

## **Driving Performance Through Innovation: The Roles of Communication and Competence in Public Sector Employees**

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### **Abstract**

This study investigates the influence of communication and employee competence on innovation and its implications for employee performance within the Badan Pendapatan Daerah (Regional Revenue Agency) Kabupaten Karawang. Understanding these relationships is critical for enhancing organisational efficiency and effectiveness. The study used a quantitative approach with a survey method to collect data from 100 employees at Badan Pendapatan Daerah Kabupaten Karawang. The analysis included descriptive statistics and path analysis to explore the relationships between communication, competence, innovation, and employee performance. Validity and reliability tests were conducted to ensure the instruments' accuracy. The results revealed significant positive correlations between communication and competence ( $r = 0.693$ ,  $p < 0.01$ ). Path analysis indicated that communication ( $\beta = 0.548$ ) and competence ( $\beta = 0.381$ ) significantly influence innovation, which in turn has a substantial impact on employee performance ( $R^2 = 78.8\%$ ). These findings highlight that effective communication and high employee competence are crucial drivers of innovation. Moreover, innovation plays a dominant role in enhancing employee performance, suggesting that fostering an innovative work environment is essential for organisational success. The study concludes that improving communication and competence among employees significantly boosts innovation and subsequently enhances employee performance. The findings underscore the need for targeted training programmes and a supportive work environment to facilitate effective communication and continuous skill development. Future research should consider additional factors such as organisational culture and employee motivation to provide a more comprehensive understanding of performance determinants.

Keywords: Communication; Competence; Employee Performance; Innovation; Organisational Efficiency.

### **Abstrak**

Penelitian ini bertujuan untuk mengetahui pengaruh komunikasi dan kompetensi pegawai terhadap inovasi serta implikasinya terhadap kinerja pegawai di Badan Pendapatan Daerah Kabupaten Karawang. Memahami hubungan ini sangat penting untuk meningkatkan efisiensi dan efektivitas organisasi. Penelitian ini menggunakan pendekatan kuantitatif dengan metode survei, mengumpulkan data dari 100 karyawan di Badan Pendapatan Daerah Kabupaten Karawang. Analisis yang dilakukan meliputi statistik deskriptif dan analisis jalur untuk mengeksplorasi hubungan antara komunikasi, kompetensi, inovasi, dan kinerja karyawan. Uji validitas dan reliabilitas dilakukan untuk memastikan keakuratan instrumen yang digunakan. Hasil penelitian menunjukkan adanya korelasi positif yang signifikan antara komunikasi dan kompetensi ( $r = 0,693$ ,  $p < 0,01$ ). Analisis jalur menunjukkan bahwa komunikasi ( $\beta = 0,548$ ) dan kompetensi ( $\beta = 0,381$ ) secara signifikan mempengaruhi inovasi, yang pada gilirannya berdampak besar pada kinerja karyawan ( $R^2 = 78,8\%$ ). Temuan ini menyoroti bahwa komunikasi yang efektif dan kompetensi karyawan yang tinggi merupakan pendorong inovasi yang sangat penting. Selain itu, inovasi memainkan peran dominan dalam meningkatkan kinerja karyawan, yang menunjukkan bahwa membina lingkungan kerja yang inovatif sangat penting untuk kesuksesan organisasi. Studi ini menyimpulkan bahwa meningkatkan komunikasi dan kompetensi di antara karyawan secara signifikan mendorong inovasi dan kemudian meningkatkan kinerja karyawan. Temuan ini menggarisbawahi perlunya program pelatihan yang ditargetkan dan lingkungan kerja yang mendukung untuk memfasilitasi komunikasi yang efektif dan pengembangan keterampilan yang berkelanjutan. Penelitian di masa depan harus mempertimbangkan faktor-faktor tambahan seperti budaya organisasi dan motivasi karyawan untuk memberikan pemahaman yang lebih komprehensif tentang faktor penentu kinerja.

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## **INTRODUCTION**

The Karawang Regency Regional Regulation Number 14 of 2016 on the Formation and Structure of Regional Apparatus in Karawang Regency serves as the basis for the establishment of the Regional Revenue Agency. This agency has the primary duty to support regional government affairs in the financial sector, particularly regional revenue, and to carry out delegated tasks given to the region. The objective of Civil State Apparatus (ASN) management, which is based on competence and qualifications, is to create professional and competitive Civil Servants (PNS) with strong bureaucratic ethics, necessitating the sustainable career development of competitive Civil Servants (Idris et al., 2020; Yuliana, 2022).

