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Effects of Competence, Motivation, and Rewards on Performance through Job Satisfaction at Malang Customs

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Abstract

Purpose: This study examines the effects of competence, work motivation, and rewards on employee performance, with job satisfaction as an intervening variable, at the Malang Customs and Excise Supervision and Service Office (*Kantor Pengawasan dan Pelayanan Bea dan Cukai Tipe Madya Cukai* Malang/ KPPBC TMC Malang), an excise focused public agency operating under a highly regulated and digitalized work system.

Research Methodology: The study used a quantitative causal design with a census of 106 employees. Data were collected with a five point Likert scale questionnaire and analyzed with covariance based Structural Equation Modeling (SEM) in AMOS.

Results: Work motivation (estimate = 0.491, $p<0.001$) and rewards (estimate = 0.558, $p<0.001$) significantly increase job satisfaction, whereas competence does not ($p=0.075$). Rewards are the only significant driver of employee performance (estimate = 1.407, $p<0.001$), while competence, work motivation, and job satisfaction have no significant direct effects. Job satisfaction does not mediate any relationship.

Conclusions: In a results oriented and rule based customs bureaucracy supported by the CEISA 4.0 automation system, merit based rewards are the core driver of performance, while satisfaction shapes employees' attitudes but not their measured output.

Limitations: The study covers a single office, uses cross sectional self reported data, and does not report standardized coefficients or model fit indices.

Contributions: The study shows the limits of the satisfaction to performance pathway in automated public bureaucracies and recommends transparent, performance based reward schemes, including additional leave for high performing employees.

Keywords: *Competence, Employee Performance, Job Satisfaction, Rewards, Work Motivation*

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1. Introduction

Public sector management transformation in state financial institutions requires rapid, transparent, and accountable action. The Malang Customs and Excise Supervision and Service Office, Middle Type Excise (*Kantor Pengawasan dan Pelayanan Bea dan Cukai Tipe Madya Cukai*/KPPBC TMC Malang), plays an essential role as a state revenue collector, overseeing 163 active cigarette factories and securing annual excise revenue targets of tens of trillions of rupiah. The scale of these responsibilities places substantial demands on the organization and its employees, particularly in

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maintaining service quality, regulatory compliance, administrative accuracy, and the timely execution of customs and excise functions. The office must operate within a highly regulated environment in which errors, delays, and inconsistencies can affect not only internal administrative performance but also the effectiveness of state revenue collection. Consequently, employee performance represents an important organizational concern because the achievement of institutional targets depends substantially on the capacity of employees to perform their responsibilities accurately, consistently, and efficiently (Alzoraiki, Merza, Ateeq, & Milhem, 2024; Kravariti, & Johnston, 2020).

The implementation of the integrated Customs Excise Information System and Automation (CEISA 4.0) has further transformed the way work is organized and evaluated. The adoption of an integrated digital system has changed work governance because the speed of document services under service level agreements is now monitored nationally. Employees are therefore required to adapt to technology based work processes while maintaining compliance with established procedures and performance standards. The digitalization of public services in this way reshapes how civil servants work, how their output is measured, and how much discretion they retain (Lindgren, Madsen, Hofmann, & Melin, 2019). Digital transformation does not simply introduce new technological tools, but also changes the interaction between employees, organizational procedures, performance monitoring systems, and service users. Employees must be able to operate within standardized digital processes while responding appropriately to the demands of their respective responsibilities.

This transformation also increases the importance of human resource management within public organizations. Technology can facilitate processes and provide mechanisms for monitoring performance, but the achievement of organizational objectives still depends on employees who possess the required capabilities, maintain sufficient motivation, and respond appropriately to organizational incentives. In a highly regulated public institution, employees are expected to demonstrate technical competence, comply with procedures, complete tasks within specified timeframes, and maintain accountability in performing their duties. At the same time, they must remain motivated to sustain effort and respond to organizational demands. Appropriate reward mechanisms may further reinforce desired behaviors by demonstrating that employee contributions are recognized within the organizational system. Amid this large fiscal responsibility, the office must therefore align its human capital, including competence, work motivation, and reward instruments, to achieve superior employee performance.

