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The Effect of Work Motivation, Career Development, Compensation System, Employee Engagement and Job Satisfaction on Employee Performance in XYZ State-Owned Enterprise in Gorontalo

Rahmawatie Datau

Universitas Pelita Harapan

Email: dataunonna1810@gmail.com

Abstract

BUMN XYZ is a BUMN that works in the field of electricity. As an electricity provider in Indonesia, which provides the best electricity services to the public, BUMN XYZ has an extensive business network throughout Indonesia, one of its business units is BUMN XYZ in Gorontalo which is located in Gorontalo Province. Key Performance Indicator (KPI) serves to define and measure organizational goals, which are fundamental elements for any sustainable organization and the success of any company. In a company like BUMN XYZ Gorontalo, it is important to improve Employee Performance in employees with the aim that company performance can increase. The purpose of this study was to determine the effect of Work Motivation, Career Development, Compensation System, Employee Engagement and Job Satisfaction on Employee Performance. To obtain quantitative data through questionnaires distributed online, a cross sectional method was used. The questionnaire has been modified based on questions found in previous literature. All demographic data was obtained from 160 employees of BUMN XYZ Gorontalo, who have worked for at least one year. The data obtained will be analyzed using SmartPLS software. The results of the study indicate that there is a positive relationship between Transformational Leadership, Motivation, Career Development, Work Environment and Job Satisfaction on Employee Performance. But Transformational Leadership and Work Environment do not show a significant relationship either directly with Job Satisfaction or the relationship with Employee Performance even though it has been mediated by Job Satisfaction. This research produces managerial implications that can help BUMN XYZ Gorontalo in improving Employee Performance in order to achieve company goals, namely the best performance. This research has a number of limitations, which are followed by suggestions for future research.

Keywords: Work Motivation, Career Development, Compensation System, Employee Engagement, Job Satisfaction, Employee Performance.

Introduction

A company needs employees to support its operations to achieve the goals that have been set. Employees are the main capital for the company, and various factors need to be considered to increase their work effectiveness. Optimal work effectiveness is the company's goal in creating maximum operational efficiency. The achievement of superior work performance is highly dependent on the competence and capabilities of qualified team

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members. Work performance refers to the achievement or level of success of an individual in carrying out his or her responsibilities for a certain time, which is then compared to various criteria such as success indicators, goals, or quotas that have been predetermined through mutual agreement (Rivai & Sagala, 2013).

In the context of an increasingly competitive business, workforce performance is a key element that supports the success of a company. Optimal work effectiveness not only increases productivity but also has a direct impact on customer satisfaction (Khaeruman et al., 2023). Three things are influential in creating job satisfaction. The first is working conditions, where an attractive job will be aligned with training, employee control, availability of feedback, social support, and supportive interactions with colleagues. The second is personality and individual differences, that is, how much influence work conditions have on job satisfaction; personality also has a significant role. Individuals who evaluate themselves positively, believing in their self-worth and basic competencies, show higher levels of job satisfaction compared to individuals who have a negative view. And the third is salary, where people often talk about whether they are satisfied with the salary they receive, and they even compare the income they receive compared to others. Income correlates with job satisfaction and overall happiness for many individuals. Decreased job satisfaction occurs when individuals detect differences with others (Robbins, S. & Judge, 2024). As a company that focuses on providing public services, the quality and effectiveness of the services provided by employees greatly determine the level of user satisfaction and the company's image. Thus, it is necessary to have a deep understanding of the factors that affect employee performance, such as work motivation, career development, compensation system, employee engagement, and job satisfaction.

Work motivation as an important concept is the main pillar in the work environment. Motivating employees effectively is a significant challenge, as it has a direct effect on their satisfaction and performance at work. Many studies have been conducted to explore the relationship between motivation, its constituent factors, and employee performance in various organizations (Forson, 2021). One of the main problems related to motivation is the lack of recognition and appreciation for employee contributions. When employees feel that their efforts are not being appreciated, their motivation levels tend to decrease, which in turn negatively impacts productivity and job satisfaction.

In addition, there is career development which is a crucial aspect in improving the quality and ability of individuals to achieve their desired career goals. Career development involves a systematic process that aims to improve and expand one's skills, knowledge, and work experience. Based on the opinion of Hasibuan (2017:69), career development is a series of efforts carried out to develop practical, academic, strategic, and ethical competencies of employees in order to meet the requirements of the position or role held. This process is typically done through education and training designed to meet specific needs in the workplace. As technology develops and industry dynamics rapidly change, career development is becoming increasingly important to ensure that employees remain relevant and competitive in the job market. An effective career development program not only strengthens employees' operational and professional skills but also builds the managerial and leadership skills needed for higher positions. However, challenges in career development often include limited

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resources for training, a lack of support from management, and uncertainty about available career paths. Therefore, it is important for companies to develop a comprehensive and ongoing career development strategy, which includes an assessment of individual needs, clear career planning, and the provision of relevant education and training opportunities.

In addition to work motivation and career development, the compensation system is a fundamental element in HR resource management policies that aim to fulfill workers' rights while encouraging their enthusiasm in achieving performance targets. As a form of appreciation from the organization, compensation includes all forms of rewards obtained by employees, in the form of financial or non-financial, directly or indirectly. Compensation is a common way to implement a reasonable compensation policy, which can meet all the needs of employees' lives and improve employee performance (Yuliani & Siregar, 2023; Habdullah et al., 2020). Compensation includes all income, both cash, physical facilities, and indirect benefits provided by the organization as a form of appreciation for the dedication given to the organization (Nugraha & Tjahjawati, 2017). Compensation is defined as all forms of appreciation that workers receive for their contributions to the organization (Nugroho et al., 2022). Proportionate and decent compensation distribution plays a crucial role in ensuring the fulfillment of a sense of appreciation and work encouragement for employees. The right remuneration scheme is able to support organizations in recruiting and retaining the best talent, boosting operational efficiency, while building a constructive professional atmosphere.

Another factor that affects employee performance discussed in this research is employee attachment. Employee engagement has become one of the issues in studies related to Human Resources. Various academic findings reveal that a high level of employee engagement is able to provide various benefits for companies, including increasing work commitment so as to encourage increased productivity through the achievement of better work targets. The effectiveness of human resource management has a significant impact on the achievement of staff work results. The existence of a strong emotional bond between personnel and institutions will encourage them to make maximum contributions to the progress of the organization (Saks, 2006).

Various empirical studies have proven that there is a positive correlation between employee engagement levels and organizational achievements, which has an impact on increasing productivity and company profits (Choo et al, 2013). Employee engagement is defined as a mental state in which workers feel they have a vested interest in the success of the organization and are driven to exceed the performance expectations of established standards (Mercer, cited by Carpenter & Wyman, 2007:1). Employee engagement or the sense of attachment of employees to the tasks and institutions where they work is a vital component for the company, as well as a key variable that determines the success of the company's operations (Triple Creek Associates, 2007). Basically, employee engagement can be understood as the amount of loyalty and emotional connection of workers to the company and the principles it adheres to. Employees who experience high attachment show full involvement and passionate enthusiasm for their duties and institutions where they work. The essence of this engagement lies in the willingness and capacity of individuals to support the success of the organization, which is reflected in the seriousness in completing work responsibilities and the sacrifice of

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time, mind, and energy even beyond normal working hours.

