

MEDIATING ROLE OF WORK ENVIRONMENT: A BOOSTER FOR EMPLOYEE PERFORMANCE

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ABSTRACT

This study aims to analyze and determine the influence of work culture; employee competence with work environment as mediating variables to employee performance at a local garment home industry in West Java named PT. ABC. The sample taken from certain criteria that is deployed to all 84 employees at PT. ABC, using saturated sampling technique. The data was collected by distributing questionnaires of 5scale Likert which then analyzed with structural equation modelling statistical method. Based on the result from hypothesis testing, it can be summarized from the direct effect of work culture which apparently has no effect on work environment, competence positively influence work environment, work culture positively influences employee performance, competence positively affected employee performance, and work environment influence employee performance. While for the indirect effect, this study summarize that work environment mediates both competency and work culture on employee performance.

KEYWORDS - Work Culture, Competence, Work Environment, Employee Performance, Structural Equation Modelling

1. INTRODUCTION

The trajectory of a country's gross domestic product can expose its nationwide economic development. According to current prices, Indonesia's national GDP trend increased from IDR 16,976.8T to IDR 19,588.1T and IDR 20,892.4T in 2021 and 2023 (Badan Pusat Statistik, 2024). Nearly every industrial sector's GDP component made a positive contribution over the ensuing years. Additionally, it is known that the household spending sector experienced a positive GDP growth rate of 4.91% in the third quarter of 2024 (Badan Pusat Statistik, 2024). This leads us to the conclusion that the consumption sector contributes significantly to the wellbeing of the country (Ananda, D. F.; Mufida, 2025). Specifically, the consumption rate for national apparel and footwear actually decreased in 2024, despite the fact that overall household consumption increased by 4.94% in 2024 (up from 4.82% in 2023). Before eventually increasing to 2.55% in Q4 2024, the growth in clothing expenditures stagnant at 1.7% until mid-2024 (Badan Pusat Statistik, 2024). This suggests that while buying clothes is not always the public's top priority, they do tend to spend their money on experiences, mobility, and other essential needs. Another significant finding from the apparel and confectionery sector is that, at 7.31% of the manufacturing total, it ranks lower than the food sector. One of the key sectors driving the Indonesian economy is the textile sector, which employs 12.65% of the manufacturing workers (Prestasi, 2024).

Addressing these phenomena, organization within clothing industry need to enhance performance in order to survive a highly competitive rivalry. According to (Maziriri et al., 2023), organizational performance is highly related to employee performance; where employee performance is influenced by various internal and external factors, including work culture, employee competence, and work environment (Zhenjing et al., 2022a). The synergy between these three factors plays an important role in shaping the productivity and effectiveness of human resources in an organization (Dimitrantzou et al., 2023). A competent leader might support an atmosphere in the environment that enabling staff members to freely share their thoughts and opinions regarding their performance evaluations (Jean de Dieu et al., 2022a) . By creating value at regular daily basis activity, competency of the worker can be sharpened through regular business process and support employee performance (Saxena, 2019).

PT. ABC is one of home industry manufacturer in men clothing located in Bekasi West Java, which has built a reputation in the men's Muslim fashion industry since 2007, is confronting this dynamic with efforts to improve employee and organization performance through the implementation of clear and measurable work standards. Each division in the company has specific work standards, such as production quantity and quality targets in the Production Division, growth in sales and social media engagement in the Marketing Division, accuracy of financial statements in the Finance Division, and the timing punctuality of goods delivery in the Logistics Division. This standard ensure that the company's operations run efficiently and maintain production and business process quality. Unfortunately, almost all division within company experiencing a performance down turn as shown in Table 1 below. Due to increasingly competitive dynamics of fashion industry, PT. ABC is committed to improve its employee's performance by implementing clear and measurable work standards in every division. The production division, for example, has strict quantity and quality targets in designing and producing with minimum error tolerance. Marketing division is focused on growing social media engagement, achieving daily sales and maintaining customer satisfaction in a certain level. Finance division is required to compile reports with a high level of accuracy while preserve expenses in a controllable manner. Last, the logistics division is targeted to ensure the accuracy of the delivery of goods, ensure inventory at a healthy stock period. However, performance data for 2021 and 2022 showed a decline in performance across various divisions, indicating the need for a thorough evaluation of factors such as employee competencies and the work environment to ensure that the company's operations run efficiently and products remain superior in the market.