In human resource management literature, competence, motivation, and rewards are regarded as key drivers that not only increase productivity but also stimulate psychological well being in the form of job satisfaction (Riyanto, Endri, & Herlisha, 2021). These three factors represent different but complementary dimensions of employee behavior. Competence concerns whether employees possess the knowledge, skills, and capabilities required to perform their responsibilities effectively. Motivation concerns the willingness and energy employees direct toward their work, while rewards represent organizational mechanisms through which employee contributions and achievements are recognized. When these conditions are adequately supported, employees may develop more positive evaluations of their work and organization, which can subsequently influence their willingness to perform their duties effectively.

Job satisfaction is often positioned as an important intervening variable that channels individual energy and capability toward the organization's desired performance (Judge, Weiss, & Hulin, 2017). As an employee attitude, job satisfaction reflects how individuals evaluate their work and their experiences within the organization. It can be influenced by employees' perceptions of their competence, the motivation they experience in performing their duties, and the rewards they receive for their contributions. Employees who feel capable of completing their responsibilities, perceive their work as meaningful, and believe that their contributions are appropriately recognized may develop more positive attitudes toward their jobs. These positive attitudes can encourage employees to maintain their effort and engagement in completing organizational responsibilities.

Competence enables employees to carry out technical tasks (Mainardes, Nogueira, & Brugni, 2024), motivation provides the energy and persistence required for effort (Deci, Olafsen, & Ryan, 2017), and rewards signal that the organization recognizes contributions (Milhem, Ateeq, Alzoraiki, Husain, & Alastal, 2024). In the context of KPPBC TMC Malang, these dimensions are particularly relevant because employees operate within a system that requires both technical capability and consistent adherence to organizational standards. Competent employees are better positioned to understand and execute increasingly digitalized work procedures, while motivated employees are more likely to sustain the effort required to meet performance expectations. Similarly, appropriate reward mechanisms can strengthen employees' perceptions that their effort and achievements are valued by the organization.

The interaction between these factors is important because employee performance cannot necessarily be explained by a single individual characteristic. An employee may possess adequate technical competence but demonstrate limited performance if motivation is weak. Conversely, strong motivation may not produce optimal results when employees lack the competence required to complete increasingly complex tasks. Likewise, competence and motivation may not be sufficient to sustain positive work behavior when employees perceive that organizational rewards are inconsistent with their contributions. This suggests that the relationship between human capital factors and performance may involve an attitudinal mechanism through which employees evaluate their work experiences before translating their capabilities and motivation into observable performance.

In this context, job satisfaction may provide such a mechanism. Employees who perceive that they are competent, motivated, and fairly rewarded may experience greater satisfaction with their work. This satisfaction can subsequently encourage positive work attitudes and support the effective execution of job responsibilities. The relationship is particularly relevant in public organizations because employees must operate within formal structures, standardized procedures, and accountability mechanisms. Although these systems provide important organizational controls, employee attitudes may still influence how consistently individuals engage with their responsibilities and respond to organizational demands. Therefore, examining job satisfaction as a mediating variable can provide a more comprehensive explanation of how competence, motivation, and rewards are translated into employee performance.

However, the highly regulated and rigid nature of vertical government bureaucracies often produces structural anomalies. In a work environment that is measured and monitored continuously by computer systems, fluctuations in individual emotional states such as job satisfaction may become detached from daily productivity, because the system rather than the employee sets the pace and standard of output. Rational calculations based on structural, merit based reward incentives may therefore be a more responsive driver of performance than abstract motivational variables or formal competence. This condition creates an important question concerning whether employees' positive attitudes toward their jobs necessarily translate into higher performance when work processes are strongly standardized and technologically monitored.

