
Analysis of Factors Affecting Employee Performance in the Ministry of Law and Human Rights of the Republic of Indonesia: Competency as a Moderating Variable

Funna Maulia^{a*}, Rd. Tuty Sariwulan^b, Agung Dharmawan Buchdadi^c

^a*Doctoral Program of HRM Department, Universitas Negeri Jakarta*

^{b,c}*Lectures at HRM Department, Universitas Negeri Jakarta, Jl. Rawamangun Muka Jakarta 13220, Indonesia*

^a*Email: massailefunna1203@gmail.com*

Abstract

The purpose of this study was to analyze the direct effect of innovation, transformational leadership and competence as exogenous variables on employee performance as endogenous variables and the indirect effect of innovation and transformational leadership on employee performance through competence as a moderating variable. To conduct this research, 150 employees with a total population of 587 employees in the Ministry of Law and Human Rights of the Republic of Indonesia surveyed easily through a structured questionnaire. Respondents' responses were analyzed by conducting hypothesis testing, correlation analysis and regression using SPSS software. The results of the correlation analysis show that innovation, transformational leadership and competence with employee performance have a significant relationship. Then, the results of regression analysis show that the direct effect of innovation, transformational leadership and competence on employee performance and indirect influence of innovation and transformational leadership on employee performance through competence as a moderating variable. Thus the findings of this study will provide new insights for leaders in the Ministry of Law and Human Rights of the Republic of Indonesia that innovation, transformational leadership and competence are very important factors to be implemented in order to improve employee performance.

Keywords: innovation; transformational leadership; competence; employee performance; Ministry of Law and Human Rights of the Republic of Indonesia.

* Corresponding author.

1. Introduction

The target of developing the competence of the State Civil Service Employees (Aparatur Sipil Negara /ASN) refers to the road map for the Smart ASN)program which is targeted to be realized in 2024. As stated by the Deputy for Apparatus Human Resources of the Ministry of State Apparatus Empowerment and Bureaucratic Reform (*Pendayagunaan Aparatur Negara dan Reformasi Birokrasi /PAN and RB*), Wangsaatmaja (2019) explained the criteria for Smart ASN 2024 (www.menpan.go.id/ 9/8/2019) [1], which must have competencies: integrity, high sense of nationalism, professionalism, global insight, understanding IT and foreign languages, hospitality, networking, and entrepreneurship. At the same time, the Ministry of State Apparatus Empowerment and Bureaucratic Reform in 2017 stipulates the standard of job competency required for every state civil servant through Regulation of the PAN and RB Regulation No 63. With the issuance of standard positions for the state civil apparatus it becomes a reference for government organizations / agencies in assessing the performance and competency development of state civil servants. The competency standards for the position of state civil servants consist of managerial and socio-cultural competences, and technical competencies. Regarding the policies that have been issued by the government regarding the required competency of the civil service [2] states that the factors that influence employee performance are: individual characteristics, organizational characteristics and job characteristics, and environmental factors. The individual characteristics consist of: abilities, knowledge, skills, motivation, norms, and values. Regarding technical competence, Katz & Kahn (1976) in [3] argues that technical skills are the ability to apply knowledge. Technical skills are skills that are usually associated with anything that is administrative in nature to support business facilities such as computers, machines and other equipment [4]. Standard Position for State Civil Servants (civil servants) is also integrated by the policy of the Head of the State Administration Agency number 10 of 2018 concerning Competency Development of Civil Servants in order to realize the vision and mission of developing human resources for apparatus stated in the 2014 Government's Nawacita. Thus the need for government organizations in the era of industrial revolution 4.0 for employees or officials who have performance according to the competency standards of the state civil apparatus and smart ASN 2024, the urgency is for the sustainability of the essence of the organization. Maintaining the existence of a company or organization is one of the future-oriented company goals to create a superior and highly competitive organization. This is what causes the government to need employees who have optimal competence in order to achieve the government's goal of becoming a world-class bureaucracy in the future. Starting from the objective of fulfilling the apparatus competence required in accordance with the standards set by the PAN and RB Permen policies, a government organization has apparatus resources with good performance. If the results of employee performance are not optimal, it will affect organizational performance. Conversely, if employee performance increases, the effectiveness and productivity of the company will also increase [5]. The performance of employees in the Ministry of Law and Human Rights of the Republic of Indonesia is not evenly distributed between units located in the center (Jakarta) and units in the Regional offices. Based on the results of the managerial competency assessment in the Ministry of Law and Human Rights in 2020 organized by the Center for Competency Assessment of the Ministry of Law and Human Rights, there are approximately 19,000 (nineteen thousand) employees at the executive functional level of the 2017 and 2018 force, it is known that there are still units and offices. areas with less than optimal employee competence. The total number of employees within the Ministry of Law and Human