Here is the description from each division work standards based on the results of an interview with one of director:

Table 1 Work Standards on PT. ABC

Division	Position	Work Standards	Average Point 2022	Average Point 2023
Production Division	Designer	1. Produce at least 5 new designs every month.	82	70
		2. Change 90% of designs approved by management.	90	85
		3. Completing designs on time	88	82
	Production Staff	1. Producing a minimum of 2.500 units of products per month according to quality standards. 2. The level of production defects is not more than 2%. 3. Following work safety protocols.	82 90 87	70 85 81
Marketing Division	Marketing Staff	1. Minimum 10% growth in social media engagement every month. 2. Create monthly market analysis reports.	82 88	70 82
	Store Sales Staff	1. Achieve daily sales target of IDR 2,500,000,- 2. Minimum customer satisfaction level of 90%. 3. Rearrange store displays every week.	82 85 88	70 75 82
	Finance Staff	1. Prepare monthly financial reports on time. 2. 100% accuracy of financial reports. 3. Reduce operational expenses by 5% each year.	88 90 87	82 85 81
	Logistic Staff	1. The level of accuracy of goods delivery reaches 95%. 2. Buffer stock of at least 10%. 3. Compiling a weekly stock report.	90 82 88	85 70 82

(Reference: PT. ABC)

Table 2 PT ABC Performance Standards

Category	Value	Description
Very Good	95-100	Very satisfactory and exceeds expectations.
Good (standard)	85-95	Meets company standards.
Fair	70-84	Needs evaluation for performance improvement.
Poor	<70	Does not meet company standards. In-depth evaluation is needed.

(Reference: PT. ABC)

From table 1 and 2 we summarize that the average decrease from the Good to Fair category in almost all division requires serious attention. This is important to prevent further declines that could influence the company's production efficiency and competitiveness in the market. Steps to evaluate and identify problems in depth need to be carried out so that employees can improve their work performance according to the standards set by the company. This research is a conceptual development of the results of research conducted by Chayarlis, Aldri Frinaldi (2021) entitled "The Influence of Work Culture, Competence and Work Environment on Employee Performance in Pariaman Tengah District, Pariaman City"; some advancement are made at hypothesis development and research object enrichment. This study is to further analyze both direct and indirect influence of work culture, competence and work environment on employees in PT. ABC.

2. LITERATUR REVIEW

1.1. Employee Performance

There are numerous definitions and expanded understanding of performance measurement now days since digital and information technology advancement post Covid-19 era. (Duan et al., 2020; Tian et al., 2020; Zu et al., 2022). There are also different and various method to explain performance within individual and organizational level where came up with cross level analysis to explore antecedent such as leadership, creativity and empowerment effect to employee performance. (Veasna et al., 2024). Latest research conducted by (Ghannam, 2025) mention that as part of human resource management, performance appraisal activity and system is critically important in terms of their effects on person and organization performance. The finding of the research also shows that goals ambiguity, injustice and mismatching of feedback to strategic goals negatively affects organization performance. This can have a negative effect on, job satisfaction, work engagement and productivity. Furthermore, both of turnover and absenteeism have a significant effect on costs and key employees, but from strategic perspective, justice and transparency will remain the issues in effective performance appraisal. This explanation is relevance to employee performance one-way to another.

Research conducted by (Chayarlis & Frinaldi, 2021) mention that employee performance refers to the extent to which individuals or groups have succeeded in achieving the goals set by the organization. According to (Robbins, 2023), employee performance seen as work results of each individual accumulated to group then support the company's progress. This performance can be evaluated by comparing the results of the work with predetermined standards or criteria. Definition of performance according to Prabu Mangkunegara (2017) in (Fadillillah & Ananda, 2024), performance can be measure by the quality and quantity of work results achieved by an employee in carrying out his duties in accordance with the responsibilities given to him. According to (Husna & Prasetya, 2024), employee performance is the result of a function or activity in a particular job over a certain period of time, which reflects the quality and quantity of the work. This very important role of individual and work performance highly directed to organization performance and productivity (Lee et al., 2020; Mubarak & Petraite, 2020; Rethina Bai & Hemalatha, 2024). In organization, employee performance is commonly improved by ensuring the unity of organizational and employee values. This indicates that the knowledge of person-organization fit can assist firms in selecting employees capable of sharing organizational values and beliefs (Jufrizen et al., 2023).