In addition, what affects employee performance is that workplace comfort (job satisfaction) affects the quality of employee work. According to Karina, Sunuharyo, and Mukzam (2013), employees who feel comfortable at work will show a positive impact on their work results. Workplace comfort also influences an employee's decision to choose or apply for a job at a company. Work comfort is a condition in which a person feels valued, safe, and happy, so that they are not mentally burdened. Suwatno and Priansa (2011) stated that comfort consists of two types: material and immaterial. Material comfort includes things that can be felt physically, such as facilities, salary, and office space, while immaterial comfort has to do with feelings. Every employee has the right to equal opportunities without discrimination, which means that job comfort is not only reserved for high positions, but also for all employees at various levels. Work comfort is an important factor to make employees stay long. Thus, companies need to provide complete facilities to maintain employee retention. On the other hand, Groen, Hoekstra, and Sprang (2019) suggest that workplace facilities and comfort are very important predictors for supporting employee work.

Badan Usaha Milik Negara (BUMN) XYZ is a company in the State-Owned Enterprise (SOE) category, focusing on electricity generation and distribution where the presence of the community is indispensable to meet the needs of electrical energy. As the largest utility company in the country, it has a great responsibility in providing reliable and quality electricity services to the entire community. With a wide range of services, the company relies on the optimal performance of all its divisions, especially from customer-facing service units.

BUMN XYZ Gorontalo is one of the Implementing Units under BUMN XYZ SULUTTENGGO which is responsible for providing services that focus on the reliability of the electricity system so that customers are satisfied. For its implementation, it coordinates with each other, especially in areas that cover 1 city and 5 districts, namely Gorontalo City, Bone Bolango Regency, Gorontalo Regency, Boalemo Regency, Pohuwato Regency and North Gorontalo Regency. Each is divided into the work area of the Customer Service Unit (ULP). Of course, in the implementation of its duties and responsibilities, BUMN XYZ Gorontalo really needs competent employees who are appropriate and have a high level of integrity.

Characteristics of employee performance at the level of work and responsibilities of each. So efforts to improve employee performance are a priority. With the number of customers continuing to increase, the need to improve the quality of services is becoming more and more urgent. The annual report of SOE XYZ in Gorontalo shows that despite various efforts to improve services, there are still complaints from customers regarding delayed response and handling of technical problems. This highlights the importance of evaluating the factors that affect employee performance.

There is a decrease in performance that usually occurs due to several factors that affect it, including employee performance. Employee performance does not only depend on technical abilities but also on psychological and managerial aspects. Key Performance Indicators (KPIs) serve to define and measure organizational goals, which are fundamental elements for any sustainable organization as well as the success of any company. KPIs are very important for Companies that aim to implement a performance management system based on measurable

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aspects (Asih et al. 2020). KPIs can modify behavior and produce various results to improve business performance, encourage improvements in operations, and support sustainability in the implementation of performance measures, so that it becomes a more efficient method in organizational management (Sudaryanto, 2024). Thus, in a company, especially the XYZ Gorontalo SOE, it is very necessary to improve the factors that affect employee performance, such as the variables being studied, so that what has been determined in the Key Performance Indicator (KPI) of the unit can be in accordance with the target or even exceeded.

Various previous studies have shown a positive correlation between work motivation, career development, compensation system, employee attachment, job satisfaction and employee performance. Nitisemito (2018) found that these five factors have a significant influence on productivity in the manufacturing sector. However, the research is still limited to the manufacturing sector and does not fully represent conditions in the energy sector such as SOEs XYZ, where work pressure and service demands are very high. This shows that there is a research gap that needs to be filled. In addition, there have not been many studies that specifically explore these factors in the context of SOEs and in technical work units. XYZ SOEs in Gorontalo as part of SOEs have unique characteristics and challenges that are different from the private sector. This research gap becomes even more pronounced when we consider the differences in organizational cultures in the public and private sectors, which can affect factors such as motivation and job satisfaction. Therefore, it is important to explore these factors in the context of SOEs.

The novelty of this study is its focus on XYZ SOE employees in Gorontalo, who have different characteristics compared to other work units. Many employees often face unique challenges, including the need to maintain continuity of electrical service in a variety of conditions. This research will fill the research gap by conducting a comprehensive analysis of the influence of work motivation, compensation, career development, compensation, employee attachment and job satisfaction, on the performance of XYZ SOE employees in Gorontalo. With this study, it is hoped that factors that specifically affect the performance of XYZ SOE employees in Gorontalo can be found. This will provide guidance for management in improving employee performance.

Method

This study is a verifiable study to test the influence of work motivation, career development, compensation system, and employee engagement on employee performance with job satisfaction as a mediating variable (Suliyanto, 2018), using quantitative approaches based on numerical data and statistical analysis. The research design was systematically prepared using a closed questionnaire distributed to employees of the XYZ Gorontalo SOE through a cross-sectional approach. The research object includes free, bound, and mediation variables (Suliyanto, 2018), with the subject in the form of relevant individual employees (Arikunto, 2011), and the unit of analysis is individual because of its focus on personal perception (Sekaran & Bougie, 2016). Ethics are maintained through data confidentiality, voluntary participation, and respondent honesty. Construct measurements were carried out using a Likert scale of 1–5 and operationalization of variables based on theory and previous research to ensure

validity and reliability.

This study used a Likert scale of 1–5 to measure respondents' perception of the variables (Hardani et al., 2020; Fadila, 2020), with primary data collected through digital questionnaires and interviews, as well as secondary data from official reports. The sample was purposively determined and calculated using the Slovin formula (Suliyanto, 2018), resulting in 160 respondents from a population of 307 employees to meet the needs of SEM-PLS analysis (Hair et al., 2014). Analysis was carried out with PLS-SEM through outer and inner models (Hair et al., 2018a) (Juliandi, 2018)), preceded by a preliminary test of 30 respondents. As a result, six indicators with an outer loading <0.7 were removed to improve AVE (>0.5), as well as validity and reliability were confirmed via AVE, HTMT <0.9, Cronbach's Alpha, and Composite Reliability >0.7 (Hair, Sarstedt, et al., 2022) (Sahir, 2021).

Results and Discussion

Descriptive Statistics

In the current study, the researcher used a likert scale measurement that has a value of 1 – 5 for the answers selected on the questionnaire. A scale of 1 means strongly disagree, a scale of 2 disagrees, a scale of 3 is neutral, a scale of 4 agrees and up to a scale of 5 means strongly agree. The scale used can interpret the data that has been filled in by the respondent using intervals, the interval formula is as follows:

Interval: (scale maximum value – scale minimum value)/point scale

$$\text{Interval: } (5-1)/5 = 0.8$$

So based on the calculation of the interval, the result of the interval value obtained is 0.8 for the five scales that have been categorized below.

Table 1. Respondent Answer Categories

Value	Answer Categories
1,000 – 1,800	Strongly Disagree
1,801 – 2,600	Disagree
2,601 – 3,400	Neutral
3,401 – 4,200	Agree
4,201 – 5,000	Strongly agree

Source: Results of researcher processing from SmartPLS (2024)

Descriptive Statistics of *Work Motivation Variables (WM)*

Table 2. Description of Variable Work Motivation (WM)

Variable	Indicators	Name	Min	Max	SD	Mean	Category
Work Motivation (WM)	I am motivated to work because I feel safe at work	WM1	1.000	5.000	0,502	4.544	Strongly agree
	I am motivated because of it.. a	WM2	1.000	5.000	0,581	4.475	Strongly

sense of family with co-workers						agree
I always want to participate in every joint event in the office	WM3	1.000	5.000	0,520	4.456	Strongly agree
I am motivated because I participate in determining the company's goals	WM5	1.000	5.000	0,495	4.438	Strongly agree
I am motivated to have the opportunity to develop my skills	WM6	1.000	5.000	0,485	4.469	Strongly agree
I am motivated in my work because the equipment is provided by the company	WM7	1.000	5.000	0,491	4.525	Strongly agree
I get good treatment in a corporate environment	WM8	1.000	5.000	0,538	4.500	Strongly agree
Flat – Flat				0,516	4.487	Strongly agree

Source: Results of Researcher Data Processing from SmartPLS (2024)

The results of the descriptive statistics of the Work Motivation (WM) variable showed an average score of 4.487 with a standard deviation of 0.516 from 160 respondents of SOE XYZ Gorontalo employees, indicating very high work motivation. The highest indicators were feeling safe at work (4,544) and availability of work equipment (4,525), while the lowest score remained high, i.e. participation in the determination of company goals (4,438). This high motivation correlates with the demographic profile of the respondents, who are mostly men (75%), aged 28–35 years (48.4%), D1 education (47.8%), married (86.3%), and 1–5 years of service (30.4%). Functional positions (71.88%) and an even distribution of work units also reflect that high motivation is comprehensive in all lines of work.

