The Effect Of Performance And Competency Evaluation On Employee Performance Through Service Quality At The Investment Office, Dairi Regency One-Stop Integrated Employment Service

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Abstract

Employee performance is influenced by various factors, including Performance Evaluation provided by the organization. Effective supervision and proper Competence can increase Job Satisfaction, which further contributes to improved performance. This study aims to identify the influence of Performance Evaluation on Employee Performance by considering the role of Job Satisfaction as an intervening variable in the Investment Office, Dairi Regency One-Stop Integrated Employment Service. Data was obtained through a survey of employees with a quantitative approach and analyzed using the *Partial Least Squares* (PLS) method. The results of the analysis showed that Performance Evaluation had a positive and significant influence on Job Satisfaction, with T-Statistic values of 4.718 and 4.838, respectively, and a P-Value of 0.000. Job Satisfaction is proven to have a positive and significant influence on Employee Performance with a T-Statistic value of 9.799 and a P-Value of 0.000, emphasizing the importance of Job Satisfaction as a performance driving factor. The analysis of indirect influence shows that Performance Evaluation significantly affects Employee Performance through Job Satisfaction, with an influence coefficient of 0.384. These findings indicate that an increase in Performance Evaluation will be more effective in encouraging Employee Performance when facilitated by high Job Satisfaction. Advice is provided to institutions to improve access to technology and training, as well as evaluate existing Performance Evaluation strategies. Researchers are further encouraged to explore other intervening variables, such as organizational culture and psychological capital, in the context of performance improvement.

Keywords:

Supervision; Competence; Job Satisfaction; Employee Performance

INTRODUCTION

Performance evaluation is a process of assessing observations and recording observation results. Observing means observing what members of an organization or employees of a company do, can be in the form of work results, work behavior, and personal traits and others. The person who conducts performance evaluations in an organization or company is someone who is authorized by the owner of the company or organization. It can be direct supervisors, colleagues, subordinates, customers, experts/consultants, assessment teams. Basically, an employee in carrying out the tasks assigned to him is expected to show the best performance that can be shown by the employee, besides that the performance shown by an employee is of course influenced by various factors that are important for improving work results which is the goal of the organization or agency where the employee works.

PROBLEM FORMULATION

Based on the above background, the formulation of this research problem is as follows:

1. Does Performance Evaluation have a positive and significant effect on employee performance at the Investment Office, Dairi Regency One-Stop Employment Integrated Service?

2. Does competence have a positive and significant effect on employee performance at the Investment Office, Dairi Regency One-Stop Employment Integrated Service?

3. Does Performance Evaluation have a positive and significant effect on the quality of service at the Investment Office, Dairi Regency One-Stop Integrated Employment Service?

4. Does competence have a positive and significant effect on the quality of service at the Investment Office, Dairi Regency One-Stop Integrated Employment Service?

5. Does the quality of service have a positive and significant effect on the performance of employees at the Investment Office, Dairi Regency One-Stop Integrated Employment Service?

6. Is the quality of service able to intervene the influence between Kinirja's evaluation on employee performance at the Investment Office, Dairi Regency One-Stop Employment Integrated Service?

7. Is the quality of service able to intervene the influence between competence on employee performance at the Investment Office, Dairi Regency One-Stop Employment Integrated Service?

RESEARCH OBJECTIVES

Then based on the formulation of the problem above, the research objectives can be formulated as follows:

1. To find out and analyze the effect of Performance evaluation on employee performance at the Investment Office, Dairi Regency One-Stop Integrated Employment Service.

2. To find out and analyze the influence of competence on employee performance at the Investment Office, Dairi Regency One-Stop Integrated Employment Service.

3. To find out and analyze the effect of Performance Evaluation on the quality of service at the Investment Office, Dairi Regency One-Stop Integrated Employment Service.

4. To find out and analyze the influence of competence on the quality of service at the Investment Office, Dairi Regency One-Stop Integrated Employment Service.

5. To find out and analyze the influence of service quality on employee performance at the Investment Office, Dairi Regency One-Stop Integrated Employment Service.

6. To find out and analyze the role of service quality in intervening the influence of performance evaluation on employee performance at the Investment Office, Dairi Regency Employment One-Stop Integrated Service.

7. To find out and analyze the role of service quality in intervening the influence between competence on employee performance at the Investment Office, Dairi Regency One-Stop Integrated Employment Service.