Rights reaches 58,000 (fifty eight thousand) employees spread throughout Indonesia as described in table 1. regarding Suboptimal Employee Data at the Regional Office of the Ministry of Law and Human Rights in 2020 and table 2 regarding Suboptimal Employee Data at the Central Unit (Echelon I) as follows:

Table 1: Less Optimal Employee Data at the 2020 Kemenkum HAM RI Regional Office

No	Regional Office	Less than optimal (%)
1.	Aceh	27.98
2.	Sumatera Utara	22.44
3.	Sumatera Barat	22.11
4.	Riau	24.28
5.	Kepulauan Riau	11.97
6.	Sumatera Selatan	24.91
7.	Jambi	16.67
8.	Lampung	15.63
9.	Bengkulu	12.5
10.	Bangka Belitung	15.07
11.	DKI Jakarta	4.47
12.	Banten	10.32
13.	Jawa Barat	10.49
14.	Jawa Tengah	17.83
15.	DI Yogyakarta	8.91
16.	Jawa Timur	11.62
17.	Kalimantan Selatan	14.87
18.	Kalimantan Tengah	14.51
19.	Kalimantan Timur	19.09
20.	Sulawesi Utara	19.09
21.	Sulawesi Tengah	19.29
22.	Sulawesi Selatan	12.08
23.	Sulawesi Barat	14.81
24.	Sulawesi Tenggara	9.45
25.	Kalimantan Barat	10.06
26.	Gorontalo	19.16
27.	Bali	6.85
28.	Nusa Tenggara Barat	14.07
29.	Nusa Tenggara Timur	10.94
30.	Maluku	15.86
31.	Maluku Utara	20.77
32.	Papua	20
33.	Papua Barat	26.83

Source: The Results of the 2020 Apparatus Assessment which have used the Managerial

Competency Standard of the State Civil Servants Number 38 of 2020 (processed)

Based on table 1 related to the results of the 2020 apparatus assessment which has used the managerial competency standard of the state civil apparatus number 38 of 2017, for officials in 33 (thirty three) regional offices and apparatus in 11 (eleven) main / central units at the executive level entry years 2017 and 2018 that employee performance can be described as follows:

- 1 Employee performance within the central unit: there are still units with less than optimal performance in 8 (eight) main units out of 11 (eleven) main units, with the highest sub-optimal results in the Human Resources Development Agency unit: 30%. Employee performance is considered high if there is no less than optimal assessment result or 0% less than optimal assessment result. Suboptimal range in the performance of the central unit apparatus: 0% - 30%.
- 2 The performance of employees in the 33 (thirty three) Regional Office Units is entirely suboptimal, with the highest suboptimal assessment result at the Aceh Regional Office 27.98% percent less than optimal. Less than optimal range for regional office units: 4.47% - 27.98%.
- 3 Then, based on the comparative evaluation of the results of the assessment by looking at the sub-optimal performance of employees at work units in the central unit and regional office units, it can be concluded that the performance of all employees at regional offices is still less than optimal, and in the optimal central unit there are three main units and less than optimal with a very small value and only one of the biggest sub-optimal in one unit, thus the performance of employees at the central unit is better than the performance of employees in regional office units as described in table 2 as follows:

Table 2: Less Optimal Employee Data at Central Unit (Echelon I)

No.	Central Unit (Echelon 1)	Less than optimal (%)
1.	Sekretariat Jenderal	1.46
2.	Inspektorat Jenderal	1.59
3.	Direktorat Jenderal Peraturan Perundang-undangan	0
4.	Direktorat Jenderal Administrasi Hukum Umum	0.94
5.	Direktorat Jenderal Pemasyarakatan	2.99
6.	Direktorat Jenderal Imigrasi	2.25
7.	Direktorat Jenderal Kekayaan Intelektual	0
8.	Direktorat Jenderal Hak Asasi Manusia	4.11
9.	Badan Pembinaan Hukum Nasional	1.79
10.	Badan Penelitian dan Pengembangan Hukum dan Hak Asasi Manusia	0
11.	Badan Pengembangan Sumber Daya Manusia Hukum dan Hak Asasi Manusia	30.77

Source: The Results of the 2020 Apparatus Assessment which have used the Managerial

Competency Standard of the State Civil Servants Number 38 of 2020 (processed)

Given that the Ministry of Law and Human Rights of the Republic of Indonesia (Kemenkum HAM RI) is a government agency that assists the President in carrying out government affairs in the field of law and human rights, it has 11 (eleven) first echelon units located in Jakarta, 33 (thirty three) regional Office. Each regional office unit consists of 4 (four) representing functional duties at the central unit, consisting of the legal services division, the administrative division, the immigration division and the correctional division led by the head of the regional office and 1080 work units led by the head of the technical executive unit (UPT) spread throughout Indonesia. Some of the problems related to the performance at the Indonesian Ministry of Law and Human