This aligns with Article 12 of Law Number 43 of 1999, which states that the development of civil servants must be based on a merit system and career system, with a focus on job performance. Article 20 emphasises objectivity in the appointment and promotion of positions through performance appraisal. The Karawang Regency Regional Revenue Agency focuses on improving the competence and productivity of employees to achieve optimal performance targets. A healthy work environment is also crucial to motivate employees to contribute their best. Employee performance is the result of their ability to carry out duties and responsibilities, characterised by high work motivation, timely completion of tasks, consistent contributions, and behaviour aligned with work standards and organisational values (Motyka, 2018).

However, preliminary studies by the authors through field observations indicate that the performance of the Karawang Regency Regional Revenue Agency is not yet optimal. This is evidenced by the fact that regional revenues have not been maximally absorbed. Initial studies also reveal weaknesses in cooperation among employees, suggesting deficiencies in the performance of apparatus at the Karawang Regency Regional Revenue Agency. Several major issues related to weak performance are primarily due to communication problems, both among employees and between subordinates and leaders. Incidents such as task assignments by leaders without ensuring employee understanding, assignments not aligned with employees' interests and talents, and a lack of care and support among employees illustrate this phenomenon (Musheke & Phiri, 2021; Palupi, 2022). Additionally, some employees show indifference towards colleagues and leaders and exhibit individualistic behaviour that hinders cooperation. This results in differing interests between employees and leaders, ultimately creating an uncondusive work environment (Ilham & Budianto, 2023; Prado-Roman et al., 2020).

The success of a department in competing and surviving heavily depends on its ability to quickly adapt to knowledge and technology. Innovation is crucial for departments in local government because it can enhance operational efficiency and responsiveness to community needs, as well as increase transparency and accountability. With innovation, the quality of public services can be improved, human resource competencies can be developed, and creative solutions to various problems can be found (Lee et al., 2019). Moreover, innovation can boost public satisfaction and trust and help departments adapt to changes in the external environment (Gunday et al., 2011; Rauter et al., 2019).

Overall, innovation is key to improving the performance and relevance of departments in meeting public expectations and facing future challenges. Competence, communication, and innovation are closely related in local government departments, where high employee competence enables them to develop and implement innovations, while effective communication ensures innovative ideas can be disseminated and successfully implemented (Hidayatulloh & Ashoumi, 2022; Prasad & Martens, 2008). Competent and

skilled employees in communication create a collaborative and open work environment towards change, ultimately fostering innovation that enhances efficiency, responsiveness, and quality of public services. Thus, the combination of good competence and communication is an essential foundation for successful innovation in local government departments (Hernández-Dionis et al., 2022).

The primary issue addressed in this study is how employee communication and competence affect innovation, which in turn impacts employee performance at the Karawang Regency Regional Revenue Agency. Based on field observations, various obstacles hinder optimal employee performance, particularly related to communication and competence aspects. Ineffective communication among employees and between leaders and subordinates often results in tasks not being completed properly. Assigning tasks not aligned with employees' interests and talents, and the lack of support and care among employees exacerbate this situation (Alqahtani et al., 2015; Rizwan et al., 2014; Upathissa, 2022).

Additionally, indifferent and individualistic attitudes among employees hinder cooperation and collaboration which should enhance organisational performance. This uncondusive work environment lowers employee motivation and reduces their ability to innovate. Therefore, an in-depth study is needed to understand the extent to which employee communication and competence affect innovation and employee performance (Isidro-Filho et al., 2013; Permatasari & Ratnawati, 2021; Tuffaha, 2020; Zeebaree et al., 2020).

This study aims to identify the influence of employee communication on innovation, determine the impact of employee competence on innovation, and assess the extent to which innovation affects employee performance. Additionally, this study examines the relationship between employee communication and competence on employee performance through innovation as an intervening variable. By understanding these relationships, it is expected that effective strategies can be found to improve employee performance through enhanced communication, competence, and innovation.

The specific objectives of this study are to quantify the impact of communication quality on innovation levels within Karawang's Regional Revenue Agency, to explore the relationship between employee competence and their performance metrics, to assess the extent to which innovation affects employee performance, and to examine the relationship between employee communication and competence on employee performance through innovation as an intervening variable.