Descriptive Statistics of Career Development Variables (CD)

Table 3. Description of Career Development (CD) Variables							
Variable	Indicators	Name	Min	Max	SD	Mean	Category
Career Development (CD)	I feel that there is an equal opportunity for training within this company	CD1	1.000	5.000	0,535	4.325	Strongly agree
	Training at this company allowed me to rise to a higher level of employment	CD2	2.000	5.000	0,561	4.281	Strongly agree
	I feel that there is continuous learning in this company	CD3	1.000	5.000	0,492	4.400	Strongly agree
	I got a lot of opportunities to develop my career in this job	CD4	1.000	5.000	0,594	4.294	Strongly agree
	I have excellent communication skills achieved through training	CD5	1.000	5.000	0,532	4.338	Strongly agree
	My leader helped me develop	CD6	1.000	5.000	0,537	4.375	Strongly

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	solutions to improve the efficiency of my work	agree
Flat - Flat	0,542 4.336	Strongly agree

Source: Results of Researcher Data Processing from SmartPLS (2024)

The results of the descriptive statistics of the Career Development (CD) variable showed an average score of 4.336 with a standard deviation of 0.542 from 160 respondents of BUMN XYZ Gorontalo, indicating a very positive perception of career development. The highest indicator was continuous learning (4,400), followed by supervisors' support in work efficiency (4,375), while the lowest score was related to training for promotion (4,281), although it remained in the category of strongly agree. This high perception is supported by the dominance of male respondents (75%), 28–35 years old (48.4%), working period 1–5 years (30.4%), D1 education (47.8%), and married status (86.3%), who are generally in the productive career phase. The functional position (71.88%) and the distribution of respondents in the Implementation Unit (62.5%) indicate that the career development system in XYZ SOEs has touched all levels of work evenly and effectively.

Descriptive Statistics of Variable Compensation System (CS)

Variable	Table 4. Variable Compensation System (CS) Description						
Variable	Indicators	Name	Min	Max	SD	Mean	Category
Compensation System (CS)	The bonus I received corresponded to performance that exceeded the specified target	CS2	1.000	5.000	0,654	4.225	Strongly agree
	I feel that I have received a salary according to the company's ability level	CS3	1.000	5.000	0,561	4.400	Strongly agree
	With the level of education I got, I was happy with the compensation I received	CS4	1.000	5.000	0,535	4.362	Strongly agree
	Looking at how long I worked, I felt satisfied with the compensation I received	CS5	1.000	5.000	0,544	4.388	Strongly agree
	I am already comfortable with the payment method provided to me	CS6	1.000	5.000	0,574	4.369	Strongly agree
	I became passionate about working with the compensation I received	CS7	1.000	5.000	0,548	4.450	Strongly agree
	I feel that I am receiving a measurable payment from the results of my work	CS8	1.000	5.000	0,559	4.338	Strongly agree

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Flat – Flat	0,568	4.362	Strongly agree
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Source: Results of Researcher Data Processing from SmartPLS (2024)

The descriptive results of the Compensation System (CS) variable showed an average score of 4.362 with a standard deviation of 0.568 from 160 respondents of the XYZ Gorontalo SOE, which reflects a very positive perception of the company's compensation system. The highest indicator was morale due to compensation (4,450), while the lowest score was the match of the bonus with performance exceeding the target (4,225), although it remained in the category of strongly agree. This high perception is supported by the profile of respondents, the majority of whom are of productive age, married, have a D1 education, and adequate work experience, factors that increase expectations for fairness and proportionality of compensation. The compensation system is also considered to play an important role in maintaining employee motivation and loyalty, both at the executive and technical staff levels.

Descriptive Statistics of Employee Engagement (EE) Variables

Table 5. Description of Employee Engagement (EE) Variables

Variable	Indicators	Name	Min	Max	SD	Mean	Category
Employee Engagement (EE)	I have a high passion for doing work	EE1	2.000	5.000	0,509	4.500	Strongly agree
	I try my best to get the job done well	EE2	2.000	5.000	0,485	4.487	Strongly agree
	I am diligent in doing the work until it is finished	EE3	2.000	5.000	0,472	4.612	Strongly agree
	I'm proud of my job so it's hard to leave this company	EE4	2.000	5.000	0,478	4.469	Strongly agree
	I am always enthusiastic about working	EE5	2.000	5.000	0,458	4.556	Strongly agree
	I am happy to carry out my job duties	EE8	1.000	5.000	0,540	4.412	Strongly agree
Flat – Flat					0,490	4.506	Strongly agree

Source: Results of Researcher Data Processing from SmartPLS (2024)

The descriptive results of the Employee Engagement (EE) variable showed an average score of 4.506 with a standard deviation of 0.490 from 160 respondents of BUMN XYZ Gorontalo, indicating very high work involvement emotionally, cognitively, and behaviorally. The highest indicator was perseverance in completing work (4,612), followed by enthusiasm (4,556) and work ethic (4,500), while the lowest score remained high, i.e. joy at work (4,412). This high engagement is in line with demographic characteristics that are in the mature career phase, reflecting high responsibility and personal attachment to work. Overall, these results reflect a positive work culture and support employee loyalty and productivity.

Descriptive Statistics of Job Satisfaction Variables (JS)

Table 6. Description of Variable Job Satisfaction (JS)							
Variable	Indicators	Name	Min	Max	SD	Mean	Category
Job Satisfaction (JS)	Overall, I am satisfied with my work	JS1	1.000	5.000	0,444	4.569	Strongly agree
	I find my work very interesting	JS2	1.000	5.000	0,465	4.544	Strongly agree
	My current job meets my expectations	JS3	2.000	5.000	0,535	4.419	Strongly agree
	My current job is a lot of fun	JS4	2.000	5.000	0,494	4.425	Strongly agree
	I am satisfied with my incentives.	JS5	1.000	5.000	0,542	4.431	Strongly agree
Flat – Flat					0,495	4.482	Strongly agree

Source: Results of Researcher Data Processing from SmartPLS (2024)

The descriptive results of the Job Satisfaction (JS) variable from 160 employees of SOE XYZ Gorontalo showed an average score of 4.482 (SD = 0.495), indicating a very high level of job satisfaction. The highest indicators were overall satisfaction (4,569), followed by attractive jobs (4,544) and satisfaction with incentives (4,431). The lowest indicator was the suitability of work with expectations (4,419), although it remained in the category of strongly agree.

This high level of satisfaction is in line with the demographic profile of respondents who are dominated by experienced employees, with varied work dynamics, who tend to have a realistic view and appreciation of the work environment. In general, this job satisfaction reflects the company's success in creating a fair, attractive, and balanced work climate, which supports loyalty and long-term performance.