1.2 Work Culture

According to (Chayarlis & Frinaldi, 2021), work culture is a set of values, beliefs, and norms that are embraced and practiced by individuals and groups in an organization. According to (Robbins, 2023), work culture is a shared value system that is believed and valued by the organization. This work culture can shape an identity for the organization's members as well as direct their behavior. Another research conducted by (Soegiarto, 2020) summarize that work culture is a pattern of values, beliefs, norms, and habits that are accepted and carried out jointly by members of an organization or company. This work culture shapes the way we think, act, and interact in the work environment, which in turn affects the productivity, discipline, and performance of individuals in the organization. In organization level, work culture is a collection of assumptions, beliefs, values, and norms that are shared by members of an organization, which may have been consciously shaped by them. (Fadillillah & Felli, 2024). In deeper understanding, work culture is a philosophy that is based on a view of life as values that become

traits, habits, and driving forces, cultivating in the life of a community group or organization, then reflected in attitudes into behaviours, beliefs, ideals, opinions, and actions that manifest in the work itself as mentioned in (Rachmaniah, 2022).

Another research about culture held by (Jang et al., 2023) said that the right leadership style would encourage employee's performance participation to foster more communicative, transparent and positive interpersonal relationships, thereby increase job satisfaction, productivity, and increase employee performance by the end of the day. As we agree here that leader is part of environment that can be support or against employee competencies by participate and contribute in developing performance by the current metric and data (Upadhyay & Kumar, 2020). This engagement between employee and the organization shall create a conducive environment that finally support employee performance (Ahmed et al., 2018).

These important internal factors inside organization named work culture then conclude and developed hypothesis such as

1. H₁: There is a significant effect of work culture to work environment
2. H₃: There is a significant effect of work culture to employee performance

1.3 Competence

Competency is a complicated and contradictory concept and has been shrouded in theoretical ambiguity and is extremely difficult to operationalize (Brown et al., 2020). Competency now days also face a tremendous shifting paradigm within organization behavior and human resource study. Latest study held by divide competence into broader construct called ethical competency, change competency, team competency, communication competency and self-competency (Laasch et al., 2023; Otoo, 2024). This research also emphasized the importance of learning culture on its impact to employee competency. According to (Robbins, 2023), competence is an individual's ability or capacity to complete tasks in a particular job. This competence is influenced by a person's knowledge and physical factors. Competence is a combination of skills, personal characteristics, and knowledge that is reflected through performance behaviors that can be observed, measured and assessed by (Fadilillah & Ananda, 2024).

The influence of competence on the work environment and employee performance is highly significant in current Human Resources management (Fenech et al., 2019). High employee competence fosters a productive and innovative work environment, where collaboration becomes more effective and problems can be solved more efficiently. Competent employees tend to demonstrate better performance, achieve targets, and contribute positively to organizational goals. (Marchiori et al., 2022). According to (Dennen et al., 2023; Riyanto et al., 2023) competence refers to individual characteristics that include knowledge, skills, and behaviors that contribute to performance and achievement. It also need a personal orientation of risk taking, innovative and proactive trait in gaining success. Result of the study conducted by (Ismandra & Septia, 2021) explains that competence highly indicates the level of proficiency, ability, and authority from a person to finish his task and duty. Latest research explained that there is a relevance from competence to person performance within organizational context (Chayarlis & Frinaldi, 2021b; Ibidunni et al., 2021; Tehseen et al., 2019).

From the explanation above, we can summarize that competency hold an important role in human resource management. Thus, we proposed a hypothesis of how competence and performance related in the hypothesis:

1. H₂: There is a significant effect of competence to work environment
2. H₄: There is a significant effect of competence to employee performance