The study is grounded in communication theory, innovation diffusion theory, and organisational behaviour theory, which collectively support the proposed relationships among the variables. Communication theory provides a framework for understanding how effective communication within an organisation can facilitate the flow of information, enhance collaboration, and foster an environment conducive to innovation. Innovation diffusion theory explains how new ideas and technologies spread within an organisation, highlighting the role of communication and employee competence in this process. Organisational behaviour theory offers insights into how individual and group behaviours within an organisation impact overall performance, emphasising the importance of competence and communication in driving organisational effectiveness.

Based on these theories, it is hypothesised that better internal communication within the agency leads to higher levels of innovation (H1). Effective communication ensures that innovative ideas are effectively disseminated and implemented, thereby enhancing the agency's ability to adapt and improve its services (Rogers, 2003; Daft & Lengel, 1986). Higher employee competence results in improved performance metrics, as competent employees are better equipped to understand and implement innovative practices (H2), leading to more efficient and effective performance outcomes (Bandura, 1997; Locke & Latham, 1990). Innovation positively impacts employee performance by providing new methods

and tools that enhance productivity and service quality (H3), thereby meeting organisational goals more effectively (Damanpour, 1991; West & Farr, 1990). Furthermore, effective communication and competence together enhance employee performance through innovation (H4). When employees are both competent and able to communicate effectively, they can collaborate more efficiently, share innovative ideas, and implement new practices that drive overall performance improvements (Nonaka, 1994; Cohen & Levinthal, 1990).

This study offers novelty in several aspects. *Firstly*, it adopts a holistic approach by incorporating communication and competence as crucial factors influencing employee innovation and performance. Most previous studies have focused on only one aspect. *Secondly*, the use of path analysis allows for the identification of direct and indirect relationships between variables, providing a more comprehensive understanding of the mechanisms underlying the relationships between communication, competence, innovation, and employee performance. *Thirdly*, the focus is on the local government context, which is rarely discussed in previous studies. With this focus, the research findings can provide more relevant recommendations and be directly applicable to other local government departments. *Fourthly*, this study offers practical and measurable recommendations that can be utilised by policy-makers and organisational leaders to enhance employee performance through improved communication and competence and to foster innovation.

## **Literature Review**

### **Communication in Organizations**

Communication is a critical process in organisations that involves the exchange of information, ideas, and feelings among members. Robbins and Judge (2016) define communication as the transfer and understanding of meaning. Effective communication can enhance coordination, motivation, control, and decision-making within an organisation. According to Robbins and Coulter (2020), effective communication in an organisation can improve work efficiency and effectiveness, ultimately positively impacting overall organisational performance.

Previous studies have demonstrated that effective communication plays a crucial role in fostering innovation and enhancing organisational performance. For instance, Liang et al. (2022), found that open and honest communication within an organisation encourages the flow of innovative ideas, leading to increased innovation. Similarly, Rahimnia and Molavi (2020) showed that good communication among team members can enhance creativity and innovation, as team members feel more comfortable sharing ideas and collaborating.

Additionally, effective communication significantly impacts organisational performance. Na et al. (2019) indicated that good communication within an organisation can enhance employee performance by increasing their engagement and sense of responsibility for their work. Rukmana et al. (2018) also found that effective communication between management and employees can improve organisational performance by enhancing job satisfaction and employee motivation. Thus, effective communication is not only essential for coordination and decision-making but also for fostering innovation and enhancing organisational performance. Good communication ensures smooth information flow, which helps organisations be more responsive to changes and more innovative in addressing challenges.

## **Employee Competence**

Competence is a combination of skills, knowledge, and behaviours necessary to perform a task effectively. Spencer and Spencer (1993) define competence as an individual's underlying characteristic related to effective and/or superior performance in a job or situation. Competence includes both technical and non-technical abilities that enable individuals to meet expected performance standards.

Previous studies have highlighted the importance of employee competence in achieving organisational goals and enhancing employee performance. Theoretically, individual competence is closely related to high work performance and organisational success (Martini et al., 2020; Renyut et al., 2017). High competence allows employees to complete tasks efficiently and effectively and adapt to workplace changes and challenges. McClelland (1998) categorised employee competence into two main types: technical competence, which includes specific knowledge and skills required for particular tasks, and non-technical competence, which includes interpersonal, leadership, and problem-solving skills essential for success in various work situations.

Furthermore, Armstrong (2012) emphasised that effective competence development programs can enhance employee productivity and performance. Competence development through training, coaching, and continuous professional development enables employees to improve their abilities continually and contribute more significantly to organisational goals. Thus, employee competence is crucial for ensuring an organisation's operational effectiveness and efficiency. High competence enables employees to work well in teams, manage resources efficiently, and innovate to address new challenges and opportunities.

