

The Influence of Competence, Motivation, and Work Environment on Employee Performance in Financial Services

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Abstract: This study examines the effects of competence, work motivation, and work environment on employee performance in financial service companies in Yogyakarta. A quantitative approach with a descriptive and verification survey design was employed. The study population consisted of 145 permanent employees, from whom 100 respondents were selected using simple random sampling. Data were collected through a questionnaire using a five-point Likert scale and analyzed with IBM SPSS Statistics Version 26. The analytical procedures included validity and reliability testing, classical assumption testing, multiple linear regression, partial t-tests, simultaneous F-tests, and the coefficient of determination. The results demonstrate that competence has a positive and significant effect on employee performance. Work motivation and work environment also positively and significantly influence employee performance. Simultaneously, the three independent variables significantly affect employee performance, explaining 72.6% of its variation, while the remaining 27.4% is associated with factors outside the research model. Competence is identified as the most dominant predictor of employee performance. These findings indicate that employee performance can be improved through integrated human resource policies that strengthen professional competence, enhance work motivation, and create a safe, supportive, and conducive work environment. This study provides practical evidence for financial service company management in designing employee development, reward, and workplace improvement programs.

Keywords: Competence; Employee Performance; Financial Services; Work Environment; Work Motivation.

INTRODUCTION

Human resources play a central role in determining an organization's ability to maintain service quality, operational continuity, and competitiveness. This role is particularly important in financial service companies, where employees are required to process information accurately, comply with organizational procedures, respond to customers promptly, and adapt to technological and regulatory changes. Employee performance therefore represents an essential organizational outcome because it reflects the quality, quantity, timeliness, responsibility, and effectiveness of employees in completing assigned duties. Organizational performance cannot be improved solely through technological investment or standardized procedures when employees do not possess the capabilities, motivation, and workplace support required to perform effectively. Empirical evidence indicates that employee performance is influenced by a combination of individual characteristics, organizational support, job conditions, and management practices rather than by a single factor (Diamantidis & Chatzoglou, 2019).

The article's preliminary observations indicate that financial service employees in Yogyakarta demonstrate differences in work outcomes, discipline, accuracy, and enthusiasm, even though salary and benefit systems have been implemented in accordance with company provisions. These conditions suggest that formal compensation alone may not be sufficient to produce consistently high employee performance. Employees may have access to similar organizational facilities but demonstrate different levels of achievement because their knowledge, skills, attitudes, work motivation, and perceptions of the workplace differ. Consequently, organizations need to identify the internal and contextual factors that directly support employees in achieving predetermined performance standards. Among the factors frequently associated with employee performance, competence, work motivation, and work environment are especially relevant because they

represent employees' capacity to perform, willingness to exert effort, and conditions that facilitate the execution of work.

Competence refers to the combination of knowledge, skills, abilities, and work attitudes required to perform job responsibilities effectively. Employees with strong competence are generally better able to understand procedures, solve work-related problems, adjust to changing demands, and complete assignments according to organizational standards. Competence is therefore not limited to technical expertise but also includes adaptive capacity, interpersonal ability, and appropriate professional behavior. Martini, Gorda, Gorda, Sari, and Antara (2024) found that competence development had a positive and significant influence on employee performance, indicating that the development of employees' knowledge, skills, and attitudes can support improvements in work results. Similarly, previous empirical research has shown that the dimensions of knowledge, skills, and attitudes contribute to both employee commitment and performance (Martini et al., 2020). Nevertheless, competence may not automatically result in superior performance when employees lack the willingness and psychological drive to apply their abilities consistently.

Work motivation explains the intensity, direction, and persistence of employees' efforts in achieving organizational and individual goals. Motivation can arise intrinsically through responsibility, meaningful work, achievement, learning, and self-development, or extrinsically through compensation, recognition, promotion, job security, and managerial support. Employees who are highly motivated are more likely to devote greater effort, maintain persistence, and demonstrate initiative in completing their responsibilities. Engidaw (2021) found that both intrinsic and extrinsic motivation were positively associated with employee engagement, although extrinsic motivation showed a stronger influence in the context examined. Elamalki, Kaddar, and Beniich (2024) further demonstrated that motivation plays an important role in explaining job performance and in connecting organizational incentives with employee outcomes. However, the effect of motivation may vary across organizational settings because employees respond differently to rewards, autonomy, recognition, and opportunities for professional growth.