Rights are innovation, transformational leadership and competence. For example, procedural, cultural or technological innovations have not been evenly implemented in regional offices and work units. Due to the uneven application of these innovations, it is predicted that they will affect the achievement of employee performance and overall organizational performance. If viewed based on the western, central and eastern parts of Indonesia, the regional office units whose assessment results are quite large are not optimal in the West Papua and North Maluku regional offices in Eastern Indonesia and the Regional Offices of West Sumatra, South Sumatra, Aceh, and Riau in Indonesia West. In transformational leadership, Apparatus in executive positions at the regional office of the Indonesian Ministry of Law and Human Rights tend to be less than optimal in implementing transformational leadership styles in work activities, especially in providing strong and continuous direction and motivation from the leadership, motivating employees or apparatus as subordinates in carrying out their duties either from aspects of the quality and quantity of work in order to improve employee performance in line with organizational transformation efforts within the Ministry of Law and Human Rights. Then, the condition of human resource competence in the Ministry of Law and Human Rights of the Republic of Indonesia as described by [6] that the implementation of competency development has not gone as expected, especially in the effort to fulfill it. competency needs of the State Civil Apparatus (ASN) in accordance with the competency standards of the position and career development plans. Based on the aforementioned issues that can become a research gap and become the basis and reason for this research to be conducted with the subject matter, the influence of the influence of innovation, transformational leadership and competence on employee performance with the title Analysis of Factors Affecting Employee Performance in The Ministry of Law and Human Rights of The Republic of Indonesia: Competency as A Moderating Variable.

2. Research Methodology

The empirical hypothesis that has been tested using SPSS. Hypothesis testing is done using empirical data obtained from the results of the questionnaire answers to 150 employee answers. Respondents are homogeneous, taken from 25% of the total population of 587 employees at the central unit of the Human Resources Development Agency for Law and Human Rights, the West Papua Regional Office unit and the Riau Regional Office unit, where the three units have less than optimal scores in the assessment results. The sampling technique used was proportional sampling. The research method used is a quantitative approach and data analysis techniques using descriptive statistical analysis and structural equation modeling analysis.

3. Literature Review

In the last few decades, with increasing competition and contextual requirements, some organizations have been guided by results-focused management models. Thus, more attention has been given to the relationships between the variables that are capable of influencing the procedures, processes and consequences of the business itself. The definition of performance can be seen from the perspective of organizational performance and individual performance. According to [7], performance is a process of how work takes place to achieve work results. however, there are differences in the definition of organizational performance with individual performance, often referred to as employee performance or job performance. Then, experts state that performance is related to competence / ability in the form of behavior in roles, and the notion of performance

has multi-dimensions as follows: (1) innovation, related to the achievement of sustainable competitive advantage, (2) competence, (3) transformational leadership, and (4) organizational learning [8, 9] which is customer-oriented so it becomes increasingly important because organizations place more emphasis on customer service [10, 11]. According to Robin (1998) as quoted by M'Mbui (2011) in [12], performance can be influenced by several factors, including; (a), individual personality, (b), the values instilled in it, (c). attitudes, (d) innovation, (e) individual competence, (f) transformational leadership, and (d) motivation. According to [13], from the perspective of organizational performance, performance is defined as the value created by the organization by using the organization's productive assets. Meanwhile, from an individual perspective, it is said that performance is the ability or skill of an individual to do his formal work as part of his job duties [14]. According to [15], employee performance (work performance) is the employee's actual performance compared to the expected performance of the employee. The expected work performance is the standard performance which is formulated as a reference so that the employee's performance can be seen in accordance with the position compared to the standards made and the performance of the employee against other employees can also be seen. According to [16], performance is the overall value expected by a company on individual behavior over a period of time. According to [17], performance is an achievement shown by employees. This is the result achieved in carrying out tasks that are assigned based on skills, experience, seriousness, and available time. In line with [17], According to [18] explain that performance is a record of outcomes resulting from certain job functions or specific activities over a period of time. Whereas [19] states that performance is defined as the result of one's efforts achieved by the effort, ability and task perception. According to Rival (2004), Bono and Judge (2003) and Singh and his colleagues (1996) in [20], performance is a real behavior that is displayed by each employee as performance that is generated in accordance with their role in the organization by using instruments for measuring performance such as innovative behavior, taking initiative, level of potential, time management, quantity and quality achievement of work, competence to achieve goals, relationships with colleagues, and knowledge of products. According to Moeheriono (2012) in [21], performance is the result or overall success rate of a person during a certain period in carrying out a task compared to various possibilities, such as work standards, targets, or targets and criteria that have been predetermined and agreed upon. together. Then, Moeheriono (2012) in [21], employee performance is the result of performance that can be achieved by a person or group of people in an organization both qualitatively and quantitatively, in accordance with their respective authorities, duties and responsibilities in an effort to achieve the objectives of the organization concerned legally, do not violate the law, and are in accordance with morals or ethics. Based on some of the opinions of these experts, employee performance can be interpreted as the results of employee work for a certain period of time in accordance with the targets and work targets that have been mutually agreed upon with the indicators adopted from [22] as follows: quantitative, qualitative, initiative, adaptive, and cooperative. In general, the notion of innovation is known as input, process, output and output impact in order to achieve predetermined goals and objectives. According to [23], innovation is the process of applying new ideas for the improvement of the process of creating new ideas and putting them into practice to improve competence and work outcomes [24]. Meanwhile [25] sees that an innovation can be interpreted as an idea, practice, or object that is considered new by an individual or another unit of adoption. In this case [26] states that if a company produces goods or services or uses a new system or procedure, then it is an innovation. According to [27], innovation includes the creation of something that does not exist today and can be in the form of a small