1.4. Work Environment

Post Covid 19 era, work environment developed in a nonlinear manner where physical and tangible factors become irrelevant (Jean de Dieu et al., 2022b; Pawirosumarto et al., 2017; Zhenjing et al., 2022b; Zu et al., 2022). Latest research conducted by (Pittman et al., 2024) also try to analyze the effect on work environment to turnover intention. Organization has developed certain criteria where employee can still perform his job without concerning places restriction with flexible working hours (Rosita & Susilowati, 2024; Waworuntu et al., 2022; Yunita et al., 2023). According to Chayarlis and Frinaldi (2021), work environment is a context in which individuals carry out work activities. According to Robbins (2023), the work environment refers to the conditions around the work area, both physical and non-physical, which can create a fun, safe, comfortable atmosphere, and make a person feel welcome at their workplace. According to (Zhenjing et al., 2022), the work environment is defined as everything around an employee that can influence him or her in carrying out the tasks that have been given. According to (Astuti & Muhammad Richo Rianto, 2023), the work environment includes all things, events, individuals, and other aspects that affect the way a person works. According to Herlinda et al. (2021:122) in (Husna & Prasetya, 2024), work environment is defined as everything around employees that can influence them

in carrying out the tasks that have been given. Work environment as mediation also hold an important and significant role to performance in the research of (Rulianti et al., 2021; Tan & Sudhartio, 2021).

For competence, a supportive and enabling work environment, characterized by adequate resources, clear communication, and opportunities for skill utilization, allows competent employees to fully apply their abilities, thereby translating their knowledge and skills into higher performance (Savira & Riyanto, 2021). When a culture of innovation, collaboration, or learning is fostered, a conducive work environment provides the necessary infrastructure and psychological safety for these cultural values to translate into tangible improvements in employee output (Chayarlis & Frinaldi, 2021c; Zhenjing et al., 2022a)

That explanation above proposes hypothesis of work environment variables, which are:

1. H5: There is an influence of the work environment on employee performance.
2. H6: There is a mediating role of the work environment in work culture on employee performance.
3. H7: There is a mediating role of work environment in competence on employee performance

Summarizing all the explanation above, here is research model proposed by author:

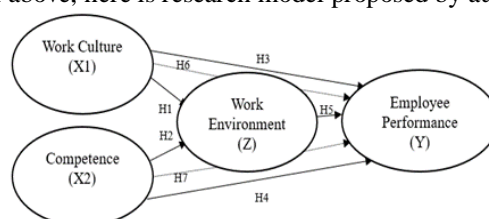


Figure 1. Research Model Proposed by author

3. METHODOLOGY

This is a quantitative descriptive analysis research; it is a type of research where the collected primary data is processed and explained based on statistical analysis method. Primary data was attained by distributing Google Forms to all 84 employees at every level and division in PT. ABC. Interview also held with production manager to strengthen primary data and permit some internal document such as standard operating procedure and job description at some division. Sampling technique used in this research that has a same number between sample and population is called saturated sampling technique. It is used to gain a better homogenous and representative answer from respondent. Existing indicators are measured using a 1-5 Likert scale with strongly disagree to strongly agree status.

Work culture in this research describes as a set of values, beliefs, and norms that are embraced and practiced by individuals and groups in an organization. This research assessed work culture by analyzing its leadership, attendance of the employee, awareness, communication level, rewards and recognition and values and beliefs. Competencies in this research include knowledge, skills, and attitudes possessed by an individual or group that allows them to achieve a specific goal in a particular context that represent in certain period work experience. Work environment here is a place and surrounding where individuals carry out work activities. In this research work environment being assessed with lighting, air circulation, noise, colour, humidity, harmonious relationship, opportunity to advance and safety at work. Employee performance refers to the extent to which individuals or groups have succeeded in achieving the goals set by the organization. Performance is being measured here with the quality of work, quantity of work, responsibility, cooperative and initiative level. This study uses the Likert scale to measure the research variables that categorized as attitudes, opinions, and perceptions of individuals or groups regarding social phenomena. Here are the indicators that is used to measure the variables in this article.

4. RESEARCH RESULT

Table 3. Respondent Characteristics

No.	Characteristics	Classification	Amount	%
1.	Gender	Man	40	47.6
		Woman	44	52.4
		Total	84	100.0
2.	Age	20 – 29	39	46.4
		30 – 39	37	44
		40 – 49	7	8.3
		>50	1	1.2
		Total	84	100.0
3.	Education	High school	48	57.1
		Bachelor	36	42.9
		Total	84	100.0
4.	Length of work	1-3 years	28	33.3
		4-6 years	28	57.1
		7-9 years	5	6.0
		>10 years	3	3.6
		Total	84	100.0

(Reference: Statistical processing results)

The measurement model evaluation indicates that all latent variables work culture; valid indicators, as reflected by their outer loading values, all of which exceed the acceptable threshold of 0.70, represent competency, work environment, and employee performance. Specifically, from Table 4 in the outer loading values range from 0.730 to 0.917, demonstrating that each indicator reliably measures its corresponding construct. In addition, the Average Variance Extracted (AVE) values for all constructs are above 0.50, with scores of 0.738 for work culture, 0.747 for competency, 0.659 for work environment, and 0.725 for employee performance. These results confirm that all constructs exhibit adequate convergent validity, and the indicators used in the study are both valid and reliable representations of their respective latent variables.