The concept of this research is as illustrated in the following conceptual framework drawing:
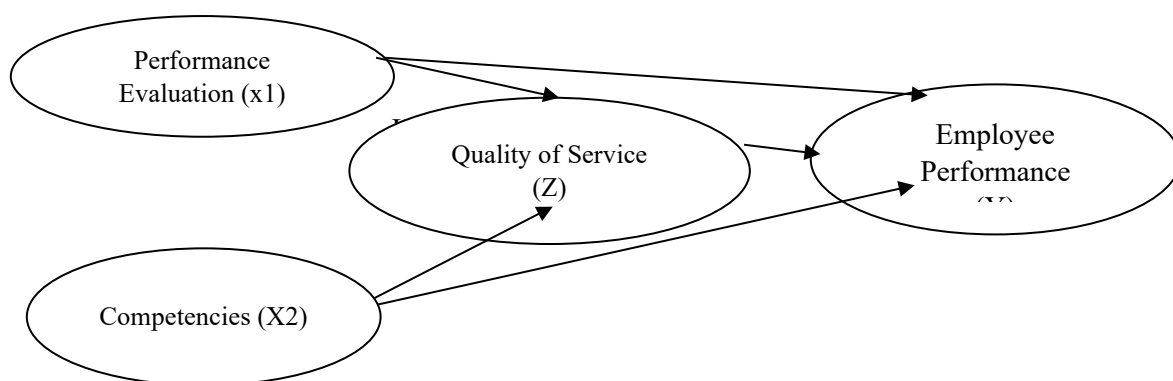
Figure 1. Conceptual Framework

LITERATURE REVIEW

Performance Evaluation

In this study, the definition of Performance Evaluation (Setyaningrum, 2022) is a process of assessing observations and recording the results of observations According to (Setyaningrum, 2022) there are several indicators in discussing work evaluation, namely:

1. Operational Efficiency is the ability to
2. Productivity
3. Quality
4. Automation
5. Innovation
6. Cost Reduction
7. Decision
8. Communication and Collaboration.

Employee Competencies

On the other hand, Employee competence is an important factor that affects performance and service quality. Competence includes the knowledge, skills, and attitudes possessed by employees in carrying out their duties. According to (Boyatzis et al., 2022), good competence will result in optimal performance and quality service. Competent employees can understand and use information technology well, so that they can support the implementation of their tasks more effectively (Spencer et al., 2020). According to (Boyatzis et al., 2022), competence is a fundamental characteristic of a person that directly affects the way he thinks, acts, and responds in his or her work. The indicators of competence are as follows (Boyatzis et al., 2022):

1. Knowledge is a deep understanding of a particular field or subject that is relevant to the job.
2. Technical Skills are the ability to perform specific tasks related to the job, such as the use of specific tools or technologies.
3. Interpersonal skills are the ability to communicate, collaborate, and work effectively with others.
4. Analytical skills are the ability to think critically, analyze information, and make informed decisions.

5. Attitude and Values are commitments to work, motivation, work ethics, and values that support high performance.

High competence allows individuals to carry out tasks more effectively and efficiently, thus contributing directly to improved performance. Conversely, lack of competence can hinder productivity and quality of work output, ultimately negatively impacting overall performance.

Employee Performance

Employee performance is one of the important indicators in assessing the effectiveness and efficiency of an organization. Employee performance can be measured by the extent to which they achieve the goals and targets that have been set. According to (Anuforo et al., 2019), good employee performance will have a positive impact on the overall performance of the organization. Employees who have high competence and are able to make good use of technology will be able to improve their performance, so that they can provide better services to the community (Nayan et al., 2020). In this study, the definition of *Employee Performance* Mathis and Jackson in (Hendrawijaya, 2020) is the result or output of the work done by an employee in a certain period of time in accordance with organizational standards and goals. As for this study, there are several indicators of Employee Performance, which are as follows (Hendrawijaya, 2020):

1. Intensity is the level of energy used by employees in carrying out their duties.
2. Direction is the choice of the Employee to focus his efforts on certain activities that are relevant to the job.
3. Resilience is the duration and consistency of employees' efforts in achieving work goals.
4. Achievement is a success in achieving the goals or work standards set.
5. Recognition is an award given to Employees for their achievements or contributions.
6. Responsibility is the willingness of employees to take and carry out responsibilities

Quality of Service

Service quality is a measure of the extent to which the services provided can meet the expectations and needs of the community. Good service quality will increase public satisfaction and their trust in public institutions. According to (Al-Quraishi et

al., 2018), service quality can be measured from several dimensions, including reliability, responsiveness, assurance, empathy, and physical evidence.