## **Innovation in Organisations**

Innovation is defined as an idea, practice, or object perceived as new by an individual or other unit of adoption (Rogers, 2003). Innovation in organisations involves adopting and implementing new ideas that can enhance operational efficiency, responsiveness to community needs, transparency, and accountability. According to Damanpour and Schneider (2009), innovation is crucial for organisations to survive and compete in rapidly changing environments. Innovation can improve the quality of public services, develop human resource competencies, and find creative solutions to various problems.

Previous studies have shown that innovation significantly impacts organisational performance. For example, Tugba and Safak (2016), found that more innovative organisations tend to perform better because they can adapt more quickly to environmental changes and meet customer needs more effectively. Hamidi and Naser (2017) also demonstrated that innovation is a major driver of organisational performance improvement through increased operational efficiency and effectiveness.

Innovation not only enhances operational performance but also affects job satisfaction and employee motivation. Lee et al. (2019) found that a work environment that encourages innovation can increase employee job satisfaction and motivate them to contribute more to organisational success. Innovation helps organisations find creative solutions to various problems, ultimately improving overall organisational performance. Therefore, innovation is key to enhancing organisational performance and relevance in constantly changing environments. Innovative organisations are better able to survive and compete in competitive markets and be more responsive to customer needs and expectations. Innovation also enables the development of human resource competencies, which in turn enhances individual and organisational performance.

### **Communication, Competence, Innovation, and Employee Performance**

Employee performance results from their ability to carry out duties and responsibilities, characterised by high work motivation, timely completion of tasks, consistent contributions, and behaviour aligned with work standards and organisational values. In the context of the Karawang Regency Regional Revenue Agency, employee performance is significantly influenced by the quality of communication and competence of the employees.

Effective communication within an organisation allows the exchange of information, ideas, and feelings more efficiently and effectively. According to Robbins and Judge (2016), good communication can enhance coordination, motivation, control, and decision-making within an organisation. Robbins and Coulter (2020) also emphasise that good communication can improve work effectiveness and efficiency, ultimately positively impacting overall organisational performance. Studies by Tushman and Nadler (1986) and Mohrman et al. (1995) show that open and honest communication within an organisation fosters the flow of innovative ideas, ultimately resulting in innovations that can enhance employee performance.

On the other hand, employee competence, which includes the skills, knowledge, and behaviours necessary to perform tasks effectively, also plays a crucial role in determining employee performance. Spencer and Spencer (1993) state that competence is an individual's underlying characteristic related to effective and/or superior performance in a job or situation. Good competence allows employees to complete tasks efficiently and effectively and to adapt to changes and challenges in the workplace (Boyatzis, 1982; McClelland, 1998). Armstrong (2012) emphasises that effective competence development programs can enhance employee productivity and performance.

Innovation in organisations, which involves adopting and implementing new ideas, can enhance operational efficiency, responsiveness to community needs, transparency, and accountability. Damanpour and Schneider (2009) state that innovation is crucial for organisations to survive and compete in rapidly changing environments. Several previous studies have clearly shown that innovation significantly impacts organisational performance, as it allows organisations to adapt more quickly to environmental changes and meet customer needs more effectively (Lee et al., 2019; Tugba & Safak, 2016).

In the context of the Karawang Regency Regional Revenue Agency, employee communication and competence are closely related and significantly influence innovation. Effective communication allows the flow of ideas and information that can drive innovation. High competence enables employees to develop and implement innovative solutions. Innovation resulting from good communication and competence, in turn, enhances employee performance by increasing operational efficiency, service quality, and responsiveness to community needs (Derakhshide & Ansari, 2015).

Thus, to improve employee performance at the Karawang Regency Regional Revenue Agency, it is necessary to enhance employee communication and competence. Good communication and high competence will drive innovation, which will ultimately positively impact overall employee performance. This study then aims to provide a deeper understanding of how employee communication and competence influence innovation and employee performance at the Karawang Regency Regional Revenue Agency. This study is also expected to provide practical recommendations for improving organisational performance through enhanced communication, competence, and innovation.

## **RESEARCH METHODS**

This study employs a quantitative approach using a survey method to collect data from employees at the Karawang Regency Regional Revenue Agency. This agency was specifically chosen due to its critical role in regional revenue collection, which directly impacts local government services and economic stability. The unique challenges faced by the agency in terms of communication and competence make it an ideal case for examining the research questions. The survey method is chosen as it allows the researchers to systematically and structurally measure and analyse the impact of communication and employee competence on innovation and employee performance (Creswell, 2014).