Referring to cross loading analysis in Table 5, each indicator shows a stronger correlation with its associated latent construct than with other latent constructs. This indicates that each indicator more effectively and accurately represents its own latent construct compared to the indicators of other constructs. An additional assessment of construct validity in Table 6 is carried out by examining the square root values of the Average Variance Extracted (AVE), as presented in the table above. The results indicate that the square root of the AVE for each construct exceeds the correlation values with other constructs. This finding confirms that all constructs fulfill the requirements for discriminant validity. As shown in the table 7 below, all Heterotrait - Monotrait Ratio (HTMT) values are below the threshold of 0.90. This indicates that each construct meet criteria for discriminant validity. Based on table 8 below, all variables in the study demonstrate a high acceptable level of reliability. The competency variable has a Cronbach's alpha is 0.951 and a composite reliability of 0.959, both exceeding the minimum thresholds of 0.50 and 0.60 respectively, indicating that the measurements are valid and reliable. Similarly, the employee performance variable shows a Cronbach's alpha of 0.965 and a composite reliability of 0.969, confirming its validity and reliability. The work culture variable also meets the reliability standards, with a Cronbach's alpha of 0.964 and a composite reliability of 0.969. Likewise, the work environment variable achieves a Cronbach's alpha of 0.965 and a composite reliability of 0.969. These results collectively confirm that all constructs in this study are measured using reliable and valid instruments. The table 9 below indicates that the employee performance variable is moderately explained by the employee performance, as reflected by an R-Square value of 67,8%. This suggests that 32,2% of the variance in employee performance is attributed to other factors not examined in this study. Likewise, the work environment is moderately influenced by competence and work culture, with an R-Square adjusted value of 77,7% leaving 22,3 % of its variance accounted for by other variables beyond the scope of this research. Based on the table 10 below the Q-Square values are greater than zero, indicating that the model has adequate predictive relevance for the endogenous variables. Specifically, the predictive relevance for the work environment variable is 0.770, and for the employee performance variable, it is 0.629, both of which suggest a satisfactory level of predictive accuracy.

The explanation of this hypothesis testing presented in Table 11. Hypothesis 1 (H_1) with the original sample value is 0.239 with a p-value of 0.072, which is greater than the significance level ($\alpha = 0.05$), and the t-statistic 1.798 is less than the critical t-value 1.960. Therefore, the hypothesis is rejected, indicating that work culture has no significant effect on work environment at PT. ABC. It implies that leadership, attendance, awareness, communication, rewards and recognition, values and belief have no effect on increasing the quality of work environment in PT. ABC. For hypothesis 2 (H_2): the original sample value is 0.409 with a p-value of 0.000, which is less than α (0.05), and the t-statistic (5.757) exceeds the t-table value (1.960). Thus, the second hypothesis is accepted, meaning that competency has a positive significant effect on the work environment at PT. ABC. It can be infer from here that work experience, education, knowledge and skill does matter for PT. ABC in adding more value of their work environment. Next, for hypothesis 3 (H_3): the original sample value is 0.311 with a p-value of $0.024 < \alpha$ (0.05), and the t-statistic (2.264) $>$ t-table (1.960). Therefore, the third hypothesis is accepted, indicating that work culture has a positive significant effect on employee performance at PT. ABC. From here, we can see that leadership, attendance, awareness, communication, rewards and recognition, values and belief boost and strength employee performance in PT. ABC. Then we have hypothesis 4 (H_4) with original sample value is 0.570 with a p-value of $0.000 < \alpha$ (0.05), and the t-statistic (7.444) $>$ t-table (1.960). Hence, the fourth hypothesis is accepted, showing that competence has a positive significant influences the employee performance at PT. ABC. We argue here that factors such as work experience, education, knowledge and skill proven to improve employee performance in PT. ABC. Our last direct effect hypothesis 5 (H_5) with the original sample value is 0.353 with a p-value of $0.026 < \alpha$ (0.05), and the t-statistic (2.229) $>$ t-table (1.960). This indicates that the fifth hypothesis is accepted, meaning the work environment has a positive significant affects on employee performance at PT. ABC. It is clear that lighting, air circulation, noise, wall color, humidity, harmonious relationship with college and supervisor, promotion opportunity and safety at work do a significant effect in increasing employee performance in PT. ABC. Hypothesis 6 (H_6) for the indirect effect of work culture on employee performance through the work environment yields an original sample value of 0.144, with a p-value of $0.042 < \alpha$ (0.05), and a t-statistic of 2.032 $>$ t-table (1.960). Therefore, the sixth hypothesis is accepted, indicating that work culture has a significant indirect effect on employee performance mediated by the work environment. It can be inferred from here that factors of work environment such as lighting, air circulation, noise, wall color, humidity, harmonious relationship with college and supervisor, promotion opportunity and safety at work strengthen the effect of work culture to performance, although the impact would be bigger if work culture directly related to employee performance. Hypothesis 7 (H_7): The original sample value is 0.201 with a p-value of $0.029 < \alpha$ (0.05), and the t-statistic is 2.179 $>$ t-table (1.960). Thus, the last hypothesis is accepted, indicating that competency has a significant indirect effect on employee performance through the mediation of the work environment at PT. ABC. It is a bit different here, is that the partial mediating effect is bigger in the 7th hypothesis means employee performance would have been greater if PT. ABC put more effort in work environment in the manner of supporting the effect of culture to employee performance.