creation or something monumental. A successful innovation has the following five characteristics: (a) Fairly new to the market; (b) Based on technology that has been researched and tested; (c) Save money on innovation users; (d) Meet customer needs; and (e) Supporting existing practices. According to [28], innovation is creating and implementing something into a single combination that can add value to products, services, work processes, marketing, delivery systems, and policies, not only for the company but also for stakeholders and Public. According to West & Far (2012) in [29], innovation is the deliberate introduction and application of new ideas, processes, products and procedures in the units that implement them and are designed to provide benefits to individuals, groups, organizations and outside society. According to Duncan (1973) in [30], innovation is an idea, action or something that already exists but is renewed by a group of people who adopt it. According to (Rival, 2004). Bono and Judge (2003) and Singh et.al. (1996) in [20], performance is a real behavior that is displayed by each employee as a performance that is produced in accordance with his role in the organization by using instruments to measure performance such as innovative behavior, taking initiative, potential level, time management, achievement of quantity and quality of work, competence to achieve goals, relationships with colleagues, and knowledge of products. According to [31], innovation is a new idea that is applied to initiate or improve a product or process and service. According to [32], innovation is a development and implementation of new ideas by people who within a certain period of time carry out transactions with other people in an organizational structure. In general, the notion of innovation is known as input, process, output and output impact in order to achieve predetermined goals and objectives. According to [23], innovation is the process of implementing new ideas for the improvement of the process of creating new ideas and putting them into practice to improve competence and work results [24].. Based on several opinions experts, the notion of innovation can be interpreted as an activity of transforming new ideas by employees in the form of structure, culture and human resource development to be applied to initiate or improve an input, process, output or product in the form of goods and services and provide good benefits to individuals. , groups, organizations and outside society with indicators adopted from [33] as follows: structure, culture and human resources. According to [34], transformational leadership is a leader who is able to inspire followers to commit to a common vision, give meaning to work so that leaders become role models for followers to develop their potential and see their own problems from a new perspective. Furthermore [35] states that transformational leadership is a leadership style that transforms work activities in order to achieve organizational goals above self-interest. Meanwhile [36] defines transformational leadership as the ability of a leader to work with and / or through other people to be able to work optimally based on the organizational resources they have in order to achieve meaningful goals in accordance with predetermined achievement targets. According to [37], transformational leaders are leaders who inspire their followers to ignore their personal interests for the good of the organization. According to [38], transformational leadership is a leadership style used by a manager to encourage employees to achieve performance beyond the organizational status quo. According to Rees (2001) in [39], transformational leadership is a new paradigm of leadership style that has several principles and can be used as indicators (indicators) consisting of: (a) Simplificative Communication - Ability and skills to communicate simplistically related to a clear, practical and transformational vision; (b). Motivation - Ability to get commitment from everyone involved to the vision that has been set; (c). Innovative - The ability to be courageous and responsible for making new changes; and d). Mobility Facilitation - The ability to facilitate the effective growth and development of the organization and the mobilization of all available resources to achieve organizational goals

