

Performance Management Improvement in Financing Companies (Case Study of The Commercial Business Division of PT. XYZ)

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Abstract. *Financial industries are one of the many economic sectors that make a significant contribution to a country's GDP (Gross Domestic Product). Financing companies are among these contributors; hence, they require top performance to secure their position as national benefactors. This research revolves around performance management within a division of one of Indonesia's leading financing companies. The performance management itself relies on several indicators, including leadership, environment, motivation, engagement, and satisfaction. Thus, this study aims to explain which indicators most affect employees' performance. This study used data gathered from 90 people within the Commercial Business division. Data collection was conducted using Google Forms, and the analysis was performed through the SEM-PLS method. The results of this study confirm how each of the indicators affects employees' performance. Moreover, work motivation was the only indicator that had the slightest impact on employees' performance within the Commercial Business division. Practically, the findings of this study imply that management needs to focus on developing leadership and creating a conducive work environment to significantly improve employee performance. The theoretical implications of this study strengthen the mediation model in human resource management by demonstrating the critical role of job satisfaction and work attachment as mediators.*

Keywords: *Human Capital, Employee, Commercial Business, Performance Management*

INTRODUCTION

In the context of Human Resource Management, several indicators influence the quality (performance) and development of talent itself, including leadership, defined as an emotional process developed through social influence, such as a person's ability to seek help and support from others to complete certain tasks (Baba et al., 2021; CHAUHAN, 2018; Hajncl & Vučenović, 2020; Shoaib & Pathan, 2022; Singh et al., 2022). Additionally, corporations can improve employee performance by creating a pleasant and supportive work environment. This can include providing time and space for individuals to collaborate and innovate, as well as offering opportunities for individuals to engage in challenging projects and develop their abilities (Chen, 2020). Work motivation refers to a person's desire to carry out a task due to encouragement originating from within themselves or their surrounding environment, influencing the direction, intensity, and persistence of individuals in working (Chen, 2020).

To examine these factors, Hajiali (2022) argues that job satisfaction and work engagement serve as important mediators influencing employee performance within an organization. When employees are satisfied, they tend to be more productive and improve their performance (Sultana et al., 2024). Furthermore, employees with high work engagement demonstrate energy, enthusiasm, and commitment in completing their tasks. This helps drive higher performance because engaged employees tend to be more proactive, innovative, and responsible (De Carlo et al., 2020).

The decline in these indicators reflects significant challenges faced by PT. XYZ's commercial business division. This decline, caused by external factors and accompanied by

decreased employee performance in the commercial business division at PT. XYZ, illustrates the need for special attention to human resource management. Based on the above background description, the problems identified are as follows: (1) How do leadership, work environment, work motivation, job satisfaction, and work engagement influence employee performance at PT. XYZ? (2) How do leadership, work environment, and work motivation affect employee performance at PT. XYZ mediated by job satisfaction? and (3) How do leadership, work environment, and work motivation affect employee performance at PT. XYZ mediated by work engagement?

The purpose of this study is to analyze and measure the direct influence of leadership, work environment, work motivation, job satisfaction, and work engagement on employee performance. In addition, this study aims to analyze the mediating role of job satisfaction in the relationship between leadership, work environment, and work motivation, and employee performance, as well as to analyze the mediating role of work engagement in the relationship between the three independent variables and employee performance in the Commercial Business Division of PT. XYZ. The benefits of this research are divided into two aspects. Theoretically, this research is expected to enrich the body of knowledge in Human Resource Management, especially regarding the factors that affect employee performance and the mediation mechanisms involved. Practically, the results of this research can be considered by PT. XYZ management in formulating strategic policies and programs to improve employee performance, especially in the Commercial Business Division, through enhancing leadership, work environment, motivation, satisfaction, and work engagement aspects.

MATERIALS AND METHOD

This study used a quantitative approach with a verifiable method to test the relationships between variables through numerical data measurement and statistical analysis. The research design was cross-sectional, collecting data at a specific point in time to analyze the relationships between the variables studied. The research was conducted at PT. XYZ's head office, both offline and online, from February 2025 to May 2025, employing quantitative descriptive and verification methods.

