

Analysis Of Competence And Work Discipline On Employee Performance With Job Satisfaction As A Mediating Variable At The Regional Office Directorate General Of Treasury North Sumatra Province

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ABSTRAK

Employee performance is a strategic factor in supporting the effectiveness of government tasks, especially in vertical agencies of the Ministry of Finance such as the Regional Office of the Directorate General of Treasury (Kanwil DJPb) of North Sumatra Province. This study aims to analyze the effect of competence and work discipline on employee performance with job satisfaction as a mediating variable. This study uses a quantitative approach with a survey method. The population in this study was all 70 employees of the Regional Office of the Directorate General of Treasury in North Sumatra Province, with a saturated sample technique used for sampling. Primary data were collected through questionnaires and analyzed using the Partial Least Squares-Structural Equation Modeling (PLS-SEM) method with the help of the SmartPLS application. The results showed that competence and work discipline had a positive and significant effect on employee performance. In addition, competence and work discipline also had a positive and significant effect on job satisfaction. Job satisfaction was found to have a positive and significant effect on employee performance and acted as a mediating variable in the relationship between competence and employee performance, as well as between work discipline and employee performance. The coefficient of determination showed that competence and work discipline were able to explain 53.8% of the variation in job satisfaction, while competence, work discipline, and job satisfaction were able to explain 63.4% of the variation in employee performance. The results of this study imply that improving competence, enforcing consistent work discipline, and managing job satisfaction in a sustainable manner are important factors in improving employee performance in the North Sumatra Provincial Office of the Directorate General of Taxes.

ABSTRACT

Employee performance is a strategic factor in supporting the effectiveness of government tasks, especially in vertical agencies of the Ministry of Finance such as the Regional Office of the Directorate General of Treasury (Kanwil DJPb) of North Sumatra Province. This study aims to analyze the effect of competence and work discipline on employee performance with job satisfaction as a mediating variable. This study uses a quantitative approach with a survey method. The population in this study was all 70 employees of the Regional Office of the Directorate General of Treasury in North Sumatra Province, with a saturated sample technique used for sampling. Primary data were collected through questionnaires and analyzed using the Partial Least Squares-Structural Equation Modeling (PLS-SEM) method with the help of the SmartPLS application. The results showed that competence and work discipline had a positive and significant effect on employee performance. In addition, competence and work discipline also had a positive and significant effect on job satisfaction. Job satisfaction was found to have a positive and significant effect on employee performance and acted as a mediating variable in the relationship between competence and employee performance, as well as between work discipline and employee performance. The coefficient of determination showed that competence and work discipline were able to explain 53.8% of the variation in job satisfaction, while competence, work discipline, and job satisfaction were able to explain 63.4% of the variation in employee performance. The results of this study imply that improving competence, enforcing consistent work discipline, and managing job satisfaction in a sustainable manner are important factors in improving employee performance in the North Sumatra Provincial Office of the Directorate General of Taxes.

INTRODUCTION

Employee performance is an important aspect in supporting the effectiveness of government tasks, especially in vertical agencies of the Ministry of Finance such as the Regional Office of the Directorate General of Treasury (Kanwil DJPb) of North Sumatra Province. As an institution responsible for fiscal management, budget implementation, work unit development, and ensuring the quality of government financial reports, employee performance is a factor that greatly determines the success of the organization in supporting transparent, accountable, and integrity-based state financial management.

The demands for professionalism, speed of service, data accuracy, and high analytical skills require employees to have optimal competence and work discipline so that tasks can be carried out effectively.

In the last five years, research has shown that competence is a major factor influencing employee performance improvement in the public sector. According to Fitriyani (2024), competence, which includes knowledge, skills, and work attitude, has been proven to encourage employees to work more effectively because they understand their tasks, are able to complete their work according to standards, and can adapt to changes in policy and technology. In the highly dynamic environment of the DGT Regional Office, employee competency is crucial given the numerous new regulations, modern financial application systems, and increasing demands for quality fiscal services.