At the Investment Office, Dairi Regency Employment One-Stop Integrated Service, improving service quality can be done by improving work processes, improving employee competence, and utilizing information technology. Employees who are competent and skilled in using technology will be able to provide faster, more accurate, and satisfactory services for the community (Zeithaml et al., 2020). According to (Al-Quraishi et al., 2018), service quality is the expected degree of excellence and the control over that level of excellence to meet customer desires. The indicators of service quality are (Al-Quraishi et al., 2018):

1. Reliability.
2. Responses.
3. Guarantee
4. Empathy
5. Physical Form

HYPOTHESIS

Based on the conceptual framework above, hypotheses can be concluded:

H1 : Technology has a positive and significant effect on employee performance at the Investment Office, Dairi Regency One-Stop Integrated Employment Service

H2 : Competence has a positive and significant effect on employee performance at the Investment Office, Dairi Regency One-Stop Integrated Employment Service

H3 : Technology has a positive and significant effect on the quality of service at the Investment Office, Dairi Regency One-Stop Integrated Employment Service

H4 : Competence has a positive and significant effect on the quality of service at the Investment Office, Dairi Regency One-Stop Integrated Employment Service

H5 : Service quality has a positive and significant effect on employee performance at the Investment Office, Dairi Regency One-Stop Integrated Employment Service

H6 : Performance Evaluation has a positive and significant effect on employee performance through the quality of service at the Investment Office, Dairi Regency One-Stop Integrated Employment Service

H7 : Competence has a positive and significant effect on employee performance through the quality of service at the Investment Office, Dairi Regency One-Stop Integrated Employment Service

RESEARCH METHODS

This type of research is a casual associative quantitative research.

Place and Time of Research
Research Venue

This research was carried out at the Dairi Regency Investment Office, One-Stop Integrated Employment Service which is located at Jalan Palapa No.2, Sidikalang District, Dairi Regency

Research Time

The time of this research will be carried out from October 2024 to December 2024.

Population and Samplel

According to (Sugiyono, 2018) population is a generalization area consisting of objects/subjects that have certain qualities and characteristics that are determined by the researcher to be studied and then drawn conclusions.

Population

The population in this study is the total number of employees at the Dairi Regency Investment Office, One-Stop Integrated Employment Service with a total of 39 employees with the following characteristics:

Table 1. Details of the Investment Office, Dairi Regency One-Stop Integrated Employment Service

No.	Status	Number (Person)
1.	ASN	29
2.	Honorary	10
	Sum	**39**

Source : Investment Office, Dairi Regency One-Stop Integrated Employment Service

Variable Operational Definition

The operational definition of the variables in this study is as follows:

Table 2 : Operational Definition of Variables

Types of Variables	Variable Definition	Indicators
Performance Evaluation (X1)	In this study, the definition of Performance Evaluation (Setyaningrum, 2022) is a process of assessing observations and recording observation results.	According to (Setyaningrum, 2022) there are several indicators in the language of work discipline, namely: 1. Operational Efficiency is the ability to 2. Productivity 3. Quality 4. Automation 5. Innovation 6. Cost Reduction 7. Decision 8. Communication and Collaboration
Competencies (X2)	According to (Boyatzis et al., 2022), competence is a fundamental characteristic of a person that directly affects the way he thinks, acts, and responds in his or her work.	According to (Boyatzis et al., 2022), the indicators of service quality are as follows: 1. Knowledge 2. Technical Skills 3. Interpersonal Skills 4. Analytical Skills 5. Attitude and Values

Employee Performance (Y)	In this study, the definition of *Employee Performance* Mathis and Jackson in (Hendrawijaya, 2020) is the result or output of the work done by an employee in a certain period of time in accordance with organizational standards and goals.	As for this study, there are several indicators of Employee Performance, which are as follows (Hendrawijaya, 2020): 1. Intensity is the level of energy used by employees in carrying out their duties. 2. Direction is the choice of the Employee to focus his efforts on certain activities that are relevant to the job. 3. Resilience is the duration and consistency of employees' efforts in achieving work goals. 4. Achievement is a success in achieving the goals or work standards set. 5. Recognition is an award given to Employees for their achievements or contributions. 6. Responsibility is the willingness of Employees to take and carry out responsibilities in their work.
Quality of service (Z)	According to (Al-Quraishi et al., 2018), service quality is the expected degree of excellence and the control over that level of excellence to meet customer desires.	The initiators of service quality are (Al-Quraishi et al., 2018): 9. Reliability. 10. Responses. 11. Guarantee 12. Empathy 13. Physical Form

Sample

The sampling technique used in this study is a saturated sample. According to (Sugiyono, 2019) Saturated sampling is a sample selection technique when all members of the population are sampled where all populations in this study are used as samples, totaling 39 employees

Data Acquisition Techniques

The data that will be used from this study is the data from the questionnaire results distributed to respondents consisting of all employees in all divisions. The data analysis technique used in this study is a quantitative data analysis method using Structural Equation Modeling (SEM) based on Partial Least Square (PLS) using SmartPLS 3.0 software.