Descriptive Statistics of Employee Performance Variables (EP)

Table 7. Description of Employee Performance (EP) Variables							
Variable	Indicators	Name	Min	Max	SD	Mean	Category
Employee Performance (EP)	I understand my organization's performance review criteria	EP1	1.000	5.000	0,476	4.431	Strongly agree
	I understand my job and how to execute it	EP2	2.000	5.000	0,401	4.556	Strongly agree
	I was able to complete work on an unforeseen schedule on time	EP3	2.000	5.000	0,439	4.487	Strongly agree
	I maintain a good attendance time in this company	EP4	2.000	5.000	0,416	4.556	Strongly agree
	I can perform the assigned tasks to the best of my ability	EP5	2.000	5.000	0,382	4.600	Strongly agree
	I am very familiar with the	EP6	2.000	5.000	0,390	4.594	Strongly

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	operational standards of my work procedures	agree
Flat – Flat	0,417 4.537	Strongly agree

Source: Results of Researcher Data Processing from SmartPLS (2024)

The results of descriptive statistics on the Employee Performance Variable (EP) in this study were measured through six indicators that reflect the understanding, ability, and consistency of employees in carrying out their job duties, using a Likert scale of 1–5. Based on the results of a survey of 160 employees of the XYZ Gorontalo SOE, an average score of 4.537 with a standard deviation of 0.417 was obtained. The average score is in the category of very agreed, which indicates that employees generally have an excellent level of performance in carrying out their duties.

The indicator with the highest average score was "I can perform the assigned task as best as possible" (EP5) with a mean of 4.600 and the lowest standard deviation of 0.382, reflecting respondents' confidence in their personal capabilities in completing the work optimally. This was followed by the indicators "I am very familiar with the operational standards of my work procedures" (EP6) with a mean of 4.594, and "I understand my work and how to carry it out" (EP2) and "I maintain a good attendance time in this company" (EP4), with a mean of 4.556, respectively. This shows that employees not only have a conceptual understanding of tasks and procedures, but also show high discipline and responsibility in the execution of work. The indicator with the lowest average score was "I understand my organization's performance review criteria" (EP1) with a score of 4.431 nevertheless, the score remained high in the strongly agree category.

Overall, this high level of employee performance reflects the effectiveness of the management system and work culture at BUMN XYZ Gorontalo in encouraging optimal employee performance. This success can be an important indicator that the company has provided a conducive work environment, a good training system, and leadership that supports the achievement of work targets efficiently and productively.

Inferential Analysis

The researcher used inferential statistics to seek conclusions from the sample population as well as the relationships between statistically arranged variables (Sekaran & Bougie, 2016). The researcher has collected answers from a questionnaire distributed by 160 respondents and will process data using smart-PLS 4. The processed data will obtain inferential statistical analysis, namely the outer model and the inner model.

Outer Model Results

In this study, 160 respondents have collected answers that will be used as primary data. The researcher will use the outer model as a test of the validity and reliability of the questionnaire. Validity testing uses include measuring convergent validity, average variance extract (AVE), and discriminant validity. Meanwhile, reliability testing will include assessments of composite reliability and Cronbach's alpha.

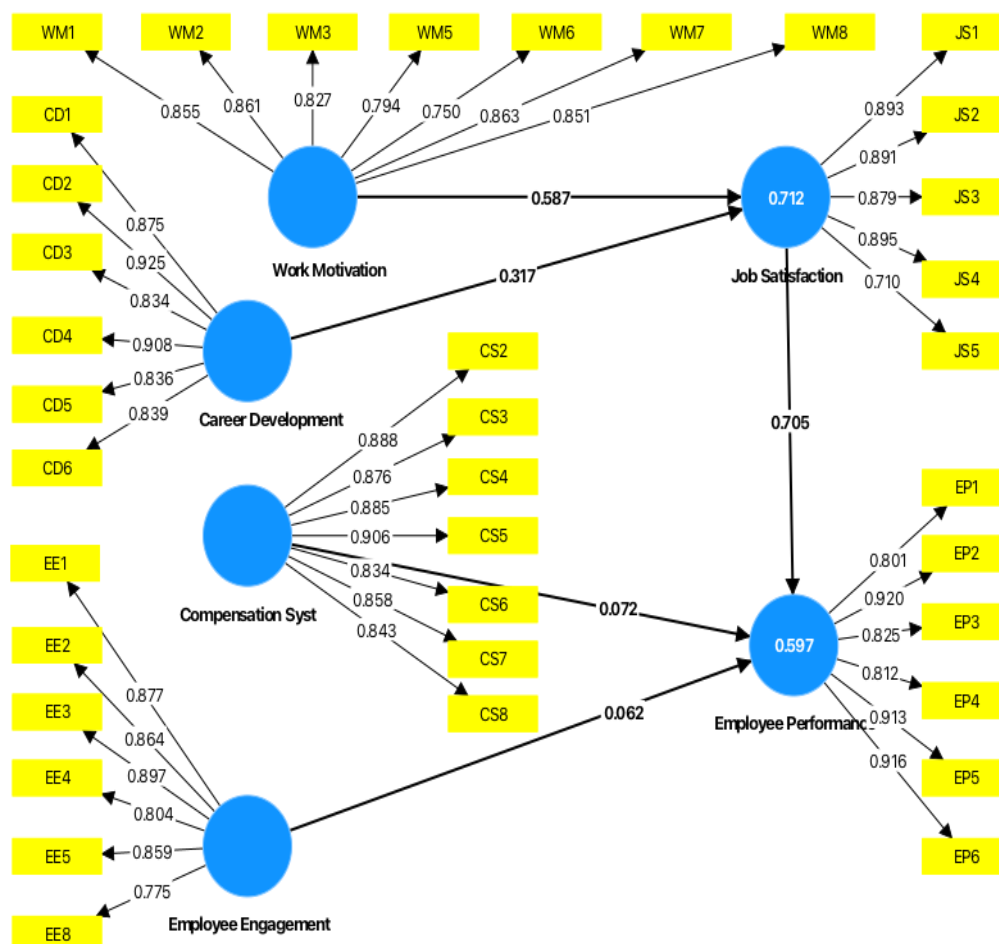


Figure 1. Outer Model
Source: Outer Loading Test Results Using SmartPLS 4 (2024)

Reliability Indicator (Outer Loading)

The test results from the outer loading on the Work Motivation, Career Development, Compensation System, Employee Engagement, Job Satisfaction, and Employee Performance Tables have reliable evaluation model results because they have a value above 0.70 (Hair et al., 2018b). The results of the analysis of outer loadings showed that each indicator in each variable had a very high level of reliability. The outer loading of all indicators was above 0.990, which significantly met the reliability criteria (>0.70) for the model's measurements, indicating a strong relationship between the indicator and its construct.

Construct Reliability

The test results of the construct reliability show that the total value of cronbach alpha and composite alpha is greater than 0.70. This means that all variables in the study can be relied on to enter the stage of measuring construct variables in each indicator.

Construct Validity

Table 8. AVE (Average Variance Extracted) Value

Variable	Average variance extracted (AVE)	Information
Career Development	0.757	Valid
Compensation System	0.758	Valid
Employee Engagement	0.718	Valid
Employee Performance	0.750	Valid
Job Satisfaction	0.734	Valid
Work Motivation	0.688	Valid

Source: Construct Validity Test Results Using SmartPLS 4(2024)

The test results of the construct validity stated that each indicator passed and was considered valid because all values were above the minimum AVE score, which was 0.5 (Hair et al., 2018b) Therefore, the results stated conclude that each indicator is appropriate to be used as a measurement of each latent variable.

Discriminant Validity

Table 9. Discrimination Test of Heterotrait-Monotrait Ratio (HTMT) Validity Test

	Career Development	Compensation System	Employee Engagement	Employee Performance	Job Satisfaction	Work Motivation
Career Development						
Compensation System	0.764					
Employee Engagement	0.140	0.152				
Employee Performance	0.698	0.632	0.211			
Job Satisfaction	0.802	0.808	0.195	0.829		
Work Motivation	0.777	0.714	0.303	0.825	0.883	

Source: HTMT test results using SmartPLS 4 (2024).