In addition to competence, work discipline is also a significant factor that affects employee performance. Fitriyani (2024) explains that high work discipline—such as compliance with rules, punctuality, consistent attendance, and adherence to operational procedures—encourages the creation of a productive and responsible work culture. In the context of the Regional Office of the Directorate General of Taxes, discipline is very important because every employee must comply with service standards, reporting schedules, and strict internal control procedures. Good work discipline will ensure that services to work units and stakeholders can run smoothly.

However, the influence of competence and work discipline on employee performance is not always direct. Recent research shows that job satisfaction can be a mediating variable that strengthens this relationship. Dewi and Putra (2023) found that employees who have high job satisfaction—whether in terms of work environment, rewards, relationships with superiors, or opportunities for self-development—tend to perform better and more consistently. Santya and Dewi (2022) also emphasized that job satisfaction plays an important role as a mediator between organizational factors and employee performance in public organizations.

In the context of the North Sumatra Provincial Office of the Directorate General of Taxes, work dynamics such as high workloads during certain periods (e.g., the end of the fiscal year), demands for professionalism, and the need for accuracy in fiscal data management can affect employee job satisfaction. If employees feel valued, receive adequate work support, have good relationships with their superiors, and are given opportunities for work discipline, their job satisfaction will increase and have a positive impact on their performance.

Based on this description, this study is important to analyze the influence of competence and work discipline on employee performance, as well as to examine the role of job satisfaction as a mediating variable at the Regional Office of the Directorate General of Treasury in North Sumatra Province. The results of this study are expected to contribute scientifically to the development of human resource management theory, as well as provide practical recommendations for improving employee performance and the quality of public services within the Ministry of Finance.

LITERATURE REVIEW

Employee Performance

Fitriyani (2024) defines employee performance as the work results achieved by individuals in carrying out their duties during a certain period, which reflect their contribution to the achievement of the organization's goals, vision, and mission.

Job Satisfaction

According to Atmaja (2022), job satisfaction is a pleasant emotional attitude and love for one's work.

Work Discipline

Mangkunegara (2021) defines work discipline as an individual's willingness to obey the rules and work standards set by the organization, as well as demonstrating responsibility in carrying out tasks consistently.

Competency

Aisyah, et al (2021) define work competency as a set of knowledge, skills, and attitudes required to perform a job well. Competency indicators include knowledge (understood information), skills (the ability to perform physical or mental tasks), and behavior (attitudes and habits that drive performance).