The population in this research consists of all employees working at the Karawang Regency Regional Revenue Agency. A total sampling technique, or census, is used, involving the entire population of 100 employees. The census technique is selected due to the relatively small population size, which allows for data collection from every member of the population without the need for sampling. This technique enhances the validity of the results and ensures that the findings are comprehensive and representative of the entire agency.

Data were collected through questionnaires distributed to all employees at the Karawang Regency Regional Revenue Agency. The questionnaire comprised several sections designed to measure the following variables:

- a) Employee Communication: Assessed using items that evaluate the effectiveness of communication among employees, both vertically (between superiors and subordinates) and horizontally (among colleagues).
- b) Employee Competence: Assessed using items that evaluate employees' technical and non-technical abilities in performing their tasks.
- c) Innovation: Assessed using items that evaluate the extent to which employees are involved in the development and implementation of new ideas in their work environment.
- d) Employee Performance: Assessed using items that evaluate employees' work outcomes, including timely task completion, consistent contributions, and behaviour aligned with work standards and organisational values.

The questionnaire utilised a 5-point Likert scale, where respondents were asked to indicate their level of agreement with each statement, ranging from "strongly disagree" (1) to "strongly agree" (5). The questionnaires were distributed to all employees through both electronic and paper-based formats to ensure accessibility. To ensure a high response rate, follow-up reminders were sent, and the confidentiality of responses was assured. Measures to handle non-responses included follow-up calls and personal visits to encourage participation.

In addition to primary data collected through surveys, secondary data were also used. These included organisational performance records such as employee performance evaluations and regional revenue statistics. These secondary data complemented the primary survey data by providing additional context and validation for the findings.

This study employs a cross-sectional survey design, chosen for its effectiveness in capturing a snapshot of the current state of employee communication, competence, innovation, and performance within the agency. This design aligns with the research objectives by allowing for the examination of relationships between variables at a single point in time.

The collected data were analysed using Path Analysis to examine the direct and indirect relationships between the studied variables. Path Analysis enables the researchers to identify the influence

pathways from communication and employee competence to employee performance through innovation as an intervening variable (Priadana, 2017).

The steps taken by the researchers in data analysis included:

- a) Validity and Reliability Tests: The validity and reliability of the questionnaire were tested to ensure that the measurement instruments used were highly reliable and accurate.
- b) Descriptive Analysis: An overview of the respondents' characteristics and the distribution of their responses was presented.
- c) Path Analysis: Statistical software was used to calculate path coefficients and test the hypotheses proposed in this study.

By following these steps, the researchers aimed to provide a comprehensive understanding of how communication and competence influence innovation and employee performance at the Karawang Regency Regional Revenue Agency. The insights gained from this study are expected to offer practical recommendations for enhancing organisational performance through improved communication, competence, and innovation.

## RESULTS

### Description of Respondents

Based on the respondents' data, the demographic characteristics of employees at the Karawang Regency Regional Revenue Agency show significant variation in several key aspects, as presented in Table 1.

**Table 1. Description of Respondents**

No.	Characteristic	Sum	Percentage
1.	Gender		
	a. Male	86	86%
	b. Female	14	14%
2.	Age		
	a. < 30 years	21	21%
	b. 30-40 years	39	39%
	c. 41-50 years	30	30%
	d. > 50 years	10	10%
3.	Education Level		
	a. High School	11	11%
	b. Diploma	15	15%
	c. Bachelor's Degree	30	30%
	d. Master's Degree	44	44%
4.	Length of Employment		
	a. < 5 years	25	25%
	b. 5-10 years	35	35%
	c. 11-20 years	30	30%
	d. > 20 years	10	10%
Total		100	100%

From Table 1, it can be observed that the majority of respondents are male, totalling 86 individuals or 86%, while females constitute only 14 individuals or 14%. This indicates a dominance of male



employees in the agency. Regarding educational level, the majority of employees possess higher education qualifications. Specifically, 44 individuals or 44%, hold a Master’s degree; 30 individuals, or 30%, hold a Bachelor’s degree, 15 individuals, or 15%, have a diploma; and 11 individuals or 11%, have a high school education. This indicates that the employees at the Karawang Regency Regional Revenue Agency generally have a high level of education.