with determination to get things done by developing spiritual, emotional and physical discipline and commitment. Based on some of the opinions of these experts, it can be interpreted that transformational leadership is a leader behavior that brings better change innovation and has the communication ability to influence and motivate his subordinates to pursue organizational goals and perform beyond the organizational status quo with indicators adopted from Rees (2001) in [39], as follows: communication simplification, motivation, innovation, and mobility facilitation. According to Fleury & Fleury (2001), Zarifian (2001), Boterf (2003) in [9], human performance is a subject of competence and has gained strength in contemporary literature, encouraging reflection on key factors in value creation for organizations and individuals. According to [40], expressed their opinion that the performance and effectiveness of employees in carrying out tasks is largely determined by the competencies required by the field of work. By addressing issues related to human performance, the subject of competence has gained strength in contemporary literature, encouraging reflection on key factors in value creation for organizations and individuals (Fleury & Fleury, 2001; Zarifian, 2001; Boterf, 2003 in [8]). According to [41], competence is the ability or capacity of a person to do various tasks in a job, where this ability is determined by two factors, namely intellectual ability and physical ability. According to Jhonson (2005) in [42] divides competence into 3 parts, namely: (a), personal competence, namely competencies related to personality development (personal competency); (b). Professional competence, namely competencies or abilities related to the completion of certain tasks; and (c), social competence, namely competence related to social interests. According to (Rival, 2004), Bono and Judge (2003) and Singh and his colleagues (1996) in [20], performance is a real behavior that is displayed by each employee as performance that is generated in accordance with their role in the organization. by using instruments to measure performance such as innovative behavior, taking initiative, level of potential, time management, quantity and quality achievement of work, competence to achieve goals, relationships with colleagues, and product knowledge. According to Boyatzis (1982) in [43], states that the competency-based approach includes two main concepts of competence and competence. Many researchers define these terms differently. Zeer (2005) in [43], emphasizes that a person's competence is knowledge, ability and experience, the ability to mobilize knowledge, abilities and experience in social and professional situations and competence is a general way of action that provides productive performance in professional activities. While Khutorskoy (2011) in [43], states that competence includes a set of interconnected qualities of a person (knowledge, abilities, skills, ways of activity), a collection of subjects in relation to certain processes and high-quality productive activities; competency - possession by a person of the appropriate competence including his personal relationship with it and activities. According to [44], competency levels are as follows: (a). Skill, the ability to carry out a task properly, for example a computer programmer; (b) Knowledge, information that a person possesses and is promulgated in society (an expression of the values of), for example: leaders; (c). Self Image, people's view of themselves, reflects identity, for example: seeing oneself as an expert; (d). Trait and motivation, the eternal characteristics of a person that makes people behave, for example self-confidence, a constitutionally encouraging someone to behave, which lies deeper at the central point of personality because the competence of knowledge and expertise is relatively easy to develop, for example with training programs to improve level of human resources capabilities. According to [45], competence is defined as a trait or characteristic needed by an incumbent in order to carry out a position properly, or it can also mean that the characteristics / characteristics of a person are easily visible, including the knowledge, expertise, and behavior that allows. to perform. According to Spencer and Spencer (1993) in [46],

describe the five characteristics that make up competences, as follows: (a) Knowledge; refers to information and learning outcomes; (b). Skills; refers to a person's ability to carry out an activity; (c) Self-concept and values; refers to a person's attitudes, values and self-image, such as a person's belief that he or she can succeed in a situation ; (d) Personal characteristics; refers to the physical characteristics and consistency of responses to situations or information, such as self-control and the ability to remain calm under stress; and (e). Motives; are emotions, desires, psychological needs or other drives that trigger action. According to the Decree of the Head of the State Civil Service Agency Number 46A of 2003 dated November 21, 2003, competence is the ability and characteristics of a Civil Servant in the form of knowledge, skills, and behavioral attitudes needed in carrying out their duties, so that these Civil Servants can carry out their duties in an professional, effective, and efficient. Then, Regulation of the Minister of State Apparatus Empowerment & RB Number 38 of 2017 Competency standards for state civil servants include managerial, sociocultural and technical competence. Based on some of the opinions of these experts, competence can be interpreted as a set of knowledge, skills / expertise and abilities or personality characteristics in the form of values and attitudes and is reflected in thinking habits and motives in the form of other motivations that trigger actions to act in accordance with their profession which can affect performance with indicators adopted from Spencer and Spencer (1993) in [46], as follows: knowledge, skills / skills, traits / characteristics, self-concept / values, values and attitudes, and motives.

4. Discussion and Results

4.1. Reliability and Validity Test

4.1.1. Validity test results

The validity test of the variable instrument items aims to confirm that the research instrument items used in the study are valid data. The validation process is carried out by analyzing the data from the instrument test results, namely the validity of the items using the correlation coefficient between the item score and the total instrument score. The formula used is the product moment correlation formula. Data processing for validation tests using Microsoft Excel. Based on the comparison between the R-count and R-table for each statement item from each indicator of Employee Performance, Innovation, Transformational Leadership, and Competence, it can be concluded that all statement items from each indicator are valid. This can be evaluated from the comparison between R-count and R-table for each statement item at $\alpha 0.05 = 0.374$ where $R\text{-count} > R\text{-table}$ shows that all statement items from each indicator are valid.

4.1.2. Reliability test results

Reliability test is a continuation of the validity test. The validity of the statement items are then recalculated to find out whether the item is reliable or not and the measurement uses the Alpha Cronbach formula. Based on calculations with the Alpha Cronbach formula, for this research instrument the calculation of the reliability test was 0.86594.