Meanwhile, the feasibility test that will be used in this study is the outer *model* test in order to obtain *an outer loading* value that meets the requirements *of validity and reliability.* Testing the structural model (Inner model) which includes a determination coefficient test (R2) to measure how far the model is able to explain the variation of bound variables. The value of the determination coefficient / is in the range of zero (0) and one (1). R^2

The Goodness fit test is used to determine the extent to which the observed data is in accordance with the theoretical distribution assumed by the model or hypothesis (Ghozali & Latan, 2015) and the hypothesis test (T-Statistic Test) which consists of *a path coeficients* test to test how the direct influence of each independent variable individually on its bound variable as well as the indirect influence of the intervening variable in influencing its independent variable on its bound variable.

This test is used to determine the direction of the relationship between variables (positive/negative). If the value is 0 to 1, then the direction of the relationship between the variables is declared positive. Meanwhile, if the value is 0 to -1, then the direction of the relationship between the variables is declared negative. A hypothesis is said to be accepted if the statistical t value is greater than the t of the table. According to (Ghozali & Latan, 2015) the criterion of t-value table is 1.96 with a significance level of 5%

RESULTS AND DISCUSSION
Results
Outer Model *Analysis*

The outer *model* test in this study uses algorithm analysis in *SmartPLS software version 3.0,* in order to obtain *outer loading* values that meet *the validity and reliability requirements.*

1) Convergent Validity Test Results

The convergent validity of the measurement model with reflexive indicators can be seen from the correlation between the score of the item/indicator and the construction score. Based on the results for outer loading, it shows that there is an indicator that has a loading below 0.60 and is not significant. The following is presented as the results of the outer loading value in the following table.

Table 3. *Outer Loading*

Indicators	*Outer Loading*	Information
Performance Evaluation (x1)		
EK1	0,891	Valid
EK2	0,851	Valid
EK3	0,825	Valid
EK4	0,804	Valid
EK5	0,746	Valid
EK6	0,885	Valid
EK7	0,856	Valid
EK8	0.864	Valid
Competencies (X2)		
KO1	0,732	Valid
KO2	0,887	Valid
KO3	0,747	Valid
KO4	0,882	Valid
KO5	0,783	
Quality of Service (Z)		
KP1	0.768	Valid
KP2	0.890	Valid
KP3	0.739	Valid
KP4	0.886	Valid
KP5	0.779	Valid
KP6	0,882	
Employee Performance (Y)		

Indicators	*Outer Loading*	Information
KUA1	0,865	Valid
KUA2	0,831	Valid
KUA3	0,858	Valid
KUA4	0,738	Valid
KUA5	0,912	Valid

Source : Output Smart PLS, 2024

Based on Table 3, it can be seen that all indicators have a *loading factor* value of > 0.60. According to (Ghozali, Imam & Latan, 2015) states that the indicator is declared valid if it has a loading *factor* value of > 0.60. Thus, it can be stated that all indicators in this study are declared valid and can be carried out further research. The following is shown in the form of a structural model as shown in the following image:
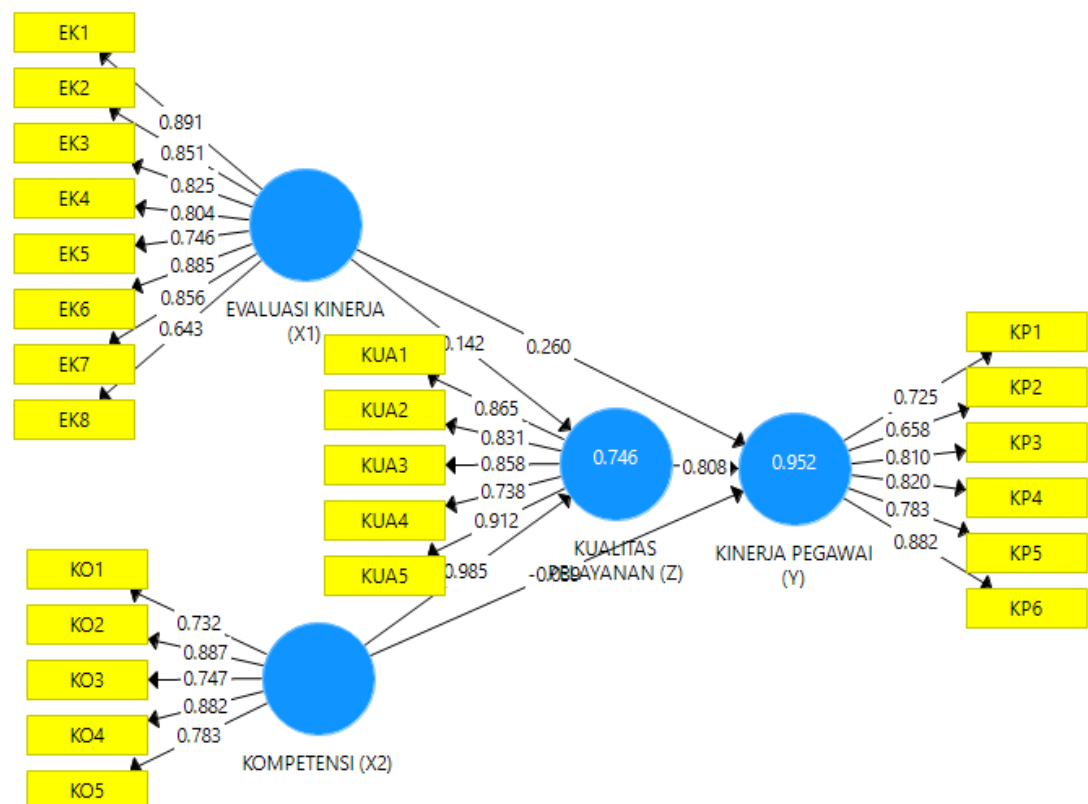