Regarding age, respondents are distributed across various age groups. A total of 21 individuals, or 21%, are under 30 years old; 39 individuals or 39%, are in the 30-40 year age range; 30 individuals, or 30%, are in the 41-50 year age range, and 10 individuals or 10% are over 50 years old. These data indicate that most employees are within the productive age range. Concerning length of employment, there is a fairly even distribution. A total of 25 individuals, or 25%, have worked for less than 5 years; 35 individuals, or 35%, have worked for 5 to 10 years, 30 individuals or 30%, have worked for 11 to 20 years, and 10 individuals or 10%, have worked for more than 20 years. This shows that the agency has a mix of employees with varying lengths of work experience.

Overall, these demographic characteristics provide a comprehensive profile of the employees at the Karawang Regency Regional Revenue Agency. The majority are male with high educational levels, are of productive age, and have varied lengths of employment. This information is crucial for further analysis of the impact of communication and competence on employee innovation and performance.

### Descriptive Analysis of Research Variables

In this study, a descriptive analysis was conducted for four main variables: employee communication, employee competence, innovation, and employee performance. The descriptive analysis results provide a general overview of the average scores and the distribution of scores for each variable, as shown in the following table 2.

**Table 2. Description of Respondents’ Answers**

No.	Variable	Average	Category	Frequency	Percentage
1.	Communication	3,751	Low	15	15%
			Medium	50	50%
			High	35	35%
2.	Competence	3,804	Low	10	10%
			Medium	55	55%
			High	35	35%
3.	Innovation	3,854	Low	12	12%
			Medium	48	48%
			High	40	40%
4.	Performance	3,906	Low	8	8%
			Medium	52	52%
			High	40	40%

Table 2 indicates that the average score for employee communication shows a fairly high level of communication effectiveness among employees. The distribution of communication scores suggests that most respondents fall into the medium to high categories of communication effectiveness, with an average score of 3.751. The average score for employee competence is 3.804, reflecting adequate technical and non-technical abilities among employees. The distribution of competence scores shows that most respondents possess fairly high competence.

The innovation score reflects employees' involvement in the development and implementation of new ideas. The distribution of innovation scores indicates that most respondents are in the innovative category, with an average score of 3.854. Meanwhile, the employee performance score indicates good work outcomes in fulfilling duties and responsibilities. The distribution of performance scores shows that most respondents have high performance, with an average score of 3.906.

Based on the results of the descriptive analysis, it can be concluded that employees at the Karawang Regency Regional Revenue Agency generally exhibit effective communication, good competence, and high levels of innovation and performance. These results provide a strong foundation for further analysis of the impact of communication and competence on employee innovation and performance.

### Path Analysis Results

The path analysis provides a deeper understanding of the relationships among the variables studied, namely communication, competence, innovation, and employee performance at the Karawang Regency Regional Revenue Agency. The following are the results of the correlation coefficient analysis and path analysis conducted.

The correlation coefficient analysis results show a significant relationship between the variables of communication and employee competence. The correlation matrix obtained is as follows 3.

**Table 3. Coefficient Correlations**

		Communication	Competence
Communication	Pearson Correlation	1	.693**
	Sig. (2-tailed)		.000
	N	100	100
Competence	Pearson Correlation	.693**	1
	Sig. (2-tailed)	.000	
	N	100	100

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The relationship between the communication variable ( $X_1$ ) and the employee competence variable ( $X_2$ ) is 0.693. According to the correlation interpretation table, this relationship is strong and positive. Thus, it can be interpreted that if communication increases by one unit, employee competence will also increase by 0.693 units.

The path coefficients for the communication variable ( $X_1$ ) and competence variable ( $X_2$ ) on innovation ( $Y$ ) are as follows:

**Table 4. Path Analysis**

Model	Coefficients <sup>a</sup>				
	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-7.354	2.783		-2.643	.010
Communication	.303	.040	.548	7.562	.000
Competence	.423	.081	.381	5.252	.000

a. Dependent Variable: Innovation

Table 4 illustrates the path coefficients, where the communication variable ( $X_1$ ) has a path coefficient of 0.548, and the competence variable ( $X_2$ ) has a path coefficient of 0.381. Based on the data analysis, it can be concluded that both variables have a significant influence on innovation ( $Y$ ). Specifically, communication contributes 44.46% to innovation, while competence contributes 28.97%.

Overall, the two independent variables (communication and competence) account for 73.35% of the variation in innovation. The remaining 26.65% is due to other factors not examined in this study. Therefore, it can be concluded that both communication and competence play important roles in driving innovation, although other factors also contribute.