The digitalization of public administration may further strengthen this tension. When performance is increasingly captured through electronic systems and service level agreements, employees have less discretion over the timing, sequence, and standards of many work processes. Their performance is therefore influenced not only by individual characteristics but also by the organizational and technological environment in which those characteristics are applied. Under such conditions, competence may determine whether employees can effectively navigate the system, motivation may determine their willingness to sustain effort, and rewards may influence their willingness to maintain desired performance. Job satisfaction may still play an important role, but its ability to transmit the effects of these factors may differ from settings in which employees have greater discretion over their work.

Evidence on whether the satisfaction to performance pathway holds in such automated public settings remains limited, since most studies of satisfaction as a mediator come from private firms or less

regulated public organizations (Al, Thumiki, Nawaz, Jurcic, & Gajenderan, 2022; Ateeq, Alzoraiki, Milhem, & Al, 2023). This limitation creates a contextual gap because public sector employees operate under different institutional conditions from employees in private organizations. Government employees are subject to formal regulations, hierarchical structures, standardized procedures, public accountability, and performance monitoring systems. The increasing use of digital systems adds another layer to this environment by making work processes and service outcomes more visible and measurable. Consequently, findings from less regulated organizational environments cannot necessarily be assumed to operate in exactly the same way within a digitally monitored government institution.

The context of KPPBC TMC Malang provides an important setting for examining this issue. The office combines substantial fiscal responsibility with a highly regulated service environment and increasingly digitalized work processes. Employees are required to meet institutional targets while adapting to changes in technology and service governance. These conditions make it relevant to examine whether competence, work motivation, and rewards influence employee performance directly, whether these factors also influence job satisfaction, and whether job satisfaction serves as a mechanism connecting human resource factors with performance (Ate, Zaineldeen, & Awaad, 2024).

The present study therefore seeks to examine the relationships among competence, work motivation, rewards, job satisfaction, and employee performance at KPPBC TMC Malang. Rather than examining these variables only through direct relationships, the study considers job satisfaction as an intervening mechanism. This approach allows the research to distinguish between the direct contribution of human resource factors to performance and the indirect pathway through employees' work attitudes. Such an approach is particularly relevant in a public organization undergoing digital transformation, where technological systems may standardize outputs while employees continue to differ in competence, motivation, perceptions of rewards, and satisfaction with their work (Kock, Berbekova, & Assaf, 2021).

To address this issue, the study pursues three objectives. The first is to examine the effects of competence, work motivation, and rewards on job satisfaction. The second is to examine the direct effects of competence, work motivation, rewards, and job satisfaction on employee performance. The third is to examine whether job satisfaction mediates the effects of the three human capital factors on performance at KPPBC TMC Malang. By addressing these objectives, the study is expected to provide a clearer understanding of the role of human resource factors in supporting employee performance within a digitally transformed and highly regulated public sector environment.

2. Literature Review and Hypothesis/es Development

2.1 Theoretical Foundations

Several theories explain how competence, motivation, and rewards may affect satisfaction and performance. Herzberg's two factor theory distinguishes hygiene factors, which prevent dissatisfaction but do not create satisfaction, from motivators, which create satisfaction and effort (Robbins & Judge, 2015). Equity theory proposes that employees compare their inputs with the outcomes they receive, and that fair outcomes increase satisfaction and morale (Gibson, Ivancevich, Donnelly, & Konopaske, 2012). Reinforcement theory holds that behavior followed by clear and contingent rewards is more likely to be repeated, which makes performance based rewards a direct lever for performance (Robbins & Judge, 2015). Modern motivation research integrates these ideas and shows that both autonomous motivation and well designed extrinsic incentives shape effort and performance (Kanfer, Frese, & Johnson, 2017; Van, Howard, Leroy, & Gagné, 2021).

Social exchange theory and the job demands resources model add that employees reciprocate favorable treatment, such as fair rewards and support, with positive attitudes and behaviors, and that job resources help employees cope with demands (Bakker & Demerouti, 2017). In rule based bureaucracies, Weber's model of rational legal authority emphasizes standardized procedures and

impersonal rules that limit individual discretion (Gibson et al., 2012). When work processes are automated and centrally controlled, as in the CEISA system, individual differences in capability or enthusiasm may have less room to influence output, which could weaken the links between satisfaction and performance (Lindgren, Madsen, Hofmann, & Melin, 2019).