Sampling targeted the sales team, asset management team, and risk management team in the commercial business division, including both permanent employees and management trainees (MT). The sample size was determined based on Hair et al. (2017), with 18 indicators across all variables, resulting in a minimum sample requirement of 90 respondents.

Data analysis was performed using Structural Equation Modeling - Partial Least Squares (SEM-PLS) with SmartPLS software version 3. SEM was chosen for its flexibility in connecting theory and data and its ability to conduct path analysis with latent variables, making it commonly used in social science research (Ghozali & Latan, 2020).

SECTION 3 (LEVEL 1) (Ex: RESULTS AND DISCUSSION)

Respondent Demographics

This study analyzes performance improvements in the commercial business division at PT. XYZ. The sample size for this study was 90 respondents. To determine the demographics of the respondents, descriptive statistical analysis was used, as follows:

Tabel 1 Respondents Demography

No	Characteristics	Information	Amount	Percentage (%)
1	Gender	Man	58	64%
		Women	32	36%
2	Age	21 – 30 Year	43	48%
		31 – 40 Year	27	30%
		> 40 Year	20	22%
3	Education	Diploma	14	16%
		Bachelor	64	71%
		Post-graduate	12	13%
4	Length of working	< 5 Year	54	60%
		5 – 10 Year	26	29%
		> 10 Year	10	11%
Total			90	100%

Hypothesis Testing

The hypothesis testing in this study used path analysis, statistically validated using Smart PLS. The criteria used were a P-Value ≤ 0.05 , which means the research hypothesis is accepted. The results of the research hypothesis testing are as follows.

Table 2 Hypothesis Test Results

	B	T Stat	P Values	Result
<i>Leadership</i> => Employee Performance	0.309	3.105	0.000	H11 accepted
<i>Work Environment</i> => Employee Performance	0.264	3.562	0.000	H12 accepted
<i>Work Motivation</i> => Employee Performance	0.313	3.726	0.000	H13 accepted
<i>Job Satisfaction</i> => Employee Performance	0.305	3.547	0.000	H14 accepted
<i>Work Engagement</i> => Employee Performance	0.242	2.872	0.000	H15 accepted
<i>Leadership</i> => <i>Job Satisfaction</i> => Employee Performance	0.112	2.196	0.029	H16 accepted
<i>Work Environment</i> => <i>Job Satisfaction</i> => Employee Performance	0.162	2.832	0.005	H17 accepted
<i>Work Motivation</i> => <i>Job Satisfaction</i> => Employee Performance	0.018	0.516	0.606	H18 rejected
<i>Leadership</i> => <i>Work Engagement</i> => Employee Performance	0.149	2.400	0.022	H19 accepted
<i>Work Environment</i> => <i>Work Engagement</i> => Employee Performance	0.210	3.420	0.000	H110 accepted
<i>Work Motivation</i> => <i>Work Engagement</i> => Employee Performance	0.277	2.786	0.000	H111 accepted

Source: Smart PLS Data Processing Results (2025)

Leadership has a positive and significant effect on employee performance, with a β value of 0.309 and a P value of 0.000 (below 0.05). Therefore, hypothesis H1 is accepted. The work environment also shows a positive and significant effect on employee performance ($\beta = 0.264$, $P = 0.000$), thus hypothesis H2 is accepted. Work motivation has a positive and significant effect on employee performance ($\beta = 0.313$, $P = 0.000$), supporting hypothesis H3. Job

satisfaction has a positive and significant effect on employee performance ($\beta = 0.305$, $P = 0.000$), thus hypothesis H4 is accepted.

Work engagement also has a positive and significant effect on employee performance, with a β value of 0.242 and $P = 0.000$. This supports hypothesis H5.

In the context of mediation between variables, Leadership through job satisfaction has a positive and significant influence on employee performance ($\beta = 0.112$, $P = 0.029$), supporting hypothesis H6. Work environment through job satisfaction also shows a positive and significant influence on performance ($\beta = 0.162$, $P = 0.005$), so H7 is accepted. Work motivation through job satisfaction, with a value of $\beta = 0.018$ and $P = 0.606$, does not show a significant influence, so hypothesis H8 is rejected. Leadership through work engagement has a positive and significant influence on performance ($\beta = 0.149$, $P = 0.022$), supporting hypothesis H9. Work environment through work engagement also has a positive and significant influence ($\beta = 0.210$, $P = 0.000$), so H10 is accepted. Work motivation through work engagement has a positive and significant influence on employee performance ($\beta = 0.277$, $P = 0.000$), supporting hypothesis H11.