The results of the discriminant validity test using the Heterotrait-Monotrait Ratio (HTMT). HTMT is used to evaluate the extent to which a construct (variable) can be distinguished from another, with lower values indicating better discrimination between variables.



Results of Structural Model (Inner Model)

Hypothesis testing will be discussed through internal model analysis. The purpose of hypothesis testing is to find out the presence or absence of relationships between variables. Figure 4.2 shows the results of the inner model using the VIF (Variance Inflation Factor), R-Square, and Q-Square Predict parameters (Hair et al., 2018b)

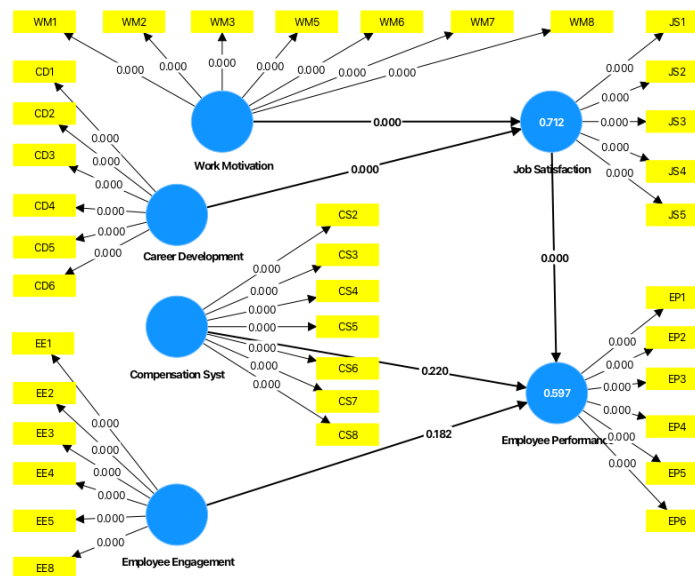


Figure 2. Inner Model One-Tailed SmartPLS
Source: Test Results Using SmartPLS 4 (2024)

Multicollinearity (VIF)

Table 10. VIF Values Test Results

	VIVID
Career Development -> Job Satisfaction	2.067
Compensation Syst -> Employee Performance	2.152
Employee Engagement -> Employee Performance	1.034
Job Satisfaction -> Employee Performance	2.179
Work Motivation -> Job Satisfaction	2.067

Source: Results of research data processing from SmartPLS4 (2024)

The results of the multicollinearity test using the Variance Inflation Factor (VIF) value of VIF values higher than 5 or 10 indicate the potential for significant multicollinearity, which can interfere with the interpretation of regression coefficients. Basically, the value of VIF is categorized as ideal if it has a number of <3 or <5 (Hair et al., 2019).

Determinant Coefficient (R-Squared)

R-Square is used to find out how to explain between exogenous variables to endogenous variables. In addition, to find out whether structural equations are good or not. The larger the R square, the better the structural equation because the exogenous variable explains the endogenous variable. R-square where R^2 values >0.25 are declared small accuracy, $R^2 >0.50$ is declared moderate accuracy and $R^2 >0.75$ is declared strong accuracy (Hair et al., 2019).

Table 11. R-Squared

Variable	R-square	R-square adjusted	Result
Employee Performance	0.597	0.589	Moderate accuracy
Job Satisfaction	0.712	0.709	Moderate accuracy

Source: Results of research data processing from SmartPLS4 (2024)

R-square data where the R^2 Employee Performance value is stated as moderate accuracy, and R^2 Job Satisfaction is stated as moderate accuracy.

Effect Size (F-Squared)

Effect size analysis or F-Square has the purpose of assessing the magnitude of the influence between variables (Hair et al., 2018b). The F-Square value >0.02 is referred to as small, while >0.15 is referred to as medium, and the value >0.35 is referred to as large. But the value of f-square <0.02 can be considered to have no effect. In Cohen (1988) if an effect has a relevant magnitude, the size effect is used to describe the strength of a phenomenon that is most popularly the size effect (Cohen, 1988)

Table 12. F-Square

Variable	f ²	P value	Result
Career Development -> Job Satisfaction	0.169	0.000	Medium effect size
Compensation Syst -> Employee Performance	0.006	0.220	Small effect size
Employee Engagement -> Employee Performance	0.009	0.182	Small effect size
Job Satisfaction -> Employee Performance	0.566	0.000	Big effect size
Work Motivation -> Job Satisfaction	0.580	0.000	Big effect size

Source: Research data processing results from SmartPLS (2024)

The results of the Smart-PLS analysis showed variations in the strength of influence between variables based on the effect size (F^2) value. Career Development on Job Satisfaction showed a moderate effect ($f^2 = 0.169$; $p = 0.000$), indicating a significant role of career development in increasing job satisfaction. In contrast, the Compensation System ($f^2 = 0.006$; $p = 0.220$) and Employee Engagement ($f^2 = 0.009$; $p = 0.182$) on Employee Performance were very small and insignificant, showing minimal direct contribution.

The greatest influence was shown by Job Satisfaction on Employee Performance ($f^2 = 0.566$; $p = 0.000$) and Work Motivation on Job Satisfaction ($f^2 = 0.580$; $p = 0.000$), both of

which were in the large category. This underscores the importance of job satisfaction and motivation as key drivers of performance. Overall, only the pathways related to motivation and job satisfaction showed a significant impact, indicating the need for management to focus on psychological aspects to improve employee performance.

Predictive Relevance (Q2_Predict) Value

In the analysis of PLS-SEM, it is important to evaluate the quality of the proposed and tested model, especially in terms of predictive capabilities. One way to assess the quality of a model's predictions is to use Q2_predict values, which measure the relevance of predictions. This method is also known as cross-validated redundancy, which previously used a blindfolding approach. Currently, in PLS-SEM analysis, this method uses Q2_predict as a new alternative.

The Q2_predict value is obtained through calculations using PLS_predict in the new generation software. The Q2_predict value can be in the range of -1 to +1. If the Q2_predict value for an endogenous construct or dependent variable is less than 0, then this indicates that the construct does not have a significant predictive value. If the value is more than 0, then the construct is considered to have predictive relevance. In addition, if the value of Q2_predict is between 0 and 0.25, then the predictive ability of the construct is considered small predictive relevance. And if the value is more than 0.5, then the predictive ability is considered large predictive relevance.

The Q2_predict method in PLS-SEM, especially with SmartPLS 4, involves comparison with out-of-sample data according to the specified algorithm. It involves simulating data changes and comparing them to the original estimated data from the bootstrapping results. In contrast to R2 which uses original (in-sample) data, Q2_predict provides a more accurate picture of the extent to which the model can predict data from different samples in other studies. This is important because the model must be able to predict data from diverse samples to be relevant in a broader research context (Shmueli et al., 2019); Hair, Risher, et al., 2019).

Table 14. Q-Square

Variable	Q ² predict	RMSE	MAE	Result
Employee Performance	0.553	0.690	0.536	Wide Predictive Relevance
Job Satisfaction	0.692	0.570	0.384	Wide Predictive Relevance

Source: Results of research data processing from SmartPLS4 (2024)

The Employee Performance variable has a Q²_predict value of 0.553, with an RMSE value of 0.690 and MAE of 0.536. Meanwhile, the Job Satisfaction variable has a Q²_predict value of 0.692, with an RMSE value of 0.570 and MAE of 0.384. Referring to the interpretation classification of Hair et al. (2019), the value of Q²_predict > 0.5 indicates that the model has a high predictive relevance to endogenous variables.