2.2 Competence

Competence is an underlying characteristic of an individual that is causally related to effective or superior performance in a job, including motives, traits, self concept, knowledge, and skills (Spencer & Spencer, 1993). In customs and excise work, competence covers knowledge of excise regulations, document processing, inspection procedures, and the use of digital systems. Research on public servants shows that individual competencies contribute to job performance and other positive work outcomes (Mainardes et al., 2024), and professional competences and soft skills support sustainable professional development in public administration (Krpálek et al., 2021). Training that is well designed and delivered improves competence and transfers to job behavior (Lacerenza et al., 2017).

Competence may also increase satisfaction, because employees who feel capable experience mastery and fewer frustrations, which self determination theory identifies as satisfaction of the basic need for competence (Deci et al., 2017). However, in organizations where a minimum level of technical competence is a formal requirement, competence may function as a hygiene factor that prevents dissatisfaction rather than creating satisfaction. In such settings, employees may perceive competence as an expected prerequisite rather than an additional source of positive work experience. The extent to which competence contributes to job satisfaction may therefore depend on whether employees perceive their capabilities as merely sufficient for meeting formal requirements or as enabling them to perform their work with confidence and effectiveness (Kravariti, Tasoulis, Scullion, & Alali, 2023). The following hypotheses are therefore proposed.

H_1: Competence has a positive and significant effect on job satisfaction.

H_4: Competence has a positive and significant effect on employee performance.

2.3 Work Motivation

Work motivation refers to the psychological processes that direct, energize, and sustain work related behavior (Kanfer et al., 2017). Self determination theory distinguishes autonomous motivation, rooted in interest and identification with work values, from controlled motivation, driven by external pressure or rewards, and a meta analysis shows that autonomous motivation is most strongly associated with well being and performance (Van den Broeck et al., 2021). In public organizations, public service motivation can further strengthen employees' commitment to serving the community (Ritz et al., 2016).

Motivated employees are expected to be more satisfied, because they find meaning in their work, and to perform better, because they invest more effort (Riyanto et al., 2021). The future of work also depends on job designs that support employees' needs for autonomy, competence, and relatedness (Gagné et al., 2022). When these needs are adequately supported, employees are more likely to develop positive work attitudes, sustain their motivation, and contribute consistently to organizational performance. The following hypotheses are therefore proposed.

H_2: Work motivation has a positive and significant effect on job satisfaction.

H_5: Work motivation has a positive and significant effect on employee performance.

2.4 Rewards

Rewards include financial and nonfinancial forms of recognition, such as performance allowances, promotions, strategic transfers, and additional leave, that organizations provide in exchange for employees' contributions. Fair rewards signal that the organization values employees, which increases satisfaction and commitment (Kurtessis et al., 2017), and research shows that compensation and the

work environment significantly affect job satisfaction (Milhem et al., 2024). Rewards are also among the antecedents of retention identified in turnover research (Hom et al., 2017, Rubenstein et al., 2018).

From the perspective of reinforcement theory, rewards that are clearly linked to measurable achievements encourage employees to repeat high performing behavior. In public organizations, talent management practices that recognize and develop high performers strengthen both satisfaction and performance (Kravariti & Johnston, 2020, Kravariti et al., 2023, Mensah, 2019). When employees perceive that their contributions are fairly recognized and accompanied by meaningful development opportunities, they are more likely to maintain desirable work behaviors and demonstrate stronger commitment to organizational goals. The following hypotheses are therefore proposed.

H_3: Rewards have a positive and significant effect on job satisfaction.

H_6: Rewards have a positive and significant effect on employee performance.