Conceptual Framework

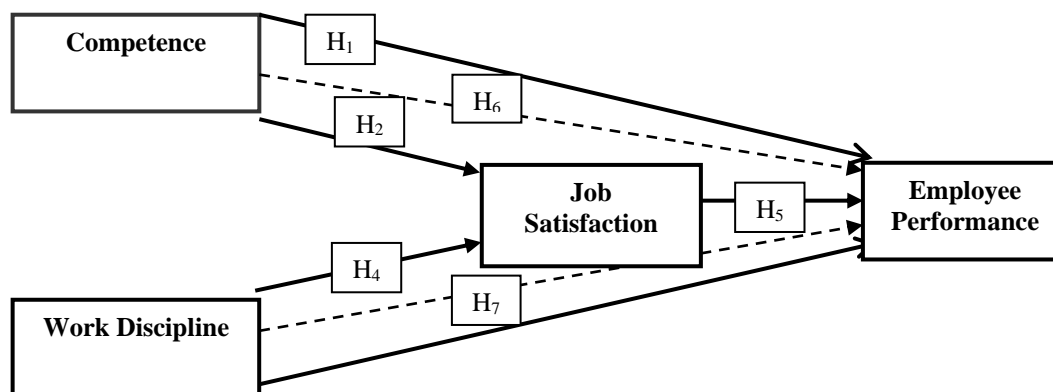


Figure 1. Conceptual Framework

Research Hypothesis

- H₁ Competence has a positive and significant effect on employee performance at the Regional Office of the Directorate General of Treasury of North Sumatra Province.
- H₂ : Competence has a positive and significant effect on job satisfaction at the Regional Office of the Directorate General of Treasury of North Sumatra Province.
- H₃ Work discipline has a positive and significant effect on employee performance at the Regional Office of the Directorate General of Treasury of North Sumatra Province.
- H₄ : Work discipline has a positive and significant effect on job satisfaction at the Regional Office of the Directorate General of Treasury of North Sumatra Province.
- H₅ : Job satisfaction has a positive and significant effect on employee performance at the Regional Office of the Directorate General of Treasury in North Sumatra Province.
- H₆ : Competence has a positive and significant effect on employee performance through job satisfaction at the Regional Office of the Directorate General of Treasury in North Sumatra Province.
- H₇ : Work discipline has a positive and significant effect on employee performance through job satisfaction at the Regional Office of the Directorate General of Treasury of North Sumatra Province.

RESEARCH METHOD

Type of Research

The type of research used by the researcher is quantitative research. This type of quantitative research is conducted to create a study aimed at adjusting a study and analyzing competency and work discipline on employee performance with job satisfaction as a mediating variable at the Regional Office of the Directorate General of Treasury of North Sumatra Province .

Research Location and Time

The research location was at the Regional Office of the Directorate General of Treasury of North Sumatra Province, located at Jalan Pangeran Diponegoro No.30a, Madras Hulu, Medan Polonia District, Medan City. The research was conducted over a period of 3 months, from October to December 2025.

Population and Sample

According to Sugiyono (2022), the population is a generalization area consisting of objects or subjects that have certain qualities and characteristics determined by the researcher to be studied and then conclusions are drawn. In this study, the population consists of all employees at the Regional Office of the Directorate General of Treasury of North Sumatra Province, totaling 70 people. Due to the small population size, the entire population was used as the sample, which is more commonly known as a saturated sample.

RESULTS AND DISCUSSION

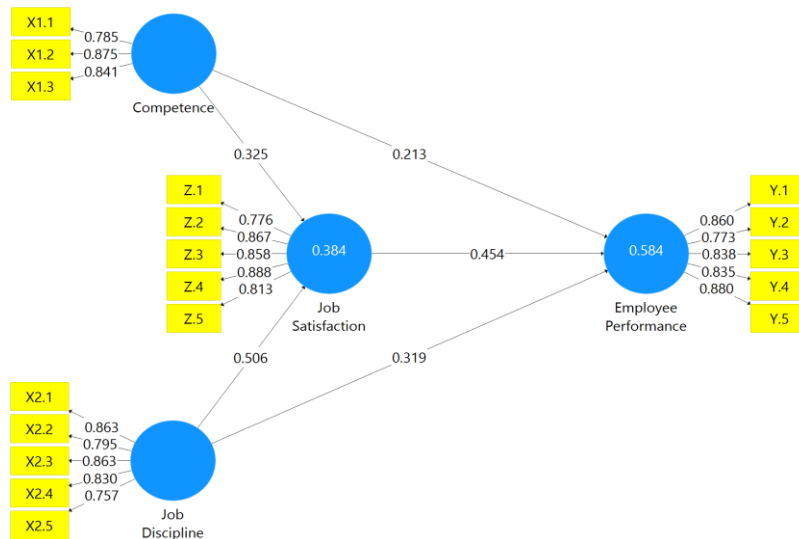
Validity Test

Table 1. Outer Loadings Values

	Competence	Employee Performance	Job Discipline	Job Satisfaction
X1.1	0.876			
X1.2	0.905			
X1.3	0.850			
X2.1			0.855	
X2.2			0.732	
X2.3			0.868	
X2.4			0.802	
X2.5			0.803	
Y.1		0.903		
Y.2		0.786		
Y.3		0.834		
Y.4		0.856		
Y.5		0.884		
Z.1				0.711
Z.2				0.845
Z.3				0.859
Z.4				0.901
Z.5				0.785

Source: Smart PLS Output, 2025

Based on the values in Table 1 above, which show the results of outer model testing through loading factor/outer loadings values, all indicators in each variable have a loading value ≥ 0.70. This indicates that each indicator is measured validly and strongly. Therefore, it can be concluded that all items in the questionnaire have met the validity criteria, as shown in the following figure.



