

INTERPERSONAL COMMUNICATION AND WORK ETHIC AS MEDIATORS IN THE RELATIONSHIP BETWEEN COMPETENCE AND CREATIVITY ON EMPLOYEE PERFORMANCE***Angga Hapsila, Budiyanto and Agustedi**

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Abstract

This study aims to examine the influence of competence and creativity on employee performance, with a particular focus on the mediating roles of interpersonal communication and work ethic. The study was conducted on 126 employees of the Investment and One-Stop Integrated Services Office across three regencies. Data were analyzed using Partial Least Squares (PLS) structural equation modeling. The results indicate that both competence and creativity have a significant positive influence on employee performance. Furthermore, interpersonal communication and work ethic mediate the relationship between competence and creativity on employee performance. These results provide empirical support for goal-setting theory.

Keywords: Competence, Creativity, Interpersonal Communication, Work Ethic, Employee Performance, Goal-Setting Theory.

INTRODUCTION

The Republic of Indonesia was established with the fundamental objectives of advancing national education and improving societal welfare. To achieve these goals, the government is expected to effectively fulfill the needs of its citizens through a governance system that ensures high-quality public service delivery. However, the provision of public services is continuously influenced by rapid advancements in technology, science, information, and communication. These dynamic changes necessitate adaptive and strategic responses to maintain and strengthen public trust. The Ministry of Administrative and Bureaucratic Reform (PANRB) is responsible for evaluating public service performance in accordance with Article 7, Paragraph 3 of Law No. 25 of 2009 on Public Services. This evaluation is conducted across regional governments and ministries/agencies to assess the implementation of public service policies and to gain insights into the overall performance of public service delivery units. The evaluation framework for local government public service delivery units follows the Minister of PANRB Regulation No. 17 of 2017, which provides guidelines for assessing the performance of public service delivery units. The assessment focuses on public service delivery units that directly interact with and serve the public. According to the 2022 performance report of the Ministry of PANRB, among Indonesia's 514 district and city governments, the Investment and One-Stop Integrated Services Office of Indragiri Hilir Regency received a "very good" predicate, while both Indragiri Hulu and Kuantan Singingi Regencies were awarded a "good" predicate. Based on previous studies and established performance theories, this study adopts Goal-Setting Theory as an umbrella theory. Goal setting theory focuses primarily on task performance (e.g., efficiency, optimal performance, and productivity). It conceptualizes goals as specific, valued, and measurable future outcomes that serve as benchmarks for performance.

Challenging and well-defined goals enhance employees' focus on task completion and strengthen their engagement within the organization. Goal specificity, defined as the quantitative clarity of set objectives (Locke, 1968; Locke *et al.*, 1988), has been shown to foster individual creativity by promoting a sense of autonomy (Subarino *et al.*, 2015). Additionally, Appelbaum and Hare (1996) argue that Goal-Setting Theory improves task mastery, competence development, and self-efficacy, ultimately improving an individual's adaptability and agility in the workplace. Several studies have examined the relationship between competence and performance. Studies by Swanson *et al.* (2020), Shet *et al.* (2019), and Salman *et al.* (2020) found that competence has an influence on performance. However, studies by Adipratama *et al.* (2020) and Poovathingal and Kumar (2018) found that competence does not have an influence on performance. Similarly, studies on creativity and performance by Yang and Zhao (2021) and Nasir *et al.* (2022) found that creativity has an influence on performance, while studies by Ratnasari *et al.* (2021) and Papoiwo *et al.* (2021) found conflicting results. Given these inconsistencies in previous research results, this study seeks to address the research gap by incorporating interpersonal communication and work ethic as mediating variables.

LITERATURE REVIEW**The influence of competence on employee performance in the investment and one-stop integrated services office**

According to Moehleriono (2014), competence is a causal factor that can predict an individual's performance. In other words, higher competence is associated with higher performance, establishing a clear cause-and-effect relationship. Similarly, Abdullah (2014) argues that future work environments will increasingly integrate technological advancements and social changes. Organizations must not only keep pace with evolving knowledge and technology but also adapt to shifting social dynamics. This dual challenge necessitates a highly competent workforce across all levels

executive, managerial, and operational to ensure organizational effectiveness. Empirical studies on the relationship between competence and performance have yielded mixed results. Studies by Were (2022), Swanson *et al.* (2020), and Salman *et al.* (2020) found that competence has an influence on performance. However, studies by Adipratama *et al.* (2020) and Poovathingal and Kumar (2018) found that competence does not have an influence on performance.

H1: Competence has a significant influence on employee performance in the Investment and One-Stop Integrated Services Office.

