisfaction in accordance with what he wants. Satisfaction is a feeling experienced by a person, where he feels satisfied and has a sense of pleasure when what is expected has been fulfilled or what he received exceeds what he expected. Work is a person's effort to achieve goals by obtaining rewards or compensation from the results of work in the company where he works. Job Satisfaction of Employees at Regional Apparatus Organizations in Polman Regency in terms of responsibility where out of 288 civil servants gathered as regional apparatus organizations (OPD) in Polman Regency, at most 178 people or 61.8% of respondents agreed that they were satisfied with the responsibilities assigned to him. Then in terms of progress, of the 288 civil servants who were gathered as regional apparatus organizations (OPD) in Polman Regency, a maximum of 161 people or 55.9% of respondents agreed that they were satisfied with the progress they had achieved. Furthermore, in terms of achievement, at most 204 people or 70.8% of respondents agreed that they were satisfied with their achievements in the organization. Then in terms of acknowledgment of the 288 civil servants who were gathered as regional apparatus organizations (OPD) in Polman Regency, at most 148 people or 75.3% of respondents agreed that they were satisfied with the recognition given to them by the organization.

Furthermore, in terms of the work itself, of the 288 civil servants gathered as regional apparatus organizations (OPD) in Polman Regency, at most 148 people or 51.4% of respondents agreed that they were satisfied with their work as ASN. Job satisfaction can be viewed from two sides, from the employee side, job satisfaction will create a pleasant feeling at work, while from the company side, job satisfaction will increase productivity, improve employee attitudes and behavior in providing excellent service (Suwatno and Priansa, 2011). The results of this study are in line with previous research that examines how the influence of job satisfaction in improving employee performance such as research conducted by (Astuti et al., 2019) found that organizational innovation has a significant and positive effect on employee job satisfaction. In contrast to the research found by (Subramanian & Nilakanta, 1996) innovation has a negative effect on employee performance.

V. Conclusion

Increased competence as measured by indicators of knowledge, skills, experience and attitudes are able to make a real contribution to job satisfaction, which means that the better the competence, the higher the employee's job satisfaction. Increased compensation as measured by indicators of salary, position allowance, family allowance, employee income allowance, health allowance and facilities are able to make a real contribution to job satisfaction, which means that the better the compensation, the higher the employee's job satisfaction. Increased Organizational Innovation as measured by indicators of technological innovation, administrative innovation, strategic innovation and organizational structure innovation are able to make a real contribution to job satisfaction, which means the better organizational innovation, the higher employee job satisfaction. Competencies as measured by indicators of knowledge, skills, experience and attitudes are able to make a real contribution to employee performance, which means the better the competence, the higher the employee performance. Compensation measured by indicators of salary, position allowance, family allowance, employee income allowance, health allowance and facilities are able to make a real contribution to employee performance, which means the better the compensation, the higher the employee performance. Organizational innovation as measured by indicators of technological innovation, administrative innovation, strategic innovation and organizational structure innovation shows a positive application to performance but does not make a real contribution to employee performance. Job satisfaction as measured by indicators of responsibility, progress, achievement, recognition, the work itself is able to make a real contribution to employee performance, which means the better job satisfaction, the higher employee performance. Competence has a direct and real influence on increasing high job satisfaction, as well as high job satisfaction can directly and significantly improve employee performance towards a higher level. Compensation has a direct and tangible effect on increasing high job satisfaction, as well as high job satisfaction can directly and significantly improve employee performance towards a higher level. Organizational innovation has a direct and tangible effect on increasing high job satisfaction, as well as high job satisfaction directly and significantly increasing employee performance towards a higher level.

Apart from that, it is necessary to pay attention to other variables that can increase job satisfaction and employee performance. Success in an organization is not only determined by certain variables, but there are many other variables that will emerge, along with the times. Besides, the variables will produce different implications in different places.

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