The Influence of Leadership on Employee Performance

In a dynamic division like the Commercial Business, leaders serve not only as providers of direction but also as sources of inspiration, motivating employees to effectively achieve targets. According to Yukl (2013), effective leadership encompasses the ability to influence and motivate individuals to voluntarily contribute to the achievement of organizational goals, which is crucial in a competitive, results-oriented work environment. In a dynamic division like the Commercial Business, leaders serve not only as directors but also as inspiration, motivating employees to effectively achieve company targets.

The Influence of the Work Environment on Employee Performance

This is in line with research by Idris et al. (2020) and Primanda (2024), which found that the work environment can improve employee performance. A positive work environment includes adequate physical facilities, harmonious work relationships, policies that support work-life balance, and an atmosphere conducive to productivity. PT. XYZ implements flexible working hours to accommodate employees with special needs, such as picking up children or attending family events. This policy creates a sense of comfort among employees. The Commercial Business Division at PT. XYZ has successfully created an atmosphere that not only increases productivity but also builds employee emotional attachment to the company. The end result is improved individual and team performance, which contributes to the company's overall success.

The Influence of Work Motivation on Employee Performance

According to findings by Hajiali et al. (2022) and Primanda (2024), work motivation can improve employee performance. At PT. XYZ, work motivation is implemented by providing clear recognition for individual and team achievements. Employees who successfully achieve targets are rewarded with financial incentives and public appreciation in team meetings. This kind of recognition boosts employee confidence and motivates them to continue delivering their best results. At PT. XYZ, management strives to understand employees' individual

strengths and assigns them to appropriate projects or roles. Through the implementation of effective work motivation, employees in the Commercial Business division not only feel valued but are also encouraged to continue developing and making maximum contributions. This creates consistent, innovative performance, positively impacting the achievement of overall company targets.

The Influence of Job Satisfaction on Employee Performance

In line with research by Pancasila et al. (2020), job satisfaction plays a crucial role in improving employee performance. At PT. XYZ, job satisfaction is fostered through various approaches, such as providing fair compensation commensurate with workload. Employees in the Commercial Business division who achieve or exceed targets receive transparent and proportional performance bonuses. This makes employees feel their efforts are appreciated, thus encouraging them to continuously improve their performance. Implementing fair policies is also a crucial part of efforts to increase job satisfaction, such as transparent promotion opportunities in the Commercial Business division based on performance and competency. With good job satisfaction, employees in the Commercial Business division of PT. XYZ are able to perform optimally.

The Effect of Work Engagement on Employee Performance

This is in line with the findings of Lai et al. (2020) and Sodiq et al. (2024), which show that work engagement can improve employee performance. Work engagement encompasses an employee's level of enthusiasm, energy, and commitment to their work. When employees feel emotionally and intellectually engaged with their tasks, they tend to be more focused, productive, and willing to put in extra effort to achieve company goals. With strong work engagement, employees in the Commercial Business division of PT. XYZ not only complete their work with full dedication but also demonstrate initiative to contribute further. This engagement results in improved individual and team performance, ultimately supporting the company's overall success.

The Influence of Leadership on Employee Performance, Mediated by Job Satisfaction

In line with research by Pancasila et al. (2020), job satisfaction acts as a mediator in the relationship between leadership and employee performance. Leaders who provide clear direction, support individual development, and create a positive work environment tend to increase job satisfaction. In the Commercial Business Division of PT. XYZ, leadership practices are demonstrated through appreciation for team achievements and support for work-life balance, such as flexible working hours. This high level of job satisfaction encourages employees to work optimally to achieve company goals.

The Influence of the Work Environment on Employee Performance, Mediated by Job Satisfaction

This is in line with research by Idris et al. (2020), which found that job satisfaction can mediate the influence of the work environment on employee performance. At PT. XYZ, the implementation of a positive work environment begins with providing adequate facilities, such as ergonomically designed workspaces with modern equipment and adequate access to technology. Employees feel comfortable carrying out their tasks without physical distractions,

such as noise or malfunctioning equipment. This comfort creates a sense of satisfaction, as employees can focus on completing their tasks efficiently.