Table 3: The results of the assessment instrument reliability test

No.	Variable	Number of Instruments	Alpha Cornbach	Reliability Level	Result
1.	Employee Performance (Y)	10	0,965	Very reliable	<i>reliable</i>
2.	Innovation (X_1)	6	0,941	Very reliable	<i>reliable</i>
3.	Transformational Leadership (X_2)	8	0,942	Very reliable	<i>reliable</i>
4.	Competence (X_3)	9	0,910	Very reliable	<i>reliable</i>

Source: Processed from Research Results

Based on the results of the validity and reliability tests that have been carried out on the question items in each variable for employees at the BPSDM unit, the Riau Unit and the Papua Unit, all items are valid and reliable.

4.2. Hypothesis Testing Direct Effect and Indirect Effect

The Influence of Innovation (X_1), Transformational Leadership (X_2), and Competence (X_3) on Employee Performance (Y)

Table 4: Model Summary X_1 , X_2 and X_3 on Y

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.932	2.363		2.087	.039
	Innovation (X_1)	1.327	.085	.850	15.522	.000
	Transformational Leadership (X_2)	-.033	.071	.027	2.470	.000
	Competence (X_3)	.113	.085	.076	2.337	.000
a. Dependent Variable: Employee Performance (Y)						

Source: Processed from Research Results

Based on table 4 above, it shows that the results of the SPSS regression menu analysis are as follows:

(a). Coefficients expressed as Standarized Coefficients are known as Beta. The results of Beta output for each independent variable, namely Innovation (X_1) = 0.850, Transformational Leadership (X_2) = 0.027, and Competence (X_3) + 0.076. This means that there is a direct effect of Innovation (X_1) on Performance of 0.850, Transformational Leadership (X_2) on Performance of 0.027, and Competence (X_3) on Performance (Y) of 0.076;

and (b). In the table, it is obtained that t-count and p-value are 0,000. The p-value is the probability that assumes that the null hypothesis is true. The result is a p-value <0.05. This means that the Sig probability value is smaller than the value of 0.05, so innovation (X_1), Transformational Leadership (X_2), and Competence (X_3) have a positive and significant direct effect on performance (Y). The t test can be seen in the table above that the output results are obtained t count Innovation of 15,522, t count of Transformational Leadership is 2,470, and t count of Competence (X_3) of 2,337. Thus it can be concluded that the results of the study show that the hypothesis is tested, positive and significant direct influence of innovation (X_1) on employee performance (Y), positive and significant direct influence of transformational leadership (X_2), and positive and significant direct influence of competence (X_3) on Employee Performance (Y)

4.2.1. Direct Effects

Direct Effects of Innovation and Transformational Leadership on Competence

Table 5: Model Summary X_1 , X_2 on X_3

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	18.506	1.719		10.767	.000
	Innovation (X_1)	.336	.078	.322	4.284	.000
	Transformational Leadership (X_2),	.385	.062	.470	6.255	.000
a. Dependent Variable: Competence (X_3)						

Source: Processed from Research Results

Based on table 5 above, it shows that the results of the SPSS regression menu analysis are as follows: (a). Coefficients expressed as Standarized Coefficients are known as Beta. The results of Beta output for each independent variable, namely Innovation (X_1) = 0.322, and Transformational Leadership (X_2) = 0.470. This means that there is a direct effect of Innovation (X_1) on Competence (X_3) of 0.322, and Transformational Leadership (X_2) on Competence (X_3); and (b). In the table, it is obtained that t-count and p-value are 0,000. The p-value is the probability that assumes that the null hypothesis is true. The result is a p-value <0.05. This means that the Sig probability value is smaller than the value of 0.05, so Innovation (X_1) and Transformational Leadership (X_2) have a positive and significant direct effect on Competence (X_3). The t test can be seen in the table above that the output results are obtained t count Innovation of 4.284, and t count of Transformational Leadership (X_2), amounting to 6.255. Thus it can be concluded that the research results show that the hypothesis is tested, the Direct Effect of Innovation (X_1) is positive and significant towards Competence, and the Direct Effect of Transformational Leadership is positive and significant on Competence.

4.2.2. Indirect Effects

Indirect Effects of Innovation (X_1) and Transformational Leadership (X_2) on Employee Performance (Y) through Competence (X_3) can be found using the Sobel Test (1982) formula in Gozali (2013: 248-255) as follows:

a. Indirect Effect of Innovation (X_1) and Transformational Leadership (X_2) $t_{\text{count}} = a.b = 0.032 \times 0.076 = 0.02432 = 2.702$

$$t_{\text{count}} 2.702 > t_{\text{table}} 1.655$$

The conclusion is that there is an indirect effect of innovation (X_1) on performance (Y) through competence (X_3). The results showed hypothesis 6 was tested.

b. Indirect Effect of Transformational Leadership (X_2) on Employee Performance (Y) through Competence (X_3)

$$t_{\text{count}} = \frac{a.b}{\text{Sab}} = \frac{0.470 \times 0.076}{0.040} = \frac{0.3572}{0.040} = 8.925$$

$$\text{Sab} \quad 0.040 \quad 0.040$$

The conclusion is that there is an indirect effect of Transformational Leadership (X_1) on Performance (Y) through Competence (X_3). The results showed that hypothesis 7 was tested. Thus, it can be concluded that the results of the study show that the hypothesis is tested, the Indirect Effect of Innovation (X_1) and Transformational Leadership (X_1) on Performance (Y) through Competence (X_3). The results showed hypotheses 6 and 7 were tested.