The influence of creativity on employee performance in the investment and one-stop integrated services office

According to Rompas *et al.* (2020), fostering creativity by encouraging creative thinking, providing motivation, and enhancing employees' skills and abilities can significantly improve performance. Robbins (2003) defines individual creativity as the ability to generate novel and useful ideas or the ability to show differences in seeing responses to problems faced as a creative act. Similarly, Guilford (1950) classifies human thinking into two distinct processes: divergent and convergent thinking. Divergent thinking, which is often associated with creativity, enables individuals to generate new ideas and innovative solutions, thereby contributing to improved workplace performance. Empirical studies on the relationship between creativity and performance have yielded mixed results. Studies by Yang and Zhao (2021) and Ngo *et al.* (2020) found that creativity has an influence on performance. Conversely, studies by Ratnasari *et al.* (2021) and Papoiwo *et al.* (2021) found conflicting results, suggesting that creativity does not have an influence on performance.

H2: Creativity has a significant influence on employee performance in the Investment and One-Stop Integrated Services Office.

Interpersonal communication as a mediator in the relationship between competence and employee performance in the investment and one-stop integrated services office

Communication plays a crucial role in organizational success, as effective communication skills among leaders contribute significantly to goal achievement (Badu & Djafri, 2017). Cangara (2016) emphasizes that interpersonal communication is important for fostering strong relationships, preventing and resolving conflicts, reducing uncertainty, sharing knowledge and experiences, regulating behavior, providing motivation, expressing emotions, and disseminating information. Furthermore, Devito (2011) asserts that effective interpersonal communication must be characterized by openness, empathy, support, and positive feelings. Within an organizational context, strong interpersonal communication creates a healthy work environment, which in turn positively influences workplace dynamics and improves employee performance. Empirical studies have explored the relationship between competence and performance, yielding mixed findings. Studies by Manani and Ngui (2019), Shet *et al.* (2019), and Otoo (2019) found that competence positively influences performance. However, studies by Adipratama *et al.* (2020) and Poovathingal and Kumar (2018) found that competence does not have a significant influence on performance.

H3: Interpersonal communication mediates the relationship between competence and employee performance in the Investment and One-Stop Integrated Services Office.

Work ethic as a mediator in the relationship between creativity and employee performance in the investment and one-stop integrated services office

According to Koni *et al.* (2021), an organization's success in achieving its objectives is not solely dependent on the availability of infrastructure and resources but is also significantly influenced by employee performance. Work ethic reflects an individual's attitude toward work; a strong work ethic fosters higher performance, ultimately contributing to the overall advancement of an institution or organization. Harras *et al.* (2020) define work ethic as a distinctive positive attribute in the workplace, characterized by enthusiasm and dedication based on determination. A strong work ethic is often driven by high self-confidence, which, in turn, promotes a sense of responsibility and accountability, leading to a good work attitude or behavior. Empirical studies have explored the relationship between creativity and performance, yielding mixed findings. Studies by Ahmed and Sigamony (2020) and Nasir *et al.* (2022) found that creativity positively influences performance. However, studies by Ratnasari *et al.* (2021) and Papoiwo *et al.* (2021) found that creativity have a significant influence on performance.

H4: Work Ethic mediates the relationship between creativity and employee performance in the Investment and One-Stop Integrated Services Office.