In this study, there is an equation, and that equation consists of two substructures for substructure 1:

$$Z = \beta_1 X_1 + \beta_2 X_2 + e_1$$

$$Z = 0.325 X_1 + 0.506 X_2 + e_1$$

For substructure 2:

$$Y = \beta_2 X_1 + \beta_3 X_2 + \beta_3 Z + e_2$$

$$Y = 0.213 X_1 + 0.319 X_2 + 0.454 Z + e_2$$

Reliability Test

Table 2. Construct Reliability and Validity Test

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Competence	0.850	0.851	0.909	0.769
Employee Performance	0.906	0.910	0.930	0.728
Job Discipline	0.871	0.875	0.907	0.662
Job Satisfaction	0.879	0.896	0.912	0.677

Source: Smart PLS Output, 2025

From Table 2 above, the reliability test results show that the Cronbach's Alpha and Composite Reliability values for all constructs are above 0.70. This indicates that all indicators have high internal consistency and are reliable in measuring their respective constructs. Thus, the research instrument is declared reliable and suitable for use in structural model testing.

Coefficient of Determination (R^2)

In assessing the model with PLS, we begin by looking at the R-square for each dependent latent variable. The table below shows the R-square estimation results using SmartPLS.

Table 3. R Square Results

	R Square	Adjusted R-Square
Job Satisfaction	0.538	0.523
Employee Performance	0.634	0.616

Source: Smart PLS, 2025

Table 3 shows the R square values for both dependent variables. For the job satisfaction variable, the R square value is 0.538, meaning that the influence of competence and work discipline is 0.538 or 53.8%, with the remainder attributable to other variables outside the model. The R-square value for employee performance is 0.634, meaning that competency, work discipline, and job satisfaction account for 0.634 or 63.4%, with the remainder attributable to other variables outside the model.

Direct Influence Between Variables

The direct effect between variables can be seen in the *path coefficients*. The data analysis results show the direct effect values in the following table.

Table 4. Path Coefficients (Direct Effects)

	Original Sample	T Statistics	P Values	Conclusion
Competence -> Employee Performance	0.199	2.157	0.031	Accepted
Competence -> Job Satisfaction	0.324	3.588	0.000	Accepted
Job Discipline -> Employee Performance	0.320	3,089	0.002	Accepted
Job Discipline -> Job Satisfaction	0.622	9.154	0.000	Accepted
Job Satisfaction -> Employee Performance	0.460	4.045	0.000	Accepted

Source: Smart PLS Output, 2025

The results in Table 4 show the following direct influence values:

1. Competence has a positive and significant effect on employee performance with a t-statistic value of 2.157 above 1.96 and a significance of 0.031 below 0.05, meaning that competence has a real effect on employee performance because the significance value is above 0.05. The results of this study are in line with previous studies, namely that competence has a positive and significant effect on employee performance (Purwaningsih et al., 2025; Hikmaturriza et al., 2025).
2. Competence has a positive and significant effect on job satisfaction with a t-statistic value of 3.588 above 1.96 and a significance of 0.000 below 0.05, meaning that competence has a significant effect on job satisfaction because the significance value is below 0.05. The results of this study are in line with previous studies, namely that competency has a positive and significant effect on job satisfaction (Thaib et al., 2025).
3. Work discipline has a positive and significant effect on employee performance with a t-statistic value of 3.089 above 1.96 and a significance of 0.002 below 0.05, meaning that work discipline has a real

effect on employee performance because the significance value is below 0.05. The results of this study are in line with previous studies, namely that work discipline has a positive and significant effect on employee performance (Fithrya & Rahayu, 2025).