Figure 2. Outer Model Test Results

2) Discriminate Validity *Test Results*

The next test is to test the validity of discrimination, This test aims to determine whether a reflective indicator is a good measure for its construct based on the principle that the indicator is highly correlated with its construct. The following are the results of cross loading from the Discrimination validity test as shown in the following table:

Table 4. *Discriminant Validity*

Indicators	Job Satisfaction (Z)	Employee Performance (Y)	Competencies (X2)	Performance Evaluation (x1)
EK1	0,891	0,722	0,808	0,926
EK2	0,851	0,638	0,791	0,897
EK3	0,825	0,704	0,694	0,869
EK4	0,804	0,610	0,753	0,845
EK5	0,746	0,490	0,527	0,872
EK6	0,885	0,686	0,800	0,824
EK7	0,856	0,768	0,671	0,853
EK8	0,643	0,575	0,602	0,807
KO1	0,785	0,685	0,832	0,605
KO2	0,743	0,827	0,887	0,852
KO3	0,752	0,555	0,847	0,506
KO4	0,686	0,785	0,882	0,774
KO5	0,601	0,679	0,783	0,681
KP1	0,812	0,825	0,648	0,582
KP2	0,380	0,858	0,496	0,601
KP3	0,510	0,890	0,690	0,858
KP4	0,545	0,820	0,566	0,738
KP5	0,713	0,883	0,824	0,865
KP6	0,785	0,882	0,857	0,810
KUA1	0,813	0,783	0,824	0,865
KUA2	0,867	0,821	0,737	0,831
KUA3	0,880	0,810	0,690	0,858
KUA4	0,885	0,820	0,566	0,738
KUA5	0,876	0,823	0,791	0,912
KUA1	0,813	0,783	0,824	0,865

Source: Output Smart PLS, 2024

Based on table 4, it can be seen that the *cross loading value* in each indicator and variable is greater than other variables and indicators, the cross loading of the Performance and Competency Evaluation variable shows that the cross loading of the variable indicator is greater than the cross loading of other latent variables, the cross loading of the job satisfaction variable indicator shows that the value *of the cross loading* indicator is greater than other latent variables, *Cross loading of* employee performance variables also shows a greater cross loading value of the indicator than the cross loading of the latent variable. Based on this data, it can be stated discriminatively *that* the cross loading *results* are considered valid.

3) Composite reliability *test results*

The test further determines the reliable value with *the composite reliability* of the indicator block that measures the construction. A construction value that is said to be reliable if the indigo *composite reliability* is above 0.60. In addition to looking at *the composite reliability* value, the reliable value can be seen in the variable construct value with *the alpha cronbachs* of the indicator block that measures the construct. A construct is declared reliable if the *cronbachs alpha value* is above 0.7. The following is a table of loading values for the construct of the research variables resulting from running the Smart PLS program in the following table.

Table 5. *Construct Reliability and Validity*

Indicators	Cronbach's Alpha	Composite Reliability	Average Extracted Variance (AVE)
PERFORMANCE EVALUATION (X1)	0,927	0,941	0,866
EMPLOYEE PERFORMANCE (Y)	0,872	0,904	0,913
COMPETENCIES (X2)	0,867	0,904	0,955
SERVICE QUALITY (Z)	0,897	0,924	0,710

Source: *Smart PLS Output,* 2024

Based on Table 5, it can be explained that the AVE value in each variable tested has a > value of 0.5, which shows that all variables in this study meet the *criteria for*

discriminant validity. To determine the reliability in this study, *the composite reliability* value is used. The accepted value for the reliability level is > 0.7. Based on these criteria, it can be seen that all variables in this study have a > value of 0.70 so that it can be stated that all variables tested meet the reliability of the construct.