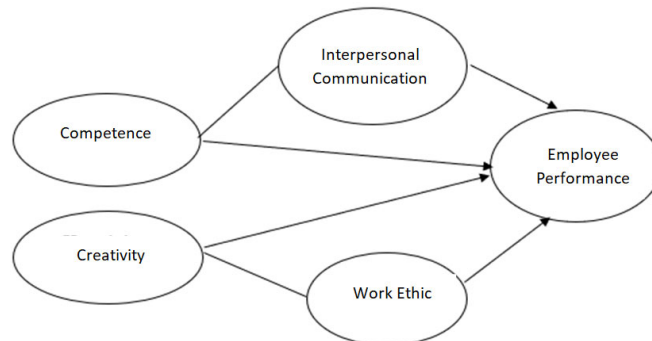


Figure 1. Conceptual Framework

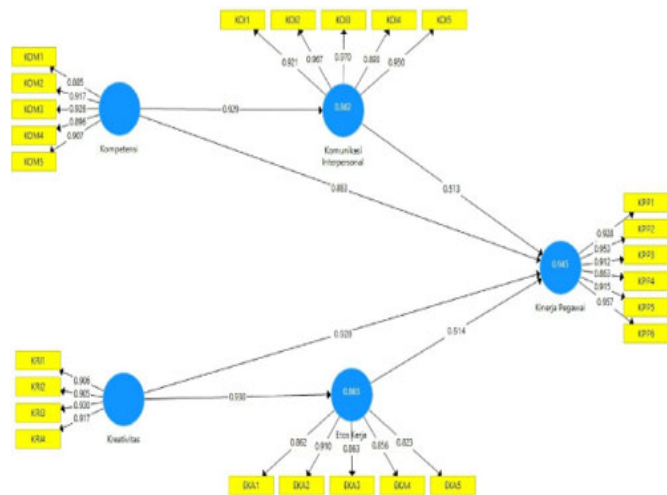
METHODS

To achieve the research objectives and validate the proposed hypotheses, this study adopts a positivist (quantitative) approach using descriptive quantitative methods. Quantitative research is employed to test specific theories by examining the relationships between variables. This study falls within the domain of human resource management, focusing specifically on employee performance in the Investment and One-Stop Integrated Services Office. The population of this study comprised 126 employees of the Investment and One-Stop Integrated Services Office. Data were collected using a structured questionnaire, and the data analysis was conducted using SMARTPLS 3.0, a statistical tool for Partial Least Squares (PLS) structural equation modeling. Employee Performance is assessed based on Governor Regulation Number 33 of 2019 concerning the Electronic Civil Servant Work Performance Assessment System within the Riau Provincial Government. Performance indicators include: 1.

Service orientation, 2. Integrity, 3. Commitment, 4. Discipline, 5. Cooperation, and 6. Leadership; Competence is assessed using indicators from Spencer & Spencer (1993), which include: 1. Beliefs and values, 2. Skills, 3. Experience, 4. Personality characteristics, and 5. Intellectual ability; Interpersonal Communication is assessed using indicators from Devito (2011), which include: 1. Openness, 2. Empathy, 3. Supportive attitude, 4. Positive attitude, and 5. Similarity; Meanwhile, Work Ethic is assessed using indicators from Harras *et al.* (2020), which include: 1. Hard work, 2. Selflessness, 3. Persistence, 4. Change-oriented mindset, and 5. Initiative.

RESULTS AND DISCUSSION

The results indicate that the majority of respondents provided high ratings across all performance-related variables, with integrity being the highest achievement indicator. For the competence variable, respondents also provided high ratings, with intellectual ability being the highest achievement indicator. Similarly, respondents also provided high ratings for the creativity variable, with originality being the highest achievement indicator. The interpersonal communication variable received high ratings, with empathy being the highest achievement indicator. Finally, the work ethic variable also received high ratings, with hard work being the highest achievement indicator. To illustrate the structural relationships among the study variables, the path diagram is presented in the following figure:



Source: SmartPLS 3.0

Figure 2. Research Path Model

Measurement Model Analysis (Outer Model)

Convergent Validity Test

The results of the convergent validity test of the data in this study are presented in the following Table 1:

Based on the outer loading values in Table 1, all indicators for the variables of performance, competence, creativity, interpersonal communication, and work ethic exhibit outer loading values greater than 0.50. This confirms that these indicators are valid measures of their respective constructs, meeting the criteria for convergent validity and making them suitable for further analysis.

Table 1. Loading Factor

Variables	Indicator	Factor Loading	
Employee Performance	Service Orientation	0.928	
	Integrity	0.953	
	Commitment	0.912	
	Discipline	0.863	
	Cooperation	0.915	
	Leadership	0.957	
Competence	Beliefs and Values	0.885	
	Skills	0.917	
	Experience	0.926	
	Personality Characteristics	0.896	
	Intellectual ability	0.907	
Creativity	Fluency of Thought (Fluency of ideas)	0.906	
	Flexibility of Thinking	0.905	
	Elaboration	0.930	
	Originality	0.917	
	Interpersonal Communication	Openness	0.921
		Empathy	0.967
Supportive Attitude		0.970	
Positive Attitude		0.893	
Similarities		0.930	
Work ethic	Hard Work	0.862	
	Selflessness	0.910	
	Persistence	0.863	
	Change-oriented mindset	0.856	
	Initiative	0.823	

Source: SmartPLS 3.0

Discriminant Validity Test

The results of the discriminant validity test for the variables performance, interpersonal communication, work ethic, competence, and creativity are presented in the following Table 2:

Table 2. Cross Loading Value

Indicator	Employee Performance	Competence	Creativity	Interpersonal Communication	Work ethic
Eka 1	0.862	0.742	0.776	0.854	0.815
Eka 2	0.910	0.815	0.818	0.845	0.865
Eka 3	0.863	0.846	0.824	0.802	0.819
Eka 4	0.856	0.706	0.849	0.697	0.740
Eka 5	0.823	0.627	0.749	0.611	0.630
Koi 1	0.770	0.859	0.813	0.921	0.878
Koi 2	0.899	0.934	0.928	0.967	0.937
Koi 3	0.862	0.925	0.904	0.970	0.918
Koi 4	0.842	0.759	0.826	0.893	0.796
Koi 5	0.805	0.868	0.872	0.930	0.923
Kom 1	0.846	0.808	0.885	0.800	0.809
Kom 2	0.907	0.786	0.917	0.778	0.814
Kom 3	0.908	0.799	0.926	0.804	0.826
Kom 4	0.830	0.812	0.896	0.779	0.776
Kom 5	0.848	0.833	0.907	0.826	0.865
Kpp 1	0.823	0.928	0.899	0.807	0.791
Kpp 2	0.865	0.953	0.924	0.933	0.883
Kpp 3	0.840	0.912	0.884	0.910	0.906
Kpp 4	0.753	0.863	0.788	0.782	0.739
Kpp 5	0.807	0.915	0.886	0.775	0.765
Kpp 6	0.881	0.957	0.935	0.929	0.893
Kri 1	0.840	0.812	0.884	0.810	0.906
Kri 2	0.874	0.761	0.842	0.871	0.905
Kri 3	0.827	0.870	0.885	0.925	0.930
Kri 4	0.864	0.747	0.779	0.844	0.917

Source: SmartPLS 3.0

Based on the data in Table 2, all correlation values of the variable indicators exhibit cross-loading values greater than 0.5. This indicates that each indicator is distinct and does not exhibit high correlations with other constructs, thereby confirming that they measure separate latent variables.

Construct Reliability Test

The following table presents the Average Variance Extracted (AVE):

Table 3. Construct Reliability

Variables	Average Variance Extracted(AVE)
Employee Performance (Kpp)	0.850
Competence (Kom)	0.821
Creativity (Kri)	0.836
Interpersonal Communication (Koi)	0.877
Work Ethic (Eka)	0.745

Source: SmartPLS 3.0

Based on the data in Table 3, the AVE values are greater 0.5, indicating good validity. This suggests that a substantial proportion of the variance in the observed variables is explained by the respective latent constructs, ensuring their reliability.

Structural Model Analysis (Inner Model)

Coefficient of Determination (R²)

Based on the PLS data processing, the coefficient of determination (R²) values are as presented in the following:

Table 4. R-Square

Variables	R-Square
Work ethic	0.865
Employee Performance	0.945
Interpersonal Communication	0.862

Source: SmartPLS 3.0

The R² value for the employee performance variable is 0.945, which is greater than the threshold of 0.67. This indicates that a substantial proportion of the variance in the observed variables is explained by the structural model. The value, being close to 1, suggests a strong explanatory power and a high degree of relevance.

Hypothesis Analysis

The following table presents the results of the hypothesis testing:

Table 5. Results of Hypothesis Test

Influence Between Variables	Original Sample(O)	T Statistics (O/STDEV)	P Values	Information
Competence -> Employee Performance	0.883	3,010	0.003	Accepted
Creativity-> Employee Performance	0.928	5,003	0,000	Accepted
Competence -> Interpersonal Communication -> Employee Performance	0.477	2,421	0,000	Accepted
Creativity -> Work Ethic -> Employee Performance	0.478	2,325	0,000	Accepted

Source: SmartPLS 3.0

Hypothesis 1

The magnitude of the influence of the competency variable on employee performance is estimated at 0.883, with a t-statistic value of 3.010. Since the t-statistic is greater than 1.96, it can be concluded that the competency variable has a significant influence on employee performance.

Hypothesis 2

The magnitude of the influence of the creativity variable on employee performance is estimated at 0.928, with a t-statistics value of 5.003. Since the t-statistic is greater than 1.96, it can be concluded that the creativity variable has a significant influence on employee performance.

Hypothesis 3

The magnitude of the influence of the competency variable on employee performance through the interpersonal communication variable is estimated at 0.477, with a t-statistics value of 2.241. Since the t-statistic is greater than 1.96, it can be concluded that interpersonal communication mediates the relationship between competency and employee performance.

Hypothesis 4

The magnitude of the influence of the creativity variable on employee performance through the work ethic variable is estimated at 0.478, with a t-statistics value of 2.325. Since the t-statistic is greater than 1.96, it can be concluded that work ethic mediates the relationship between creativity and employee performance.

Conclusion

This study aims to develop goal-setting theory through the incorporation of employee performance variables such as competence, creativity, interpersonal communication, and work ethic. The results indicate that all four hypotheses are accepted (supported), thereby strengthening the theoretical framework of goal-setting theory.

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