The Q²_predict values in both constructs show that the structural model in this study is not only able to explain the relationships between variables significantly in the in-sample, but also has excellent predictive capabilities for out-of-sample data. In other words, this model has

proven to be reliable in projecting Employee Performance and Job Satisfaction variables beyond the data used in the test, making it very relevant to be applied in a broader context. The final results show that the two endogenous constructs, namely Employee Performance and Job Satisfaction, both have large predictive relevance. This strengthens the external validity of the model and increases confidence in the generalization of the research findings.

Cross Validated Predictive Ability Test (CVPAT)

At present, the analysis method using PLS-SEM has advanced, including in its data processing approach and algorithm. One of the most recent approaches is the Cross-Validated Predictive Ability (CVPAT), which is recommended by Hair et al., (2022), Liengaard (2021.)and Sharma et al., (2024) This method is considered to be more accurate in assessing the overall capabilities of the model, not just on the target variable or its dependent constructs, as suggested by Sharma et al., (2024). CVPAT can be run using SmartPLS 4 software.

Table 15. CVPAT

Variable	PLS SEM vs indicator average (IA)		PLS SEM vs linear model (LM)	
	Average loss difference	p-value	Average loss difference	p-value
Innovative Work Behavior	-0.151	0.000	-0.067	0.009
Job Performance	-0.256	0.000	-0.054	0.068
Overall	-0.199	0.000	-0.061	0.010

Source: Results of research data processing from SmartPLS4 (2024)

In the Innovative Work Behavior construct, the PLS-SEM model shows significant predictive advantages over the indicator average (average loss difference = -0.151; $p = 0.000$) and linear model (difference = -0.067; $p = 0.009$). A similar thing can be seen in the Job Performance construct, where PLS-SEM is superior to the indicator average (difference = -0.256; $p = 0.000$), but only close to significant compared to the linear model (difference = -0.054; $p = 0.068$). In aggregate, PLS-SEM showed an average loss difference of -0.199 compared to IA ($p = 0.000$) and -0.061 compared to LM ($p = 0.010$), which confirms the significant advantages of this model. The results of this CVPAT prove that the structural model is not only theoretically and empirically valid, but also predictively superior, making it feasible to apply in organizational practice as well as advanced research.

Research Hypothesis Test Results

This hypothesis test was used to see if there was a significant influence between independent variables and dependent variables. This test can be seen from the results of the path coefficient and t-statistical value. The hypothesis itself will be supported if it has a t-statistical value of >1.65 and is not supported if it has a value of <1.65 . Then the P value <0.05 hypothesis will be supported and if the P value is >0.05 then the hypothesis is not supported.

Table 16. Direct Effect Hypothesis Test

Hypothesis		Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P value	Results
H1	Work Motivation > Job Satisfaction	0.587	0.586	0.085	6.870	0.000	Supported
H2	Career Development > Job Satisfaction	0.317	0.319	0.085	3.730	0.000	Supported
H3	Compensation System > Employee Performance	0.072	0.092	0.093	0.774	0.220	Not supported
H4	Employee Engagement > Employee Performance	0.062	0.063	0.068	0.909	0.182	Not supported
H5	Job Satisfaction > Employee Performance	0.705	0.684	0.093	7.575	0.000	Supported

Source: Results of research data processing from SmartPLS4 (2024)

The Effect of Work Motivation on Job Satisfaction.

The test results showed that the original sample was 0.587, with a T-statistic value of 6.870 and a P-value of 0.000. This value is well above the T threshold of 1.645 (for a one-tailed test at $\alpha = 0.05$), so this hypothesis is supported. This means that work motivation has a positive and significant influence on the job satisfaction of XYZ SOE employees in Gorontalo.

The Influence of Career Development on Job Satisfaction.

This hypothesis resulted in an original sample of 0.317, with a T-statistic of 3.730 and a P-value of 0.000. This very significant T-value also supports the hypothesis, which suggests that career development makes a positive contribution to job satisfaction. Thus, the H2 hypothesis is statistically supported.

The Effect of the Compensation System on Employee Performance.

In this hypothesis, the original sample was obtained of 0.072, with a T-statistic of only 0.774 and a P-value of 0.220. The T-value was lower than the minimum threshold (1.645), so the effect was not statistically significant, and this hypothesis is not supported. This means that the compensation system has not shown a significant influence on employee performance in the context of this study.

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The Effect of Employee Engagement on Employee Performance.

The results for the H4 hypothesis showed an original sample of 0.062, a T-statistic of 0.909, and a P-value of 0.182. This value also does not meet the significance requirement, so the hypothesis is not supported. This shows that employee engagement levels have not been shown to have a direct effect on employee performance significantly in this study.

The Effect of Job Satisfaction on Employee Performance.

The last hypothesis gives an original sample result of 0.705, with a very high T-statistic of 7.575, and a P-value of 0.000. This value shows a very significant influence. Thus, the H5 hypothesis is strongly supported, which means that job satisfaction has a positive and significant influence on the performance of employees of the XYZ Gorontalo SOE.

Discussion

The Effect of Work Motivation on Job Satisfaction.

The results of the analysis in this study show that work motivation has a positive and significant influence on the job satisfaction of XYZ SOE employees in Gorontalo. This is shown by the original sample value of 0.587 with a T-statistic value of 6.870 and a P-value of 0.000. Since the T-value far exceeded the threshold of 1.645 in the one-tailed test with a significance level of 5%, the hypothesis was declared supported. In other words, the higher the work motivation felt by employees, the higher their level of job satisfaction.

These findings are in line with the results of a previous study conducted by Paais & Pattiruhu (2020) which emphasized that job satisfaction can only be achieved if there is a synergy between work motivation, leadership, and organizational culture that is accepted by all employees. In this context, work motivation is one of the key factors that not only affects satisfaction, but also has an impact on the overall performance of the organization through the individual contributions of employees.

Furthermore, according to Da Cruz Carvalho et al. (2020), employees who feel personally connected to their work tend to view motivation as the main factor in driving job satisfaction. Motivation encourages work ethic, a sense of belonging, and the desire to perform tasks as well as possible. In such conditions, employees tend to create a conducive and collaborative work atmosphere, which ultimately strengthens overall job satisfaction.

Research by Panggabean et al. (2022) also shows that high motivation contributes to increased job satisfaction as employees become more committed, responsible, and show enthusiasm for getting work done. The same thing is also emphasized by Chandra (2023) who states that high work motivation is able to create a productive and positive work environment, which has an impact on increasing employee satisfaction and morale.

Contextually, these findings reflect the actual situation in the work environment of SOE XYZ in Gorontalo, where the majority of employees show high work morale, especially those who are of productive age and have a bachelor's education background. A stable work environment, managerial support, and a clear career development system help shape a positive perception of their work. The combination of intrinsic drive and supporting external factors has made a real contribution to employee job satisfaction in the company. Thus, strengthening the

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strategy to increase work motivation will be an important step in maintaining and increasing employee job satisfaction in the future.

The Influence of Career Development on Job Satisfaction.

The results of the study show that career development has a positive and significant influence on the job satisfaction of XYZ SOE employees in Gorontalo. This is proven by the original sample value of 0.317 with a T-statistic of 3.730 and a P-value of 0.000. Since the T-value is greater than the threshold of 1.645 (for a one-way test with a significance level of 5%), the H2 hypothesis is statistically supported. Thus, the better the career development that the company provides to employees, the higher the level of job satisfaction felt.

These findings are consistent with previous research by Febrianti et al. (2020) which stated that a company's success is highly dependent on its human resource management. Employees who have clarity on career paths and receive development support from the company tend to have higher motivation to work. Career development not only helps keep employees high-performing, but it also provides a psychological boost that directly impacts their job satisfaction. Employees who see clear career prospects and feel valued by the company tend to be more loyal and satisfied with their work.