The calculation of the determination coefficient ( $R^2$ ) shows that innovation ( $Y$ ) has a significant contribution to employee performance ( $Z$ ), with a value of 78.8%. This indicates that most of the variation in employee performance can be explained by innovation. However, there are other factors not studied in this research that also affect employee performance, amounting to 21.2%, as indicated by the value of  $P_{ye} = 0.212$ . Thus, although innovation has a dominant role in improving employee performance, other factors are also important and should be considered to enhance overall employee performance.

Overall, this path analysis provides strong evidence that communication and employee competence significantly contribute to innovation, which in turn positively impacts employee performance at the Karawang Regency Regional Revenue Agency. These findings highlight the importance of strengthening employee communication and competence to drive innovation and improve organisational performance.

### Hypothesis Testing

The path analysis results show that communication ( $X_1$ ) has a path coefficient of 0.548 towards innovation ( $Y$ ), with a significance value of 0.000. This coefficient indicates a positive and significant influence, meaning that increased communication among employees will significantly enhance innovation. Therefore, the first hypothesis (H1), which states that communication positively affects employee innovation at the Karawang Regency Regional Revenue Agency, is accepted.

The path analysis also shows that competence ( $X_2$ ) has a path coefficient of 0.381 towards innovation ( $Y$ ), with a significance value of 0.000. This coefficient indicates a positive and significant influence, meaning that increased employee competence will significantly enhance innovation. Therefore, the second hypothesis (H2), which states that competence positively affects employee innovation at the Karawang Regency Regional Revenue Agency, is accepted.

The determination coefficient ( $R^2$ ) indicates that innovation ( $Y$ ) has a significant contribution to employee performance ( $Z$ ), with a value of 78.8%. This means that innovation explains most of the variation in employee performance, indicating that innovation positively affects employee performance. Therefore, the third hypothesis (H3), which states that innovation positively affects employee performance at the Karawang Regency Regional Revenue Agency, is accepted.

The path analysis results show that communication and competence together contribute 73.35% to the variation in innovation. The remaining 26.65% is due to other factors not studied in this research. Innovation, in turn, has a significant contribution to employee performance, amounting to 78.8%. This indicates that communication and competence, through innovation, impact employee performance. Therefore, the fourth hypothesis (H4), which states that communication and competence positively affect innovation, which in turn impacts employee performance at the Karawang Regency Regional Revenue Agency, is accepted.

## DISCUSSION

The descriptive analysis results indicate that employees at the Karawang Regency Regional Revenue Agency generally exhibit effective communication, good competence, and high levels of innovation and performance. The average communication score of employees is 3.751, indicating a relatively high level of communication effectiveness. Employee competence shows an average score of 3.804, reflecting adequate technical and non-technical abilities. Innovation among employees has an average score of 3.854, demonstrating their involvement in the development and implementation of new ideas. Employee performance is rated with an average score of 3.906, indicating good work outcomes in fulfilling duties and responsibilities.

The path analysis provides empirical evidence regarding the relationships among the variables of communication, competence, innovation, and employee performance. The correlation coefficient results show a significant relationship between communication and employee competence, with a correlation value of 0.693, indicating a strong and positive relationship. This means that an increase in communication will be followed by an increase in employee competence.

The path coefficients show that communication has a significant impact on innovation, with a coefficient of 0.548. Competence also has a significant effect on innovation, with a coefficient of 0.381. Overall, communication and competence contribute 73.35% to the variation in innovation, while the remaining 26.65% is due to other factors not examined in this study. This indicates that communication and competence play crucial roles in driving innovation in the workplace. Furthermore, innovation has a significant contribution to employee performance, with a determination coefficient ( $R^2$ ) of 78.8%. This shows that most of the variation in employee performance can be explained by the level of innovation. However, 21.2% of the variation in performance is due to other factors not investigated in this study.

Based on the data analysis, it can be concluded that the communication variable has the most dominant influence on innovation. Effective communication is key to identifying innovation opportunities, developing creative ideas, and ensuring successful implementation and evaluation of innovation (Isidro-Filho et al., 2013; Owusu-Boateng & Jeduah, 2014; Patro, 2020; Tugba & Safak, 2016). In government agencies, good communication can improve the quality of public services and responsiveness to community needs. Competence is closely related to innovation in government agencies because competent employees have the skills, knowledge, and analytical abilities necessary to develop and implement innovative solutions.