Table 4. Loading Factor and AVE

Variables	Items	Loading Factor	AVE
Work Culture	WC1	0.884	0.738
	WC2	0.826	
	WC3	0.884	
	WC4	0.881	
	WC5	0.906	
	WC6	0.896	
	WC7	0.870	
	WC8	0.796	
	WC9	0.855	
	WC10	0.855	
	WC11	0.791	
Competence	C1	0.896	0.747
	C2	0.890	
	C3	0.873	
	C4	0.872	
	C5	0.777	
	C6	0.859	
	C7	0.883	
	C8	0.860	
Work Environment	WE1	0.756	0.659
	WE2	0.730	
	WE3	0.733	
	WE4	0.731	
	WE5	0.870	
	WE6	0.850	
	WE7	0.871	
	WE8	0.833	
	WE9	0.843	
	WE10	0.838	
	WE11	0.846	
	WE12	0.846	
	WE13	0.784	
	WE14	0.815	
	WE15	0.834	
	WE16	0.789	
Employee Performance	EP1	0.872	0.725
	EP2	0.847	
	EP3	0.888	
	EP4	0.803	
	EP5	0.779	
	EP6	0.848	
	EP7	0.917	
	EP8	0.867	
	EP9	0.856	
	EP10	0.832	
	EP11	0.814	
	EP12	0.886	

Reference: statistical processing results

Table 5. Cross Loadings

Indicator	Competence	Employee Performance	Work Culture	Work Environment
C1	0,896	0,57	0,516	0,644
C2	0,89	0,643	0,548	0,65
C3	0,873	0,621	0,51	0,613
C4	0,872	0,608	0,503	0,649
C5	0,777	0,602	0,523	0,618
C6	0,859	0,522	0,427	0,637

C7	0,883	0,594	0,601	0,709
C8	0,86	0,645	0,576	0,703
EP1	0,649	0,872	0,608	0,692
EP10	0,577	0,832	0,631	0,711
EP11	0,58	0,814	0,581	0,589
EP12	0,593	0,886	0,626	0,68
EP2	0,601	0,847	0,572	0,687
EP3	0,632	0,888	0,672	0,726
EP4	0,646	0,803	0,635	0,665
EP5	0,508	0,779	0,589	0,585
EP6	0,594	0,848	0,66	0,717
EP7	0,633	0,917	0,738	0,73
EP8	0,535	0,867	0,661	0,644
EP9	0,554	0,856	0,64	0,613
WC1	0,556	0,755	0,884	0,776
WC10	0,489	0,615	0,855	0,67
WC11	0,537	0,555	0,791	0,635
WC2	0,518	0,711	0,826	0,714
WC3	0,416	0,619	0,884	0,723
WC4	0,541	0,651	0,881	0,661
WC5	0,528	0,603	0,906	0,686
WC6	0,6	0,673	0,896	0,726
WC7	0,553	0,642	0,87	0,751
WC8	0,465	0,551	0,796	0,64
WC9	0,554	0,645	0,855	0,737
WE1	0,744	0,53	0,527	0,756
WE10	0,574	0,708	0,685	0,838
WE11	0,56	0,691	0,727	0,846
WE12	0,659	0,735	0,737	0,846
WE13	0,606	0,674	0,699	0,784
WE14	0,623	0,695	0,714	0,815
WE15	0,566	0,676	0,691	0,834
WE16	0,482	0,577	0,634	0,789
WE2	0,609	0,448	0,558	0,730
WE3	0,735	0,534	0,575	0,733
WE4	0,711	0,525	0,497	0,731
WE5	0,634	0,705	0,747	0,870
WE6	0,616	0,704	0,763	0,850
WE7	0,605	0,702	0,712	0,871
WE8	0,589	0,623	0,704	0,833
WE9	0,561	0,638	0,600	0,843