Amaral (2024) also emphasizes the importance of integration between career development and compensation factors in increasing job satisfaction. The study found that employees who feel they have the opportunity to grow in the organizational structure as well as get commensurate compensation are more likely to show a positive work attitude. Ambiguity in career paths or stagnation in job positions can lead to frustration and dissatisfaction, on the contrary, support for career development creates a positive perception of the company.

In the context of XYZ SOEs in Gorontalo, the reality on the ground shows that most employees have aspirations to develop in the organizational structure, especially since the majority come from the productive age group and have a higher education background. Clarity in the assessment system and promotion of positions is an important factor that affects their perception of career opportunities. When companies provide training, development programs, and transparency in the promotion process, employees feel cared for and motivated to contribute more. Therefore, career development is not just a managerial strategy, but also a determining factor in creating a satisfying work environment for employees.

The Effect of the Compensation System on Employee Performance.

Based on the results of hypothesis testing, it was found that the compensation system did not have a significant influence on the performance of XYZ SOE employees in Gorontalo. This can be seen from the original sample value of 0.072 with a T-statistic value of 0.774 and a P-value of 0.220. Since the T-value is smaller than the minimum threshold of 1.645 for a one-way test at a significance level of 5%, this hypothesis is not statistically supported. Thus, in the context of this study, the compensation system implemented has not shown a significant contribution in improving employee performance.

These findings show a discrepancy with a number of previous studies that stated that compensation is one of the important factors that can affect performance. According to

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Noviyanti et al. (2023), compensation is a form of reward that should be given proportionally to the employee's contribution to the organization. The compensation can be in the form of salaries, bonuses, allowances, or non-physical awards. In this view, compensation should be based on an objective and fair performance appraisal system in order to encourage employees to improve their performance.

In line with that, Vaez Shahrestani et al. (2020) added that an effective compensation system is not only related to financial aspects, but also includes aspects of intrinsic rewards such as job satisfaction, challenges in work, and self-development opportunities. However, it's important to note that not all compensation strategies will have a direct impact on performance, depending on the organizational context and employees' perceptions of the fairness of the system.

Furthermore, Santika et al. (2023) and Wandu et al. (2022) prove that compensation, both financial and non-financial, has a significant effect on improving employee performance. However, the absence of a significant influence in this study can be caused by several contextual factors that are typical of the work environment of SOE XYZ in Gorontalo. For example, the existence of uniform salary standards in SOE agencies and a collective assessment system may make compensation no longer the main differentiating factor in encouraging the improvement of individual performance.

Based on the results of statistical testing in this study, the hypothesis regarding the influence of the compensation system on the performance of XYZ SOE employees in Gorontalo is not significantly supported. This is reflected in the original sample value of 0.072 which shows a very weak correlation coefficient between the compensation variable and employee performance. In addition, the T-statistic value of 0.774 is far below the minimum threshold of 1.645 for a one-way test at a significance level of 5%, as well as a P-value of 0.220 which is greater than 0.05. Statistically, this means that there is not enough evidence to state that compensation significantly affects performance. In other words, even if there are tested relationships, they are not strong or consistent enough to be declared empirically significant. This may indicate that employee performance variability is more influenced by factors other than compensation, or that existing compensation is not sufficiently diverse or responsive to individual differences in performance, so it is not seen as a real driver of work motivation.

In terms of objects and research subjects, these results can also be explained through the typical characteristics of the work environment in BUMN XYZ in Gorontalo. As a state-owned company, the compensation system that applies in SOEs tends to be uniform, bureaucratic, and less flexible in adjusting to individual performance achievements. Collective and structural performance appraisals make rewards for personal achievements less visible or less felt by employees. This has an impact on employees' subjective perception of fairness and the relevance of compensation to the efforts they make. In this context, although formal compensation is given, it does not have a high motivational value because it does not show a direct relationship with work performance. The study subjects, namely the employees of the XYZ SOEs, were more likely to see compensation as a permanent right rather than as a form of reward for performance. Such perceptions can undermine the role of compensation as a performance driving tool, which in many previous studies has been considered crucial.

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Therefore, the absence of statistical significance in this study does not mean that compensation is not important, but that in the context of certain institutions and work cultures, the effect becomes non-dominant or even irrelevant to individual performance variations.

In practice, compensation in SOE XYZ in Gorontalo has generally been structurally determined and does not provide much room for flexibility or differentiation based on individual achievements. This may reduce employees' perception of the direct relationship between work performance and the amount of compensation received. Therefore, although the compensation system has been implemented, employees' perceptions of fairness and rewards given have not been fully reflected in the improvement in their work performance.

The finding that the compensation system does not have a significant effect on employee performance in BUMN XYZ Gorontalo can be further explained through the approach of employee perception of fairness and intrinsic motivation at work. In motivation theory, particularly equity theory (Adams, 1965), employees tend to compare the rewards they receive with their own contributions as well as those of coworkers. If the compensation received is considered unfair or does not reflect work effort proportionately, then the motivation to improve performance will also be weakened. In the context of SOEs, a compensation system that is fixed, bureaucratic, and minimally differentiated based on individual achievement tends to create the perception that high performance does not directly impact the acquisition of additional compensation. This can erode employees' intrinsic drive to work harder, as there is no real positive reinforcement. In addition, work culture in government agencies or SOEs that prioritize structural stability and compliance over competition or individual achievement can also reduce the role of compensation as a tool to control work behavior. As a result, compensation is perceived more as an administrative right than a form of reward for achievement, so it does not have a significant effect on performance improvement. Thus, in a homogeneous organizational context, compensation systems that are not adaptive to the actual performance of individuals are difficult to be a relevant variable in explaining variations in employee performance. The managerial implications of these findings emphasize the importance of designing a more flexible, merit-based, and transparent compensation system, in order to shape perceptions of fairness as well as be an effective motivational tool for performance improvement.

The Effect of Employee Engagement on Employee Performance.

Hakami, (2024) said that the relationship between superiors and employees is very important in encouraging positive and negative interactions in the workplace. Supervisors who encourage and support employees in overcoming work problems have the potential to increase motivation and job satisfaction. Attitude is an external factor that affects motivation and job satisfaction. This research focuses on the relationship between increasing job satisfaction, employee performance, and organizational effectiveness.

According to Indrayani et al. (2024), job satisfaction is an emotional state that affects a positive attitude in analyzing problems and facing challenges in the work environment. Job satisfaction is a key component in human resource development, which in turn results in increased organizational efficiency. The findings, conducted in the research of Indrayani et al.

(2024), have significant implications for improving organizational performance, allowing businesses to maximize the performance of millennial employees by focusing on job satisfaction, professional competence and personal values.

The research conducted by Hendri (2019) aims to test the relationship between employee job satisfaction and employee performance. The results show that there is a significant influence between job satisfaction and employee performance. The results obtained show that job satisfaction is an emotional condition that affects positive attitudes in assessing problems and in facing challenges. Job satisfaction is a vital component in human resource development, which in turn will result in increased efficiency at the organizational level.

Research conducted by Hakami (2024), Indrayani et al. (2024), and Hendri (2019) shows a positive influence between Job Satisfaction and Employee Performance. Although previous studies such as Hakami (2024), Indrayani et al. (2024), and Hendri (2019) have consistently shown a positive influence between job satisfaction and employee performance, the results of this study do not support this hypothesis statistically. The results of statistical tests showing that the effect of job satisfaction on employee performance are insignificant can be interpreted through several quantitative indicators, such as a small original sample coefficient value, a T-statistic that is below the threshold of 1.645 for a one-way test at a significance level of 5%, and a P-value that exceeds 0.05. Statistically, these results indicate that there is no strong enough evidence to suggest that increased job satisfaction will always be directly proportional to improved performance, particularly in the context of this study. These results challenge previous findings and suggest that job satisfaction factors may not always be the primary predictor of influencing work performance, depending on the complexity of the organizational context, work culture, and interpersonal dynamics within the institution where the research was conducted.