The hypothesis testing results support that communication positively affects employee innovation (H1), with a path coefficient of 0.548 and a significance level of 0.000. Competence also positively affects employee innovation (H2), with a path coefficient of 0.381 and a significance level of 0.000. Innovation has been shown to positively affect employee performance (H3), with a contribution of 78.8%. Additionally, communication and competence together positively affect innovation, which in turn impacts employee performance (H4).

These findings align with existing literature, such as studies by Hamidi and Naser (2017) and Tugba and Safak (2016), which also highlight the critical role of communication and competence in fostering innovation and enhancing performance. However, the results differ from some studies in other cultural contexts where external factors such as organisational culture or external economic conditions might play a more significant role.

Reflecting on these results, it becomes evident that effective communication and high employee competence are vital for fostering innovation within public administration. This reflects broader trends in governance and public sector reform, where there is a push towards more transparent, responsive, and

innovative government services. The findings suggest that in the context of public administration, particularly in local government agencies, innovation driven by effective communication and competence can lead to significant improvements in service delivery and operational efficiency.

The practical implications of these findings are substantial. For policy-makers, these results highlight the need to prioritise communication and competence development in public sector reform initiatives. For other governmental agencies, adopting similar strategies to enhance communication and competence could lead to improved innovation and performance outcomes. Stakeholders in the public sector should consider these findings when developing policies and strategies aimed at improving public administration.

Delving deeper into the "why" behind these findings, it is clear that communication has a strong impact on innovation due to its role in facilitating the exchange of ideas and collaboration. In an organisational context where communication channels are open and effective, employees are more likely to share innovative ideas and work together to implement them. Cultural factors, such as a supportive work environment that values open communication and continuous learning, also play a significant role in this dynamic.

To enhance communication and competence at the Karawang Regency Regional Revenue Agency, specific, actionable recommendations include implementing targeted training programs focused on communication skills and innovation management. Additionally, the agency should consider establishing formal channels for idea sharing and collaboration, such as regular innovation workshops or cross-departmental project teams. Encouraging a culture of continuous learning and providing opportunities for professional development can also help improve employee competence.

In conclusion, this study provides strong evidence of the importance of communication and competence in driving innovation and employee performance. By enhancing these two aspects, the Karawang Regency Regional Revenue Agency can achieve more optimal and effective performance in carrying out its duties and responsibilities. Both communication and competence play significant roles in driving innovation, and innovation itself has a dominant influence on employee performance. Nevertheless, other factors also need to be considered to improve overall employee performance. Innovation has a strong relationship with employee performance in local government agencies because the application of new ideas and technologies can improve operational efficiency, service quality, and responsiveness to community needs. Innovation enables employees to work more effectively with better tools and procedures and encourages them to think creatively in solving problems (Hamidi & Naser, 2017; Tugba & Safak, 2016). By supporting a work environment that encourages innovation, local governments can increase employee motivation and job satisfaction, which in turn improves their overall performance. Additionally, employees involved in the innovation process feel more valued and committed, which also contributes to enhancing individual and organisational performance.

## **CONCLUSION**

This study reveals that communication and employee competence significantly influence innovation, which in turn positively impacts employee performance at the Karawang Regency Regional Revenue Agency. Path analysis indicates that communication has a stronger influence on innovation compared to competence. This finding suggests that a work environment supporting effective vertical and horizontal communication among employees can foster the development and implementation of

innovative ideas. Innovation has proven to be a key factor in enhancing employee performance, given its significant contribution to the variation in performance measured in this research.

Additionally, this study underscores the importance of employee competence in driving innovation. Competence, encompassing both technical and non-technical abilities, enables employees to better adapt to changes and face workplace challenges. Competent employees are more likely to generate creative and innovative solutions that not only improve operational efficiency but also enhance the quality of public services. Therefore, structured and continuous competency development programs should be a priority for the Karawang Regency Regional Revenue Agency to ensure that employees possess the necessary skills to innovate and contribute effectively to organisational goals.

The study indicates that to achieve optimal employee performance, and the Karawang Regency Regional Revenue Agency needs to focus efforts on enhancing employee communication and competence. Strategies such as communication training, competency development programs, and creating a work environment that supports collaboration and open exchange of ideas will greatly aid in driving innovation. This research also highlights the need to consider other factors that may influence employee performance, such as organisational culture and work motivation, to provide a more comprehensive picture. Thus, the findings of this study not only contribute academically but also offer practical recommendations that management can implement to improve overall organisational performance.

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