In addition to competence and motivation, the work environment provides the physical and nonphysical conditions within which employee performance occurs. The physical work environment includes workspace arrangement, lighting, temperature, noise, equipment, safety, and supporting facilities, whereas the nonphysical environment encompasses relationships with supervisors and colleagues, communication, organizational culture, fairness, and psychological security. A supportive workplace can reduce unnecessary obstacles, improve concentration, strengthen cooperation, and enable employees to use their competence more effectively. Diamantidis and Chatzoglou (2019) reported that the job environment and management support were among the strongest factors associated with employee performance. Research on contemporary workplace arrangements also emphasizes that environmental configuration, collaboration, and coordination can function as important external resources supporting individual performance (Tudu & Pathak, 2023). Thus, an unfavorable environment may weaken performance even when employees possess adequate competence and motivation.

Although competence, motivation, and the work environment have frequently been examined, previous studies have often analyzed these factors separately, focused on different industrial sectors, or produced context-dependent conclusions regarding their relative importance. For example, research has demonstrated positive relationships between competence and employee performance, but other evidence suggests that knowledge and training do not always translate directly into better task performance unless they are supported by motivation and the practical application of knowledge (Demir, Budur, Omer, & Heshmati, 2022). Studies of motivation also show that intrinsic and extrinsic factors may have different strengths depending on organizational characteristics and employee needs. These findings indicate that employee performance should be examined through an integrated model that simultaneously considers employees' capabilities, psychological drive, and workplace conditions.

The present study addresses this issue by examining the simultaneous and partial effects of competence, work motivation, and work environment on employee performance in financial service companies in Yogyakarta. The financial service context is important because employee performance is closely connected to service reliability, administrative accuracy, customer trust, and compliance with organizational standards. This study also identifies which variable has the strongest influence on employee performance. Its contribution lies in providing an integrated empirical assessment of three major human resource factors within a specific service-sector context. The findings are expected to support company management in designing more targeted competency-development programs, motivational policies, reward mechanisms,

and workplace improvements. Accordingly, this study investigates whether competence, work motivation, and work environment individually and simultaneously have positive and significant effects on employee performance.

RESEARCHMETHOD

This study employed a quantitative research approach using a descriptive and explanatory survey design to examine the relationships between competence, work motivation, work environment, and employee performance. A quantitative approach was selected because it enables hypothesis testing through statistical analysis and provides objective measurements of the relationships among variables. The descriptive component was used to describe the characteristics of the research variables, while the explanatory component aimed to determine the causal influence of the independent variables on employee performance. The conceptual framework consisted of three independent variables—competence (X_1), work motivation (X_2), and work environment (X_3)—and one dependent variable, employee performance (Y).

The research was conducted in financial service companies located in Yogyakarta, Indonesia. The study population comprised 145 permanent employees working in the selected companies. The sample size was determined using the Slovin formula with a 5% margin of error. Following the research design adopted in the original study, 100 employees were selected as respondents using the simple random sampling technique, ensuring that every member of the population had an equal probability of being included in the study. Primary data were collected through a structured questionnaire distributed directly to the respondents.

The research instrument consisted of closed-ended questions measured using a five-point Likert scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). Competence was measured through indicators including job knowledge, technical skills, adaptability, problem-solving ability, and work attitude. Work motivation was assessed based on economic needs, job security, social relationships, recognition, and self-development. Work environment was evaluated through workplace facilities, occupational safety, interpersonal relationships, organizational culture, and work regulations. Employee performance was measured using indicators of work quality, work quantity, timeliness, responsibility, and teamwork. These operational definitions were adapted from established human resource management literature and were aligned with the research objectives.

Prior to hypothesis testing, the questionnaire was evaluated through validity and reliability testing. Construct validity was assessed using the Pearson Product-Moment correlation, while internal consistency reliability was examined using Cronbach's Alpha, with a coefficient of 0.70 or higher indicating acceptable reliability. To satisfy the assumptions of multiple regression analysis, the data were subsequently examined through classical assumption tests, including the normality test, multicollinearity test, and heteroscedasticity test. The normality assumption was evaluated using the Kolmogorov-Smirnov test, multicollinearity was assessed through the Tolerance and Variance Inflation Factor (VIF) values, and heteroscedasticity was examined using scatterplot analysis.

The hypotheses were tested using multiple linear regression analysis with IBM SPSS Statistics Version 26. The regression model was formulated as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

where:

- Y = Employee Performance
- X_1 = Competence
- X_2 = Work Motivation
- X_3 = Work Environment
- α = Constant
- $\beta_1, \beta_2, \beta_3$ = Regression coefficients
- ε = Error term

The significance of each independent variable was evaluated using the t-test, while the collective influence of all independent variables was examined through the F-test. Furthermore, the coefficient of determination (R^2) was calculated to determine the proportion of variance in employee performance explained by

competence, work motivation, and work environment. Statistical significance was determined at the 5% significance level ($\alpha = 0.05$).

RESULT AND DISCUSSION

Instrument Testing Results

Based on the data analysis involving 100 respondents, all questionnaire items were declared valid because their correlation coefficients were greater than the critical correlation value. Therefore, all items used to measure competence, work motivation, work environment, and employee performance were considered appropriate for further analysis.