From the point of view of the object and subject of the research, the unsupported hypothesis can be explained through the conditions of the work environment of the XYZ SOE in Gorontalo. The characteristics of SOE organizations, which tend to be bureaucratic and rigid in human resource management, may limit the emotional expression and perception of individual work rewards. Job satisfaction referred to in the literature often includes psychological aspects such as personal appreciation, performance recognition, relationships with superiors, and work-life balance, but in the context of SOEs that emphasize uniformity and hierarchy, these aspects may not be well facilitated. The research subjects, namely SOE employees, may also experience limitations in expressing their aspirations and expectations for their work due to a less flexible organizational culture. As a result, while some employees may feel generally satisfied with their work, that satisfaction is not strong enough to trigger objectively measurable improvements in work performance. Thus, the unsupported hypothesis suggests that job satisfaction does not necessarily have a positive impact on performance, especially in the context of organizations that do not provide enough room for work experience personalization and merit-based performance incentives.

The results of the study showing that employee engagement does not have a significant effect on employee performance in BUMN XYZ Gorontalo can be interpreted as a consequence of the dissonance between the level of emotional involvement of employees and the structural

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reality of the organization. Employee engagement is generally understood as the level of enthusiasm, attention, and dedication of employees to their work which is expected to bring out optimal performance. However, in the context of bureaucratic and hierarchical organizations such as SOEs, the space for self-actualization and initiative taking is often limited, so that employees' active participation in work does not always have the space to make a real contribution to the measured work results. When employees feel that their involvement has no impact on the reward system or is not accommodated in the decision-making process, then the involvement loses its impetus as a determinant of performance. This is in line with the social exchange theory approach which states that individuals tend to reduce their contributions if they do not get commensurate reciprocity. In other words, although employees may have a high level of involvement psychologically, but if the organization's system does not recognize or channel such involvement through rewards or real influence in the work, then the impact on performance becomes insignificant. In the case of XYZ SOEs, employee engagement is most likely to be an internal and symbolic phenomenon, but is not connected to external outcomes such as promotions, bonuses, or awards. Therefore, the lack of a significant relationship between engagement and performance in this study shows that work morale and emotional commitment alone are not enough to improve performance if they are not supported by a responsive and merit-based organizational system. The managerial implications of these findings emphasize the importance of creating a work environment that not only encourages engagement but also ensures that those engagements are converted into actual opportunities to contribute, grow, and be fairly recognized.

The Effect of Job Satisfaction on Employee Performance.

The results of testing the H5 hypothesis show that job satisfaction has a positive and very significant influence on employee performance at BUMN XYZ in Gorontalo. This is reflected in the original sample value of 0.705, a very high T-statistic of 7.575, and a P-value of 0.000. This value far exceeds the significance threshold ($T > 1.645$ for a one-way test with $\alpha = 0.05$), so it can be concluded that the H5 hypothesis is strongly supported. Thus, the higher the level of job satisfaction felt by employees, the higher the level of performance they will achieve.

These findings are in line with the results of previous research that affirmed the importance of the role of job satisfaction in shaping individual performance in organizations. Hakami (2024) stated that a harmonious relationship between superiors and employees can encourage positive interactions in the workplace. Supervisors' support in resolving work problems has been proven to increase employee motivation and job satisfaction, which ultimately has a direct impact on performance. Work attitudes formed from satisfaction with the work environment are important external factors that drive productivity.

In line with that, Indrayani et al. (2024) stated that job satisfaction reflects emotional conditions that can affect positive attitudes in facing challenges and analyzing problems in the work environment. Employees who feel satisfied with their work tend to show high engagement and responsibility, which is an important element in building organizational efficiency. By paying attention to the aspect of job satisfaction, companies can maximize the

potential of employees, including the millennial generation who now dominate the workforce. Furthermore, Hendri (2019) emphasized that job satisfaction is a vital component in human resource development. When employees feel satisfied, they will be more motivated to make their best contributions, increase work effectiveness, and strengthen the achievement of overall organizational goals.

In the context of SOE XYZ in Gorontalo, these results reflect the importance of building a work environment that supports employee satisfaction through fair internal policies, open communication, and a balanced reward system. Employees who feel valued, get recognition for their performance, and feel comfortable at work, will be more motivated to achieve targets and maintain high performance. Therefore, the management of XYZ SOEs needs to consistently manage aspects that affect job satisfaction so that individual and team performance can continue to be improved on an ongoing basis.

Mediation Analysis

In mediation analysis, the main goal is to identify and understand the role of intermediary variables (mediators) in bridging the relationship between independent variables (predictors) and dependent variables (outcomes). This approach is used to explore the mechanisms behind the influence of an independent variable on the dependent variable through a mediating variable that is theoretically considered relevant. In other words, mediation analysis helps answer the question of whether the influence of independent variables on dependent variables occurs directly or involves indirect processes through mediators.

Based on the results of the mediation pathway test, it was found that Job Satisfaction plays a significant role as a mediator in the relationship between Work Motivation and Employee Performance, as well as between Career Development and Employee Performance. The mediation path from Work Motivation through Job Satisfaction to Employee Performance showed an original sample value of 0.414, with a T-statistic of 4.926 and a P-value of 0.000. This value indicates that the influence of mediation is statistically significant (because $T > 1.645$ and $P < 0.05$), so it can be concluded that job satisfaction is able to effectively bridge the relationship between work motivation and employee performance. This means that high work motivation will increase job satisfaction, which in turn has a positive impact on performance improvement.

Similarly, the mediation pathway from Career Development through Job Satisfaction to Employee Performance also showed significant results. The original sample value was 0.223 with a T-statistic of 3.437 and a P-value of 0.000 supporting a strong mediation influence. These results indicate that career development not only has a direct impact on job satisfaction, but also indirectly contributes to improving employee performance through job satisfaction as an intermediary.

Thus, these two mediation pathways underscore the importance of the role of job satisfaction as a variable that bridges the influence of internal organizational factors such as work motivation and career development on the final outcome in the form of employee performance. In the context of XYZ SOE employees in Gorontalo, these results show that efforts to increase motivation and career development will be more optimal when accompanied

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by a strategy to increase job satisfaction. Job satisfaction has been shown to be a catalyst that reinforces the positive effects of motivation and career on individual performance, ultimately supporting the achievement of organizational goals more effectively.

Conclusion

This study aims to answer five main questions related to the influence of organizational factors on the satisfaction and performance of XYZ SOE employees in Gorontalo, especially the influence of Work Motivation and Career Development on Job Satisfaction, as well as the influence of Compensation System, Employee Engagement, and Job Satisfaction on Employee Performance. Mediation analysis was also carried out as a complement.

The results show that Work Motivation and Career Development have a significant positive effect on Job Satisfaction. Work motivation and self-development opportunities increase a sense of satisfaction, security, and value in the workplace. In contrast, the Compensation System and Employee Engagement did not show a significant effect on Employee Performance, indicating that compensation and engagement have not been sufficient to drive performance improvement directly.

Job Satisfaction has been proven to have a strong positive influence on Employee Performance and significantly mediates the relationship between Work Motivation and Career Development on performance. This means that motivation and career development increase performance indirectly through job satisfaction.

Overall, Job Satisfaction is a key variable in bridging the influence of organizational factors on performance. Therefore, XYZ SOE management needs to focus its strategy on increasing motivation and career development to create job satisfaction that has a direct impact on employee performance.

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