Table 6: Summary of Model Parameter Estimation Results

Variable Influence	Causal Influence		t_{count}	t_{table}	Conclusion
	Direct Influence <i>Beta (β)</i>	Indirect Influence			
$X_1 \rightarrow Y$	0,850	-	15,522	1,655	Significant
$X_2 \rightarrow Y$	0,027	-	2,470	1,655	Significant
$X_3 \rightarrow Y$	0,076	-	2,337	1,665	Significant
$X_1 \rightarrow X_3$	0,322	-	4,284	1,655	Significant
$X_2 \rightarrow X_3$	0,470	-	6,255	1,655	Significant
$X_1 \rightarrow Y \text{ through } X_3$	-	0,009	2,702	1,655	Significant
$X_2 \rightarrow Y \text{ through } X_3$	-	0,040	8,925	1,655	Significant

Source: Data processed by researchers, 2020

The summary of the path coefficient decomposition is as follows:

- 1 The direct effect of X_1 on Y is 0.850 with $t_{\text{count}} 15.522 > t_{\text{table}} 1.655$, so the result is significant.

- 2 The direct effect of X_2 on Y is 0.027 with $t_{\text{count}} 2.470 > t_{\text{table}} 1.655$, so the result is significant.
- 3 The direct effect of X_3 on Y is 0.076 with $t_{\text{count}} 2.337 > t_{\text{table}} 1.655$, so the result is significant.
- 4 The direct effect of X_1 on X_3 is 0.322 with $t_{\text{count}} 4.284 > t_{\text{table}} 1.655$, so the result is significant.
- 5 The direct effect of X_2 on X_3 is 0.470 with $t_{\text{count}} 6.255 > t_{\text{table}} 1.655$, so the result is significant.
- 6 The direct effect of X_1 on Y through X_3 is 0.009 with $t_{\text{count}} 2.702 > t_{\text{table}} 1.655$, so the result is significant.
- 7 The direct effect of X_2 on Y through X_3 is 0.040 with $t_{\text{count}} 8.925 > t_{\text{table}} 1.655$, so the result is significant.

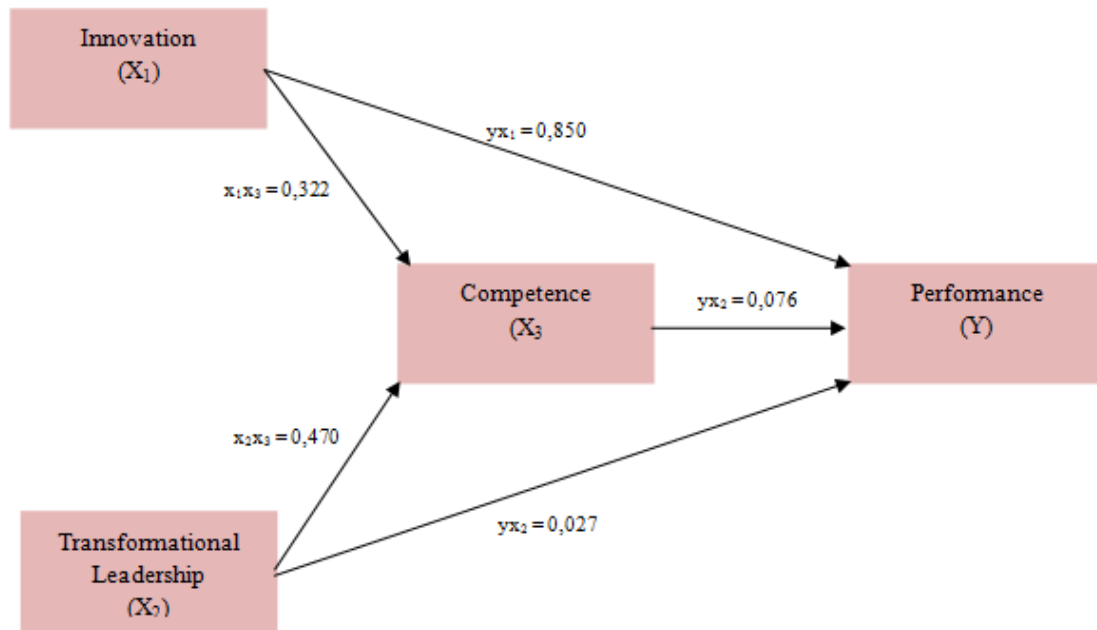


Figure 1: Empirical Causal Relationship Path Diagram

5. Results and Discussions

This research resulted in the following conclusions:

- a. Innovation has a positive direct effect on employee performance. The direct effect of X_1 on Y is 0.850 with $t_{\text{count}} 15.522 > t_{\text{table}} 1.655$, so the result is significant. This shows that if the innovation is increased it will result in an increase in employee performance. These results mean organizational management further enhances structural innovation. Structural innovation is the indicator with the highest average grain score. (An employee's creative performance is enriched when an organizational structure explicitly supports creativity) in order to increase the employee's ability to adapt to existing changes (adaptive).
- b. Transformational leadership has a positive direct effect on employee performance, the direct effect of X_2 on Y is 0.027 with $t_{\text{count}} 2.470 > t_{\text{table}} 1.655$, so the result is significant. This indicates that the better Transformational Leadership will result in improved employee performance. This result means that organizational management must encourage leaders to apply transformational leadership styles in terms of increasing innovative power in order to increase the ability of employees to adapt to existing

changes (adaptive). Innovative is the indicator with the highest average per item score.

- c. Competence has a positive direct effect on employee performance, the direct effect of X_3 on Y is 0.076 with $t_{\text{count}} 2.337 > t_{\text{table}} 1.655$, so the results are significant. This shows that increased competence has an effect on increasing employee performance. This result means that organizational management should further encourage the personality traits / characteristics of employees in order to increase the ability of employees in terms of having a commitment to work in accordance with the organization's code of ethics. The characteristic trait is the indicator with the highest average granular score.
- d. There is a positive direct effect of innovation on competence. The direct effect of X_1 on X_3 is 0.322 with $t_{\text{count}} 4.284 > t_{\text{table}} 1.655$, so the results are significant, this is that if innovation is enhanced it will increase competence. This result means that organizational management to increase structural innovation (the creative performance of an employee is enriched when an organizational structure explicitly supports creativity), it is necessary to increase the competence of characteristics / characteristics in committing to work in accordance with the organization's code of ethics.
- e. Transformational Leadership has a positive direct effect on Competence The direct effect of X_2 on X_3 is 0.470 with $t_{\text{count}} 6.255 > t_{\text{table}} 1.655$, so the results are significant, this shows that better leadership results in improved competence. This result means that organizational management needs to apply innovative transformational leaders who support employee creativity to improve employee characteristics / characteristics in terms of committing to work in accordance with the organization's code of ethics.
- f. Innovation has a positive direct effect on Transformational Leadership, the direct influence of X_1 on X_2 is 0.651 with $t_{\text{count}} 10.439 > t_{\text{table}} 1.655$, so the results are significant, this indicates that the higher the innovation, the better Transformational Leadership. This result means that organizational management needs to improve transformational leaders. which are innovative, then improve the characteristics / characteristics of employees in terms of commitment to work in accordance with the organization's code of ethics.
- g. Innovation has a positive indirect effect on employee performance through competence, the direct effect of X_1 on Y through X_3 is 0.009 with $t_{\text{count}} 2.702 > t_{\text{table}} 1.655$, so the result is significant. This means that if innovation is improved it will increase employee performance, through competence. This result means that organizational management must pay attention to structural innovations that increase the creative performance of an employee if it wants to improve employee performance through employee characteristics / characteristics in terms of commitment to work in accordance with the organization's code of ethics.
- h. Transformational Leadership has a positive indirect effect on Employee Performance through Competence. The direct effect of X_2 on Y through X_3 is 0.040 with $t_{\text{count}} 8.925 > t_{\text{table}} 1.655$, so the results are significant, meaning that if Transformational Leadership is improved and through improved competency, employee performance will increase.

6. Conclusions and Recommendations

Innovation, transformational leadership and competence have a positive direct influence on employee performance and an indirect effect through competence. Innovation has a positive direct influence on employee performance and an indirect effect through competence. To improve employee performance and competence, it

is necessary to increase innovation. To increase innovation can be done by increasing innovation in structure. Increasing structural innovation by accommodating innovations created by employees so that they can become an important element in the employee's career. Transformational leadership has a positive direct influence on employee performance and an indirect effect through competence. To increase transformational leadership can be done by increasing the innovative power of leaders through providing new work methods and more efficient work instructions. Competence has a positive direct influence on employee performance. To increase competence, it can be done by developing the characteristics/ characteristics of employees by increasing the commitment to work in accordance with the organization's code of ethics. Thus, the results of this study are suggested to be used as material for introspection or comparison for organizations in an effort to improve employee performance.

7. Conflicts of Interest

The authors declare there is no conflicts of interest.

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