4. Work discipline has a positive and significant effect on job satisfaction with a t-statistic value of 9.154 above 1.96 and a significance of 0.000 below 0.05, meaning that work discipline has a significant effect on job satisfaction because the significance value is below 0.05. The results of this study are in line with previous studies, namely that work discipline has a positive and significant effect on job satisfaction (Simanjuntak & Indrawan, 2024).
5. Job satisfaction has a positive and significant effect on employee performance with a t-statistic value of 4.045 above 1.96 and a significance of 0.000 below 0.05, meaning that job satisfaction has a significant effect on employee performance because the significance value is below 0.05. The results of this study are in line with previous studies, namely that job satisfaction has a positive and significant effect on employee performance (Supardam et al., 2024; Wahyuni & Anwar, 2025).

Indirect Influence Between Variables

The indirect effect between variables can be seen in the *specific indirect effects* value. The data analysis results show the indirect effect value in Table 5 below.

Table 5. Specific Indirect Effects

	Original Sample	T Statistics	P Values	Conclusion
Competence -> Job Satisfaction -> Employee Performance	0.149	2.757	0.006	Accepted
Job Discipline -> Job Satisfaction -> Employee Performance	0.286	3.899	0.000	Accepted

Source: Smart PLS, 2025

Table 5 shows the indirect effects between variables, namely:

1. Competence has a positive and significant effect on employee performance through job satisfaction with a t-statistic value of 2.757 above 1.96 and a significance value of 0.006 below 0.05, meaning that job satisfaction acts as an intervening variable between competence and employee performance.
2. Work discipline has a positive and significant effect on employee performance through job satisfaction with a t-statistic value of 3.899 above 1.96 and a significance value of 0.000 below 0.05, meaning that job satisfaction acts as an intervening variable between discipline and employee performance.

CONCLUSION

1. Competence has a positive and significant effect on employee performance at the Regional Office of the Directorate General of Treasury of North Sumatra Province.
2. Competence has a positive and significant effect on job satisfaction at the Regional Office of the Directorate General of Treasury of North Sumatra Province.
3. Work discipline has a positive and significant effect on employee performance at the Regional Office of the Directorate General of Treasury of North Sumatra Province.
4. Work discipline has a positive and significant effect on job satisfaction at the Regional Office of the Directorate General of Treasury of North Sumatra Province.
5. Job satisfaction has a positive and significant effect on employee performance at the Regional Office of the Directorate General of Treasury in North Sumatra Province.
6. Competence has a positive and significant effect on employee performance through job satisfaction at the Regional Office of the Directorate General of Treasury of North Sumatra Province.
7. Work discipline has a positive and significant effect on employee performance through job satisfaction at the Regional Office of the Directorate General of Treasury of North Sumatra Province.

RECOMMENDATIONS

1. Employee performance with the lowest score was "The work I do meets the specified quality standards." Therefore, the recommendation is that the Regional Office of the Directorate General of Treasury of North Sumatra Province should strengthen work quality standards by improving employee competency, conducting continuous performance evaluations, and creating supportive job satisfaction so that employee work results can consistently meet the specified quality standards.



2. Job satisfaction with the lowest score was "I am satisfied with the type of work I am currently doing." The Regional Office of the Directorate General of Treasury of North Sumatra Province needs to maintain and improve the alignment of assignments with employee competencies through clear job management and targeted career development so that employee job satisfaction levels are maintained and have a positive impact on performance.
3. Work discipline with the lowest score of "I comply with all work regulations set by the agency." The Regional Office of the Directorate General of Treasury of North Sumatra Province needs to maintain consistency in the implementation of work regulations, accompanied by guidance and leadership by example, so that employee discipline levels are maintained and contribute positively to performance improvement.
4. Competence with the lowest score of "I have sufficient knowledge to carry out my job duties." The Regional Office of the Directorate General of Treasury of North Sumatra Province is advised to continue to improve and update employee knowledge through training and continuous learning so that their competencies remain relevant and support performance improvement.

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