Structural Model Evaluation (*Inner Model*)

Evaluation of the structural model (*inner model*) is carried out to ensure that the structural model built is robust and accurate. The stages of analysis carried out in the evaluation of the structural model are seen from several indicators, namely:

1) Determination Coefficient Test Results (R^2)

The determination coefficient test (R^2) is used to see the influence of certain independent latent variables on dependent latent variables whether they have a substantive influence. Based on the data processing that has been carried out using the SmartPLS 3.0 program, the R Square value is obtained as shown in the following table:

Table 6. R Square Results

Variable	R Square	Adjusted R Square
Job Satisfaction (Z)	0.746	0.732
Employee Performance (Y)	0.952	0.948

Source: *Smart PLS Output,* **2024**

Based on table 6, it is known that the R Square Adjusted value for the Job Satisfaction variable is 0.732 or 73.20%, which means that the Effect of Performance Evaluation (X1) and Competency (X2) on Job Satisfaction is in the high category. This means that the better the Performance and Competency Evaluation, the higher Job Satisfaction will be. Meanwhile, the R Square value for the Job Satisfaction variable is 0.746 or 74.60%, which means that 74.60% of Job Satisfaction is influenced by Performance and Competency Evaluation, while the remaining 25.40% is influenced by other variables that have not been studied.

Furthermore, the R Square Adjusted value for the Employee Performance variable is 0.948 or 94.80%, which shows that Performance Evaluation (X1), Competency (X2), and Job Satisfaction (Z) together affect Employee Performance in the very high category. This shows that improvements in Performance Evaluation,

Competence, and Job Satisfaction can significantly improve Employee Performance. The R Square value for the Employee Performance variable is 0.952 or 95.20%, which means that the direct influence of this variable on Employee Performance is 95.20%, while the remaining 4.80% is influenced by other variables that have not been studied.

2) Goodness of Fit *Test Results*

The Goodness of Fit test is a statistical method used to evaluate how well the tested model or statistical distribution matches the observed data. The Goodness of Fit test aims to determine the extent to which the observed data corresponds to the theoretical distribution assumed by the model or hypothesis. The goodness of fit model test can be seen from looking at the NFI value on the program. If the NFI value is > SRMR and the closer it is to 1, then the better the model (good fit). Based on the data processing that has been carried out using the SmartPLS 3.0 program, the Fit Model values are obtained as follows:

Table 7. Model Fit

	Saturated Model	**Estimated Model**
SRMR	0.133	0.133
d_ULS	5.344	5.301
d_G	2.764	2.564
Chi-Square	419.537	419.537
NFI	0.843	0,843

Source: Output Smart PLS, 2024

Based on table 7, it can be seen that the NFI value is 0.843> 0.117 so that it can be stated that the model in this study has sufficient *goodness of fit* and is suitable to be used to test the research hypothesis.

Hypothesis Test Results

After conducting an inner model analysis, the next thing is to evaluate the relationship between latent constructs in order to answer the hypothesis in this study. The hypothesis test in this study was carried out by looking at T-Statistics and P-Values. The hypothesis was declared accepted if the *T-Statistics value* > 1.96 and the P-Values < 0.05. The following are the results of *Path Coefficients* Direct influence between variables as in the following table.

Table 8. *Path Coefficients*

Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Result
PERFORMANCE EVALUATION (X1) -> EMPLOYEE PERFORMANCE (Y)	0,260	0,280	0,142	1,827	0,000	Accepted
PERFORMANCE EVALUATION (X1) -> SERVICE QUALITY (Z)	0,142	0,131	0,178	2,799	0,000	Accepted
COMPETENCIES (X2) -> EMPLOYEE PERFORMANCE (Y)	0,039	0,035	0,149	2,263	0,000	Accepted
COMPETENCE (X2) -> SERVICE QUALITY (Z)	0,985	0,992	0,155	6,358	0,000	Accepted
SERVICE QUALITY (Z) -> EMPLOYEE PERFORMANCE (Y)	0,808	0,783	0,106	7,654	0,000	Accepted

Source: Output Smart PLS, 2024

Based on the data in Table 8, it can be stated that there is an Effect of Performance Evaluation on employee performance. This can be seen from the T-statistic value of 1.827 <1.96 with a P-Value of 0.000 < 0.05. The Original Sample (O) value of 0.260, T-Statistic of 1.827 > 1.96, and P-Value of 0.000 < 0.05 indicate that Performance Evaluation has a positive and significant influence on Employee Performance. an alternative hypothesis (Ha) stating that "Performance Evaluation has a positive and significant influence on Employee Performance" was accepted. This

means that the increase in Performance Evaluation will have a significant impact on improving Employee Performance at the Investment Office, Dairi Regency One-Stop Integrated Employment Service.