2.5 Job Satisfaction and Employee Performance

Job satisfaction is an attitude that reflects employees' evaluation of their job and work experiences (Judge et al., 2017). Employee performance refers to the quantity and quality of work that employees accomplish in carrying out their responsibilities (Gibson et al., 2012). The relationship between satisfaction and performance has been studied for decades, and research generally shows a positive but moderate association (Judge et al., 2017). Satisfied employees tend to be more engaged, loyal, and productive (Ateeq et al., 2023, Riyanto et al., 2021), and satisfaction reduces the intention to leave (Ate et al., 2024, Lee et al., 2017). However, satisfaction is an emotional attitude while performance is concrete behavior, so the link may weaken when performance is tightly controlled by systems and rules.

Because competence, motivation, and rewards are expected to increase satisfaction, and satisfaction is expected to increase performance, satisfaction may act as a mediator (Nitzl et al., 2016). In this context, job satisfaction can be understood as a psychological mechanism through which organizational conditions are translated into employee performance. When employees perceive that they possess adequate competence, receive appropriate motivation, and are fairly rewarded for their contributions, they are more likely to develop positive evaluations of their work. These positive evaluations can encourage greater enthusiasm, persistence, and willingness to fulfill job responsibilities, ultimately supporting higher levels of performance. Therefore, examining job satisfaction as a mediating variable provides a more comprehensive explanation of how organizational practices influence employee outcomes rather than assuming that these practices affect performance only through direct pathways.

H_7: Job satisfaction has a positive and significant effect on employee performance.

H_8: Job satisfaction mediates the effect of competence on employee performance.

H_9: Job satisfaction mediates the effect of work motivation on employee performance.

H_{10}: Job satisfaction mediates the effect of rewards on employee performance.

3. Research Methodology

3.1 Research Design and Sample

This study used a quantitative causal design with an associative approach to examine the structural relationships among variables. The population included all functional and administrative employees of KPPBC TMC Malang. A census, or saturated sampling, was used, involving all 106 active employees as respondents. This approach represents the whole office and avoids sampling error, although the results cannot automatically be generalized to other customs offices.

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3.2 Measurement

Primary data were collected through a structured questionnaire using a five point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The model includes three independent variables, namely competence (X_1) with three items, work motivation (X_2) with four items, and rewards (X_3) with four items, one intervening variable, namely job satisfaction (Z) with four items, and one dependent variable, namely employee performance (Y) with four items, giving 19 items in total. Competence items were adapted from Spencer and Spencer (1993), motivation items from Kanfer et al. (2017), and satisfaction and performance items from Robbins and Judge (2015) and Gibson et al. (2012).

3.3 Data Analysis

Item validity was tested with Pearson item total correlations against the critical r value of 0.189 for n=106 at α=0.05, and reliability was tested with Cronbach's alpha against a threshold of 0.60 (Hair et al., 2019). Hypotheses were tested with covariance based structural equation modeling in AMOS, and a path was considered significant when the Critical Ratio (CR) was at least 1.96 and the p value was at most 0.05. Mediation was assessed by examining whether the paths from the independent variables to satisfaction and from satisfaction to performance were both significant, and indirect effects were computed as the product of these two paths (Nitzl et al., 2016).

4. Results and Discussions

4.1 Validity and Reliability

The results of the item validity test are presented in Table 1.

Table 1. Item validity test results

Variable	Item	Calculated *r*	Remark
Competence (X_1)	1	0.727	Valid
	2	0.771	Valid
	3	0.814	Valid
Work motivation (X_2)	1	0.923	Valid
	2	0.933	Valid
	3	0.430	Valid
	4	0.514	Valid
Rewards (X_3)	1	0.771	Valid
	2	0.618	Valid
	3	0.739	Valid
	4	0.504	Valid
Job satisfaction (Z)	1	0.581	Valid
	2	0.725	Valid
	3	0.739	Valid
	4	0.637	Valid
Employee performance (Y)	1	0.815	Valid
	2	0.720	Valid
	3	0.774	Valid
	4	0.547	Valid

Table 1 shows that all 19 items have calculated r values above the critical value of 0.189 for n=106 at α=0.05, so all items are declared valid. The correlations range from 0.430 for the third motivation item to 0.933 for the second motivation item. Most items show strong correlations above 0.60, while a few items, namely the third and fourth motivation items, the fourth reward item, the first satisfaction item,

and the fourth performance item, show moderate correlations between 0.43 and 0.58. These moderate values indicate that some items capture narrower aspects of their constructs, although they still meet the validity criterion. Work motivation shows the widest range of item correlations, which suggests that its items measure somewhat heterogeneous aspects of motivation. The results of the reliability test are presented in Table 2.