The reliability test also showed that all research variables had Cronbach's Alpha values greater than 0.70. These results indicate that the research instrument was reliable and internally consistent. However, the original article does not provide the detailed correlation coefficient of each item or the exact Cronbach's Alpha value for each variable. Therefore, only the conclusions reported in the original article are presented in Table 1.

Table 1. Summary of Instrument Testing Results

TESTING COMPONENT	RESULT REPORTED IN THE ARTICLE	CONCLUSION
Validity test	All questionnaire items had correlation coefficients greater than the critical correlation value	All items were valid
Reliability test	All variables had Cronbach's Alpha values greater than 0.70	All variables were reliable

Source: Processed research data, 2026.

Classical Assumption Test Results

The classical assumption tests included normality, multicollinearity, and heteroscedasticity testing. The normality test showed that the data were normally distributed because the Kolmogorov–Smirnov significance value was greater than 0.05.

The multicollinearity test indicated that the tolerance values were greater than 0.10 and the Variance Inflation Factor values were lower than 10.00. Therefore, no multicollinearity problem was identified among competence, work motivation, and work environment.

The heteroscedasticity test showed no specific pattern in the distribution of the data. Thus, the regression model was considered free from heteroscedasticity. The article does not provide the exact Kolmogorov–Smirnov, tolerance, or VIF values; consequently, Table 2 presents only the results explicitly reported in the original manuscript.

Table 2. Summary of Classical Assumption Test Results

TEST	RESULT REPORTED IN THE ARTICLE	CONCLUSION
Normality	Kolmogorov–Smirnov significance value > 0.05	Data were normally distributed
Multicollinearity	Tolerance > 0.10 and VIF < 10.00	No multicollinearity
Heteroscedasticity	No specific pattern was observed in the data distribution	No heteroscedasticity

Source: Processed research data, 2026.

Multiple Linear Regression Results

Multiple linear regression analysis was used to examine the effects of competence, work motivation, and work environment on employee performance. The regression results reported in the original article are presented in Table 3.

Table 3. Multiple Linear Regression Results

PREDICTOR	UNSTANDARDIZED COEFFICIENT	STANDARD ERROR	STANDARDIZED BETA	T-VALUE	SIG.
Constant	1.428	0.345	–	4.139	0.000
Competence	0.386	0.052	0.429	7.423	0.000

Work Motivation	0.312	0.048	0.361	6.500	0.000
Work Environment	0.274	0.051	0.302	5.373	0.000

Source: Processed SPSS data, 2026.

Based on Table 3, the multiple linear regression equation is:

$$Y = 1.428 + 0.386X_1 + 0.312X_2 + 0.274X_3 + e \quad (1)$$

where Y represents employee performance, X_1 represents competence, X_2 represents work motivation, X_3 represents work environment, and e represents the error term.

The regression coefficient for competence was 0.386. This result indicates that competence had a positive relationship with employee performance. The regression coefficient for work motivation was 0.312, indicating a positive relationship between work motivation and employee performance. The work environment coefficient was 0.274, which also indicates a positive relationship with employee performance.

The standardized beta coefficient of competence was 0.429, higher than the beta coefficients of work motivation at 0.361 and work environment at 0.302. Based on these values, competence was the variable with the strongest influence on employee performance in the regression model.

Coefficient of Determination

The coefficient of determination reported in the original article was 0.726. This means that 72.6% of the variation in employee performance was explained by competence, work motivation, and work environment. The remaining 27.4% was influenced by other factors not examined in the study.

Table 4. Coefficient of Determination

MODEL	R SQUARE	EXPLAINED VARIATION	REMAINING VARIATION
Competence, Work Motivation, and Work Environment on Employee Performance	0.726	72.6%	27.4%

Source: Processed SPSS data, 2026.

Hypothesis Testing Results

The partial hypothesis testing was conducted using the t-test, while the simultaneous hypothesis testing was conducted using the F-test. The results are presented in Table 5.

Table 5. Hypothesis Testing Results

HYPOTHESIS	RELATIONSHIP	STATISTICAL RESULT	DECISION
H ₁	Competence affects employee performance	t = 7.423; Sig. = 0.000	Supported
H ₂	Work motivation affects employee performance	t = 6.500; Sig. = 0.000	Supported
H ₃	Work environment affects employee performance	t = 5.373; Sig. = 0.000	Supported
H ₄	Competence, work motivation, and work environment simultaneously affect employee performance	F = 84.526; Sig. = 0.000	Supported

Source: Processed SPSS data, 2026.

The competence variable had a calculated t-value of 7.423, which was greater than the critical t-value of 1.984, with a significance value of 0.000. Therefore, competence had a positive and significant effect on employee performance, and H₁ was accepted.