Likewise, the Original Sample Value (O) of 0.142, T-Statistic of 2.799 > 1.96, and P-Value of 0.000 < 0.05 show that Performance Evaluation has a positive and significant influence on Service Quality. This means that the Performance Evaluation has no significant influence on the Quality of Service" was rejected, and the Ha stating that "Performance Evaluation has a positive and significant influence on the Quality of Service" was accepted. Thus, a better Performance Evaluation will significantly improve the Quality of Service.

Furthermore, the Original Sample Value (O) of 0.039, T-Statistic of 2.263 > 1.96, and P-Value of 0.000 < 0.05 show that Competence has a positive and significant influence on Employee Performance. Thus, increasing employee competence will make a significant contribution to improving employee performance.This statement answers the second hypothesis, namely accepting Ho and rejecting Ha.

The analysis also showed that the Original Sample (O) Value was 0.985, T-Statistic was 6.358 > 1.96, and P-Value was 0.000 < 0.05 indicating that Competence had a positive and very significant influence on Service Quality. This means that the better the employee's competence, the higher the quality of service provided. Competence does not have a significant influence on Service Quality" was rejected, and Ha stating "Competence has a positive and significant influence on Service Quality" was accepted. Thus, increasing employee competence significantly improves the quality of services provided.

Finally, the Original Sample Value (O) of 0.808, T-Statistic of 7.654 > 1.96, and P-Value of 0.000 < 0.05 indicate that Service Quality has a positive and significant influence on Employee Performance. This means that an improvement in Service Quality will significantly improve Employee Performance. "Service Quality has a significant influence on Employee Performance" was rejected, and Ha stating "Service Quality has a positive and significant influence on Employee Performance" was accepted. This shows that improving Service Quality will have a significant impact on improving Employee Performance.

Overall, these findings show that Performance Evaluation, Competence, and Job Satisfaction play an important role in improving employee performance at the Dairi Regency Investment Office, One-Stop Integrated Employment Service. To

answer the sixth and seventh hypotheses, it can be seen in the indirect influence between variables as shown in the following table.

Table 9. Indirect Effect (Pengaruh Tidak Langsung)

Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Result
PERFORMANCE EVALUATION (X1) -> SERVICE QUALITY (Z) -> EMPLOYEE PERFORMANCE (Y)	0,115	0,098	0,144	0,799	0,000	Accepted
COMPETENCE (X2) -> SERVICE QUALITY (Z) -> EMPLOYEE PERFORMANCE (Y)	0,796	0,772	0,141	5,629	0,000	Accepted

Source: Output Smart PLS, 2024

Based on table 9, it can be explained that the Original Sample Value (O) of 0.115, T-Statistic of 0.799 < 1.96, and P-Value of 0.000 < 0.05 indicate that Performance Evaluation through Service Quality has a positive, but not significant influence on Employee Performance. This means that the increase in Performance Evaluation, although it contributes to the improvement of Employee Performance through Service Quality, is not strong enough to be considered significant.

Competence is also proven to have a significant indirect influence on Employee Performance through Job Satisfaction, with a T-Statistic value of 5.629 > 1.96, and a P-Value of 0.000 < 0.05 indicating that Competency through Service Quality has a positive and significant influence on Employee Performance. This means that the improvement of employee competence has a significant impact on improving Service Quality, which ultimately improves employee performance significantly.

Discussion

The findings in this study can be strengthened by referring to relevant previous research. Previous research that supports the relationship between variables in this study provides a strong foundation for understanding the influence of Performance

Evaluation, Competence, and Service Quality on Employee Performance. Hermawati (2018) stated that performance evaluations carried out in a structured, objective, and transparent manner can increase employee productivity and work effectiveness, especially in public sector organizations. Evaluations that provide constructive feedback to employees not only increase their motivation but also help in achieving organizational targets more efficiently. This shows the importance of performance evaluation as a tool to improve employee performance.

In addition, Iwan (2021) revealed that employee competence has a significant relationship with their performance. In his research on the influence of competence on the quality of financial statements, it was found that employees with good technical and interpersonal competence were able to show superior performance. These findings highlight the importance of continuous training to hone employees' skills and knowledge so that they can contribute more optimally to the organization (Iwan, 2021).