Table 2. Reliability test results

Variable	Cronbach alpha	Remark
Competence	0.889	Reliable
Work motivation	0.868	Reliable
Rewards	0.897	Reliable
Job satisfaction	0.885	Reliable
Employee performance	0.896	Reliable

Table 2 shows that all five variables have Cronbach's alpha values between 0.868 and 0.897, far above the threshold of 0.60 and also above the stricter threshold of 0.70 commonly used in management research (Hair et al., 2019). All coefficients are above 0.80, which indicates very high internal consistency, with rewards showing the highest reliability (0.897) and work motivation the lowest (0.868). The questionnaire can therefore be considered a consistent measure of the five constructs, and the scores are suitable for structural analysis.

4.2 Structural Model

The structural model was estimated in AMOS, and the estimated path diagram is presented in Figure 1.

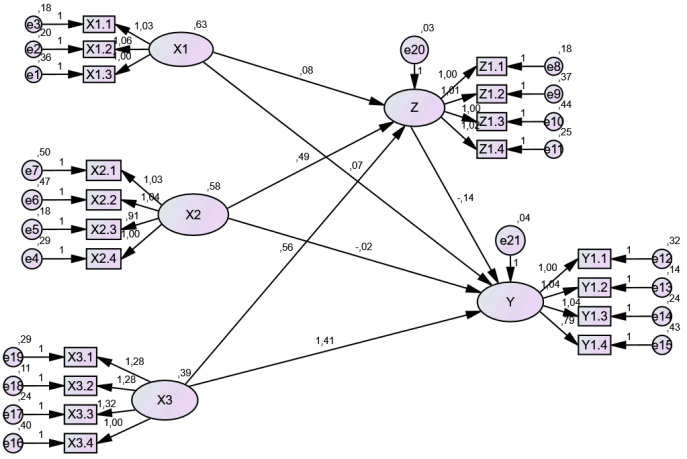


Figure 1. AMOS structural model with estimated path coefficients (unstandardized estimates)

Figure 1 shows the full structural model, in which competence (X_1) is measured with three indicators, work motivation (X_2), rewards (X_3), job satisfaction (Z), and employee performance (Y) are each measured with four indicators, and each indicator has its own error term. The paths from the three independent variables to job satisfaction have estimates of 0.08, 0.49, and 0.56, and the paths to performance have estimates of 0.07 for competence, −0.02 for motivation, and 1.41 for rewards, while the path from satisfaction to performance is −0.14. The figure makes visible that the reward variable sends the strongest arrows to both satisfaction and performance, whereas competence has weak paths to both outcomes and the path from satisfaction to performance is negative. The values in the diagram are unstandardized estimates as produced by AMOS, so their sizes should be compared with caution

because the variables are measured on different scales of variance. The detailed parameter estimates are presented in Table 3.

Table 3. Results of AMOS structural model parameter testing

Hypothesis	Path	Estimate	S.E.	C.R.	*p* value	Decision
H_1	Competence → Job satisfaction	0.083	0.047	1.782	0.075	Not supported
H_2	Work motivation → Job satisfaction	0.491	0.066	7.428	< 0.001	Supported
H_3	Rewards → Job satisfaction	0.558	0.086	6.466	< 0.001	Supported
H_4	Competence → Employee performance	0.075	0.063	1.194	0.232	Not supported
H_5	Work motivation → Employee performance	−0.015	0.223	−0.068	0.946	Not supported
H_6	Rewards → Employee performance	1.407	0.301	4.673	< 0.001	Supported
H_7	Job satisfaction → Employee performance	−0.144	0.429	−0.336	0.737	Not supported