Work motivation had a calculated t-value of 6.500, which was greater than the critical t-value of 1.984, with a significance value of 0.000. Therefore, work motivation had a positive and significant effect on employee performance, and H₂ was accepted.

The work environment had a calculated t-value of 5.373, which was greater than the critical t-value of 1.984, with a significance value of 0.000. Therefore, the work environment had a positive and significant effect on employee performance, and H_3 was accepted.

The simultaneous test produced an F-value of 84.526, which was greater than the critical F-value of 2.70, with a significance value of 0.000. Thus, competence, work motivation, and work environment simultaneously had a significant effect on employee performance, and H_4 was accepted.

Effect of Competence on Employee Performance

The results indicate that competence had a positive and significant effect on employee performance. This finding shows that higher employee knowledge, skills, adaptability, problem-solving ability, and work attitudes were associated with better performance.

The result is consistent with the explanation presented in the original article that individual ability forms an important basis for successful task implementation. Employees with appropriate knowledge, skills, and work attitudes are more capable of producing better work results. The finding also supports the study cited in the original manuscript by Prasetyo et al. (2020), which stated that higher employee competence is associated with better quality and quantity of work.

Competence had the highest standardized beta coefficient, namely 0.429. Therefore, competence was identified as the most dominant variable influencing employee performance in this study.

Effect of Work Motivation on Employee Performance

Work motivation had a positive and significant effect on employee performance. The result indicates that stronger internal and external encouragement was associated with improved employee performance.

This finding is in accordance with the discussion in the original article, which states that ability alone is not sufficient without strong work motivation. Employees require encouragement to work effectively, cooperate, and direct their efforts toward organizational objectives. The result also supports the view of Hasibuan (2020), as cited in the manuscript, that motivation creates enthusiasm and encourages individuals to work effectively.

The standardized beta coefficient for work motivation was 0.361. This value was lower than that of competence but higher than that of the work environment.

Effect of Work Environment on Employee Performance

The work environment had a positive and significant effect on employee performance. This result indicates that physical and nonphysical workplace conditions contributed to employee performance.

The original article explains that a supportive work environment can create comfort, reduce fatigue and stress, and improve productivity. This finding is consistent with Hidayat and Lestari (2021), as cited in the manuscript, who stated that a conducive work environment can improve employee enthusiasm and performance.

The standardized beta coefficient for the work environment was 0.302. Although it was the lowest among the three independent variables, its effect remained positive and statistically significant.

Simultaneous Effect of Competence, Work Motivation, and Work Environment

The F-test result confirmed that competence, work motivation, and work environment simultaneously had a positive and significant effect on employee performance. This means that the three variables jointly contributed to explaining variations in employee performance.

The original article emphasizes that the three factors complement one another. Employee competence may produce better results when supported by strong motivation and a conducive work environment. Therefore, performance improvement should not focus on only one factor but should be conducted in an integrated and continuous manner.

Dominant Variable

Based on the standardized beta coefficients, competence was the most dominant variable, followed by work motivation and work environment.

Table 6. Ranking of Independent Variable Effects

RANK	VARIABLE	STANDARDIZED BETA
1	Competence	0.429
2	Work Motivation	0.361
3	Work Environment	0.302

Source: Processed SPSS data, 2026.

The ranking confirms the statement in the original article that competence was the factor with the greatest influence on employee performance. No additional respondent characteristics, descriptive statistics, exact validity values, exact reliability coefficients, or detailed assumption-test values should be added unless the authors provide the original SPSS output.

CONCLUSION

This study concludes that competence, work motivation, and work environment have positive and significant effects on employee performance in financial service companies in Yogyakarta. Partially, competence significantly influences employee performance, as indicated by a t-value of 7.423 and a significance value of 0.000. Work motivation also has a significant effect, with a t-value of 6.500 and a significance value of 0.000, while the work environment significantly affects employee performance with a t-value of 5.373 and a significance value of 0.000. Simultaneously, the three independent variables significantly influence employee performance, as shown by an F-value of 84.526 and a significance value of 0.000. The coefficient of determination of 0.726 indicates that competence, work motivation, and work environment explain 72.6% of the variation in employee performance, while the remaining 27.4% is influenced by other factors outside the research model. Among the three variables, competence has the strongest influence, as demonstrated by the highest standardized beta coefficient of 0.429, followed by work motivation at 0.361 and work environment at 0.302. These findings indicate that improving employee performance requires integrated efforts to strengthen employee competence, increase work motivation, and maintain a supportive work environment. However, because the study was limited to 100 employees in financial service companies in Yogyakarta and examined only three independent variables, future research is recommended to include a broader sample and additional variables that may influence employee performance.

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