Service quality also plays an important role in improving employee performance, as found by Siswadhi (2016) in his research at the National Land Agency of Kerinci Regency. Employees who provide responsive, timely, and clear service to the community not only increase public satisfaction but also strengthen positive perceptions of their performance. This study emphasizes that service quality is a direct reflection of employee performance in the public sector (Siswadhi, 2016). In relation to service quality, Kuncoro (2017) found that performance evaluations carried out periodically were able to improve the quality of service at the Bengalon District Office, East Kutai Regency. Evaluations that include an assessment of innovation and efficiency make employees more aware of their responsibility in providing the best service. This study shows that performance evaluation not only has an impact on individual performance but also on the overall service system offered (Kuncoro, 2017). Rahmadhani (2017) added that employee competence significantly affects the quality of service. His research in Kuranji District, Padang City, shows that employees who are competent in terms of knowledge, technical skills, and professional attitudes are able to provide fast, accurate, and satisfactory services. High competence not only helps employees in meeting public expectations but also increases public trust in government agencies (Rahmadhani, 2017).

Finally, research by Honifa, Derriawan, and Sampurno (2021) shows that service quality plays a role as a mediating variable between employee competence and performance. In their study at the Andilia Clinic, Bogor Regency, it was found that

high employee competence resulted in better service, such as friendliness, punctuality, and effective problem solving. This quality of service then strengthens the impact of competence on overall employee performance (Honifa, Derriawan, & Sampurno, 2021). This study emphasizes that improving service quality is an important mechanism to optimize the influence of competence on performance.

CONCLUSIONS AND SUGGESTIONS

Conclusion

From the results of the data analysis of the research results and discussions described above, it can be concluded that:

1. Performance Evaluation (X1) has a positive and significant influence on Employee Performance (Y), with a T-Statistic value of 1.827 > 1.96 and a P-Value of 0.000 < 0.05. This shows that an improvement in Performance Evaluation can directly improve Employee Performance.

2. Performance Evaluation (X1) has a positive and significant influence on Service Quality (Z), with T-Statistic of 2.799 > 1.96 and P-Value of 0.000 < 0.05. This shows that improvements in the Performance Evaluation process can significantly improve the quality of services provided by employees.

3. Competence (X2) has a positive and significant influence on Employee Performance (Y), with a T-Statistic value of 2.263 > 1.96 and a P-Value of 0.000 < 0.05. This means that employees with higher competence are able to show better performance in carrying out their duties and responsibilities.

4. Competence (X2) has a positive and very significant influence on Service Quality (Z), with a T-Statistic of 6.358 > 1.96 and a P-Value of 0.000 < 0.05. This indicates that employees who have good competence can provide better quality services to the community.

5. Service Quality (Z) has a positive and significant influence on Employee Performance (Y), with T-Statistic of 7.654 > 1.96 and P-Value of 0.000 < 0.05. These findings show that good service quality can increase public perception of employee and organizational performance as a whole.

6. Performance Evaluation (X1) positively affects Employee Performance (Y) through Service Quality (Z) but not significantly, with a T-Statistic value of 0.799 < 1.96. This shows that although Performance Evaluation can affect Employee Performance through Service Quality, this influence is relatively small compared to its direct influence.

7. Competency (X2) significantly affects Employee Performance (Y) through Service Quality (Z), with a T-Statistic value of 5.629 > 1.96 and a P-Value of 0.000 < 0.05. These findings show that Service Quality is a mediating variable that strengthens the relationship between Employee Competence and Performance.

Suggestion

Based on the findings, discussions and conclusions on the research can be suggested to the Investment Office, Dairi Regency One-Stop Integrated Employment Service as follows:

1. The Investment Office, Dairi Regency One-Stop Integrated Employment Service is advised to adopt a more structured, clear indicator-based, and periodic performance evaluation system. This evaluation should be accompanied by constructive feedback, so that employees can understand their strengths and weaknesses and get directions to improve their performance.

2. Organizations need to organize training that is relevant to the duties and responsibilities of employees, both in technical aspects and soft skills such as communication, time management, and customer service. This training will help improve employee competence, which in turn will have an impact on improving the quality of service and organizational performance

3. To increase community satisfaction, service quality needs to be the main concern. The agency is advised to develop clear service standards and involve employees in the implementation and evaluation of their success. This will help ensure that the services provided are in line with the needs and expectations of the community.

4. The results of the study show that service quality can strengthen the relationship between employee competence and performance. Therefore, the Service should give awards or incentives to employees who are able to provide high-quality services. This step can motivate employees to continue to improve their competence and provide the best service to the community.

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