Table 3 shows that three of the seven direct paths are significant. Work motivation (estimate = 0.491, CR = 7.428, $p<0.001$) and rewards (estimate = 0.558, CR = 6.466, $p<0.001$) significantly increase job satisfaction, supporting H_2 and H_3, while the effect of competence on satisfaction is positive but not significant (CR = 1.782, $p=0.075$), so H_1 is not supported. For employee performance, only rewards have a significant effect, with the largest estimate in the model (1.407, CR = 4.673, $p<0.001$), supporting H_6. Competence ($p=0.232$), work motivation ($p=0.946$), and job satisfaction ($p=0.737$) have no significant effects on performance, so H_4, H_5, and H_7 are not supported. The large standard errors of the paths from motivation and satisfaction to performance (0.223 and 0.429) indicate that these effects are estimated imprecisely, which may reflect strong overlap among motivation, rewards, and satisfaction.

4.3 Mediation Analysis

Mediation requires that the path from the independent variable to the mediator and the path from the mediator to the dependent variable are both significant (Nitzl et al., 2016). Because the path from job satisfaction to performance is not significant ($p=0.737$), none of the indirect paths can be significant. The indirect effects are summarized in Table 4.

Table 4. Mediation analysis results

Hypothesis	Indirect Path	Indirect effect (a × b)	Path *b* significant	Decision
H_8	Competence → Job satisfaction → Performance	−0.012	No ($p=0.737$)	Not supported
H_9	Work motivation → Job satisfaction → Performance	−0.071	No ($p=0.737$)	Not supported
H_{10}	Rewards → Job satisfaction → Performance	−0.080	No ($p=0.737$)	Not supported

Table 4 shows that the indirect effects, computed as the product of each path to satisfaction and the path from satisfaction to performance, are small and negative, namely −0.012 for competence, −0.071 for work motivation, and −0.080 for rewards. Because the path from satisfaction to performance is not significant, none of these indirect effects is significant, and H_8, H_9, and H_{10} are not supported. Even for motivation and rewards, which strongly increase satisfaction, the gain in satisfaction does not translate into higher performance. The table therefore shows that job satisfaction does not function as a mediator in this office, and that the only effective route to performance is the direct effect of rewards.

4.4 Discussion

The first finding is that competence does not significantly influence job satisfaction. From the perspective of Herzberg's two factor theory, mastery of customs and excise regulations in a vertical agency may be viewed by employees as a normative minimum standard of service, that is, a hygiene

factor (Robbins & Judge, 2015). Its presence prevents dissatisfaction but does not create a strong psychological force that raises satisfaction. This interpretation is consistent with the view that competence matters most for performance when it differentiates employees (Spencer & Spencer, 1993), whereas in this office competence may be relatively uniform because all employees must meet formal qualification standards (Mainardes, Nogueira, & Brugni, 2024).

In contrast, work motivation and rewards positively and significantly affect job satisfaction. This finding supports equity theory, which holds that a fair balance between employees' inputs and the tangible rewards they receive, such as performance allowances or additional leave for high performing employees, raises satisfaction (Gibson, Ivancevich, Donnelly, & Konopaske, 2012). It is also consistent with self determination theory, which links the fulfillment of employees' needs to well being (Deci, Olafsen, & Ryan, 2017; Van, Howard, Leroy, & Gagné, 2021), and with research showing that compensation and work environment increase satisfaction (Milhem, Ateeq, Alzoraiki, Husain, & Alastal, 2024) and that perceived organizational support enhances positive attitudes (Kurtessis, Eisenberger, Ford, Buffardi, Stewart, & Adis, 2017).

For employee performance, competence and work motivation have no significant direct effects. This result can be interpreted through Weber's model of rational legal bureaucracy, because when organizations implement rigid and mechanistic digital systems such as CEISA 4.0, daily workflows are largely controlled by centralized computing, and individual differences in capacity and enthusiasm have little room to change output (Lindgren, Madsen, Hofmann, & Melin, 2019). Employees are required to produce uniform administrative outputs according to assessment deadlines regardless of their personal characteristics. This interpretation should nonetheless be treated cautiously, because the large standard error of the motivation path suggests that its effect may be masked by overlap with rewards and satisfaction.