The Influence of Work Motivation on Employee Performance, Mediated by Job Satisfaction

The research findings indicate that work motivation does not significantly influence employee performance through job satisfaction, thus the hypothesis cannot be accepted. This aligns with Ikhsan et al. (2019), who stated that high work motivation, while influencing job satisfaction, does not necessarily translate into increased performance. External motivational factors, such as salary increases or benefits, sometimes only have a temporary effect. If this motivation is not supported by positive work experiences or a conducive work environment, employees do not feel deeply satisfied with their jobs. Furthermore, motivation is an internal factor that arises from employee awareness, so it is not sufficient to increase perceived satisfaction with the company.

The Influence of Leadership on Employee Performance, Mediated by Work Engagement

In line with research by Lai et al. (2020) and Sodik et al. (2024), work engagement has been shown to mediate the influence of leadership on employee performance. Leaders who are able to build positive relationships, provide clear direction, and create a supportive work environment not only increase employees' emotional engagement and commitment to their work but also motivate them to deliver their best performance. At PT. XYZ, leaders in the Commercial Business division actively practice good leadership to increase work engagement. Leaders not only provide task direction but also inspire employees through a clear vision and passion for achieving shared goals. With this approach, employees feel a sense of shared purpose with the company, resulting in greater enthusiasm and focus in their work. Employee engagement driven by effective leadership results in consistent target achievement, innovation in business strategies, and a harmonious work environment. This positive relationship between leadership, work engagement, and performance is the foundation for the Commercial Business division's success in facing dynamic business challenges.

The Influence of the Work Environment on Employee Performance is Mediated by Work Engagement

According to the findings of Riyanto et al. (2021), work engagement acts as a mediator in the relationship between the work environment and employee performance. At PT. XYZ, a positive work environment includes adequate physical facilities, a supportive work atmosphere, and harmonious employee relationships. When employees feel physically comfortable in the workplace, they are better able to concentrate on their tasks, which increases their engagement in their daily work. Furthermore, the company provides supporting facilities, such as comfortable rest areas and employee well-being programs. PT. XYZ holds weekly relaxation sessions to help employees manage stress. Such programs not only improve employees' physical and mental well-being but also make them feel that the company cares about their needs. Employees who feel supported are generally more motivated and enthusiastic about their work.

The Influence of Work Motivation on Employee Performance, Mediated by Work Engagement

In line with the findings of Riyanto et al. (2021), work engagement acts as a mediator in the relationship between work motivation and employee performance. At PT. XYZ, work motivation is enhanced through various initiatives that encourage employees to develop their full potential. One such initiative is the provision of training and certification programs to support competency development. These efforts create a positive perception that the company is committed to employee career development, thereby strengthening work engagement. Employees not only feel financially motivated but also experience long-term benefits in their professional development.

Managerial Implications for Improving Employee Performance in the Commercial Business Division

Based on the research results, several strategic recommendations are available to improve employee performance. First, management is expected to be more proactive in providing feedback, clear direction, and consistent support, so that employees feel valued and supported in carrying out their duties. Second, PT. XYZ is advised to create a conducive work environment by providing ergonomic workspaces, implementing flexible work systems (where possible), and strengthening an inclusive and collaborative work culture. Third, the company needs to improve its proportional reward system, both financial (such as bonuses and incentives) and non-financial (such as recognition and career development opportunities). Furthermore, it is important to clearly communicate work targets and link them to organizational goals to motivate employees to make maximum contributions.

CONCLUSION

The research results indicate that all variables studied influence employee performance in the Commercial Business Division of a financing institution, with leadership having the strongest positive impact by motivating and inspiring teamwork. However, the expected mediating effect of job satisfaction on the relationship between work motivation and employee performance was not confirmed, likely due to motivation being primarily material and temporary, leading to transactional work relationships. To enhance performance, the division should focus on introducing diverse motivation programs, rewards, and promotion opportunities, alongside developing leadership capabilities. Future research could explore long-term, intrinsic motivation factors and their impact on employee performance, as well as leadership development strategies in similar organizational contexts.

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