Reference: statistical processing results

Table 6. Fornell Lacker Criterion

Indicator	Competence	Employee Performance	Work Culture	Work Environment
C	0.865			
EP	0.696	0.852		
WC	0.610	0.747	0.859	
WE	0.757	0.789	0.820	0.812

Reference: Statistical processing results

Table 7. HTMT Ratio of Correlations

Indicator	Competence	Employee Performance	Work Environment
C			
EP	0.724		
WC	0.634	0.769	
WE	0.793	0.810	0.842

Reference: Statistical processing results

Table 8. Composite Reliability and Cronbach's Alpha

Variable	Cronbach's alpha	Composite reliability
Competence	0.951	0.959
Employee Performance	0.965	0.969
Work Culture	0.964	0.969
Work Environment	0.965	0.969

Reference: Statistical processing results

Table 9. R-Square

Variable	R-square	R-Square adjusted
Employee Performance	0.678	0.665
Work Environment	0.777	0.771

Reference: statistical processing results

Table 10. Predictive Relevance (Q^2)

Variable	Q-Square
Employee Performance	0.629
Work Environment	0.770

Reference: statistical processing results

Table 11. Summary of the Structural Model

Hypothesis	Original Sample	Std. Deviation	T statistics	P values	Supported
H1: WC - WE	0.239	0.133	1.798	0.072	No
H2: C - WE	0.409	0.071	5.757	0.000	Yes
H3: WC - EP	0.311	0.137	2.264	0.024	Yes
H4: C - EP	0.570	0.077	7.444	0.000	Yes
H5: WE - EP	0.353	0.158	2.229	0.026	Yes
H6: WC - WE - EP	0.144	0.071	2.032	0.042	Yes
H7: C - WE - EP	0.201	0.092	2.179	0.029	Yes

Reference: Statistical processing results

5. CONCLUSION

Based on the results of the data analysis that has been carried out, several main points can be concluded as follows. H₁ is rejected, indicating that there is no significant effect on work culture on work environment. H₂ is accepted, confirming that competency has a positive significant effect on the work environment. H₃ is accepted, indicating that work culture significantly affects employee performance. H₄ is accepted, concluding that competency

positively significant influence employee performance. H_5 is accepted, suggesting that the work environment has a significant impact on employee performance. H_6 is accepted, meaning that work culture, mediated by the work environment, significantly influences employee performance. This supports the findings of the main reference study. H_7 is accepted, indicating that competency, when mediated by the work environment, significantly affects employee performance.

6. LIMITATIONS & RECOMMENDATION

The author acknowledges that this research is far from perfect due to several limitations, including the number of respondents was limited to 84 employees at PT. ABC. Another constrain is due confidential nature of certain company data, which required the researcher to invest additional time and effort to obtain the necessary information. Recommendation that is given to the company to address the constraints above is that the company should pay attention to manage its work culture and competency of its worker by paying greater attention to the work environment. With the mediation of work environment, aspects such as work experience, education, knowledge, and skills does positively affect the employee performance. The company should also strengthen its work culture by considering the positive effect to employee performance which can be improved by emphasizing leadership, attendance, punctuality, communication, recognition and appreciation, and shared values and beliefs. The writer suggest PT. ABC to improve the work environment key areas such as physical dimensions, better air circulation, reducing noise levels, organizing a comfort visualization of color, decreasing humidity, as well as non-physical aspects such as advancement opportunities and workplace safety.

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