Rewards, however, have the largest and most significant effect on performance. From the perspective of reinforcement theory, clear and merit based positive reinforcement, such as promotions and strategic transfers based on achievement, acts as a core performance driver that encourages employees to increase their output to meet office targets (Robbins & Judge, 2015). This finding is consistent with research linking fair rewards and talent management to performance in public organizations (Mensah, 2019) and with the view that rewards are among the most visible signals of organizational support (Cropanzano, Anthony, Daniels, & Hall, 2017). In a context where output is measured precisely by the system, rewards that are tied to those measures may be particularly effective.

Job satisfaction does not significantly affect performance, and consequently it does not mediate the effects of competence, motivation, or rewards. Satisfaction is an emotional attitude, whereas performance is concrete action, and the link between the two is generally moderate (Judge, Weiss, & Hulin, 2017). Under strict bureaucratic oversight within the Ministry of Finance, even dissatisfied employees are required to maintain stable performance according to standard operating procedures to avoid disciplinary sanctions, so satisfaction may affect how employees feel about their work without affecting their measured output (Bakker & Demerouti, 2017). Motivation and fair rewards therefore improve employees' psychological well being, but this well being is not channeled into higher performance in this office. Satisfaction may still matter for other outcomes, such as retention and loyalty, which this study did not measure (Hom, Lee, Shaw, & Hausknecht, 2017).

Several practical implications follow. The head of the office should strengthen the transparency of reward schemes based on measured performance, so that employees understand exactly how their output translates into allowances, promotions, and transfers (De, Meyers, & Dries, 2018). Institutionalizing time off rewards, such as additional leave for consistently high performing employees, can provide a low cost but meaningful incentive. Because motivation and rewards increase satisfaction, these practices may also support retention and engagement, even if satisfaction does not directly raise output (Rubenstein, Eberly, Lee, & Mitchell, 2018). Competence development should continue through targeted training on the CEISA system and excise regulations, since

competence remains a necessary foundation for service quality even when it does not differentiate performance (Lacerenza, Reyes, Marlow, Joseph, & Salas, 2017).

5. Conclusions

This study concludes that work motivation and rewards significantly increase job satisfaction at KPPBC TMC Malang, while competence does not. For employee performance, the merit based reward system is the single dominant and significant driver, whereas competence, work motivation, and job satisfaction have no significant direct effects, and job satisfaction does not mediate any relationship. These results suggest that in a results oriented, rule based, and highly automated customs bureaucracy, the satisfaction to performance pathway breaks down, and performance responds mainly to clear and contingent rewards. The office should therefore focus on transparent, performance based reward schemes while maintaining motivation and competence development as foundations for employee well being and service quality.

This study has several limitations. It covers a single customs office, so the results may not generalize to other offices or public agencies. The cross sectional design does not allow causal conclusions, and the use of self reported data from one questionnaire may introduce common method bias, particularly for performance. The SEM results are reported as unstandardized estimates without standardized coefficients, R^2 values, or model fit indices, and indirect effects were not tested with bootstrapping, which limits the interpretation of effect sizes and mediation. Future research should use objective performance data from the CEISA system, report standardized estimates and fit indices, test indirect effects with bootstrapping, compare several customs offices, and examine other outcomes of satisfaction such as retention, loyalty, and organizational citizenship behavior. Studies could also examine whether public service motivation, job resources , or leadership trust explain how employees cope with highly automated work.

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Author Contributions

MAFA contributed to the conceptualization of the study, research design, data collection, data analysis, and the writing, review, and revision of the manuscript. S contributed to the conceptualization of the study, research design, data collection, data analysis, and the writing, review, and revision of the manuscript. Both authors read and approved the final manuscript.

Conflict of Interest

The authors declare that there is no conflict of interest regarding the publication of this article. The research was conducted independently and objectively, and the authors have no financial, commercial, or personal relationships that could have influenced the research design, data collection, data analysis, interpretation of results, or publication process.

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