



The Influence of Knowledge Management, Human Resource Competency, and Work Environment on Employee Performance Moderated by Innovation at PT Petrokimia Gresik

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Abstract

The population in Indonesia is increasing along with the need for food. The availability of fertilizer commodities as biological nutrients for agricultural needs must be increased. PT Petrokimia Gresik under the state-owned company PT Pupuk Indonesia strives to maintain employee performance in supporting the company's production to continue to grow. This research aims to determine the influence of *knowledge Management* , Human Resource Competency, and Work Environment on Employee Performance Moderated by Innovation at PT Petrokimia Gresik (Persero). The population in this study was 2043 Petrokimia Gresik employees, the sample in this study was 197. The sampling technique was *Simple Random Sampling* . Data analysis uses *Smart PLS 0.3* structural model calculations. The results of this research found that *Knowledge Management* and Innovation do not have a direct effect on Employee Performance, HR Competency and Work Environment have a direct effect on Employee Performance, There is a positive interaction between *Knowledge Management* and Innovation in influencing Employee Performance. Innovation cannot moderate the interaction between HR Competency and Work Environment on Employee Performance .



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1 Introduction

State predicate embedding agrarian for Indonesia is an expression that also proves it is a competitive business area exploration natural and tempting for perpetrator modern business . During pandemic Covid -19 sector agriculture are required to continue walk use fulfil need commodity principal public Indonesia . Field business agriculture relatively always sustainable and almost No There is receding . At a glance field agriculture in Indonesia assessed more backward while developed countries has Lots experiment with exists technology around moment This . However, developments technology agriculture Indonesia Actually has develop only just still not integrated in a way technology.

Sulistiyastuti (2017) mentioned After China, India and the United States, Indonesia has population biggest fourth in the world. Amount Indonesian population continues increase from time to time. The escalation of population in Indonesia is increasingly becoming a concern for the Indonesian government. In the last 5 years there has been an increase of 10 million population. According to BPS estimates, there will be 305.6 million people in Indonesia in 2035. This figure has increased by 28.14 percent from 2010 to 238.5 million people. This situation can indirectly contribute to an increase in national food needs. There is food concern in Indonesia, the food crisis that was recorded in 2007-

2008 made the FOA (Pandan and Agriculture Organization) as part of the UN warn the whole world about this incident.

Rusdiana & Maesya (2017), stated that despite concerns about a deepening food crisis hitting most countries in the world, including Indonesia, the economy in Indonesia is at least growing in line with the increase in population. Indonesia's food security index according to *the Global Food Security Index* still below Singapore and Malaysia. It's even below Vietnam and the Philippines. Fertilizer should be a vital requirement for farmers in increasing crop yields.

Currently, it is estimated that the amount that can be provided for fertilizer in Indonesia is only 9 million tons or only 37% of the 24 million tons needed by the country as a whole for fertilizer subsidies. Currently only 15 million tons of fertilizer can be produced by PT Pupuk Indonesia, with 9 million tons used for subsidies and around 6 million tons for commercial use (Komisi VI, 2021). In the latest report, (Mudassir, 2022) farmers' need for fertilizer reaches 22.57 to 26.18 million tons annually nationally.

For a long time, high fertilizer prices have forced the government to help in the form of subsidies to farmers. However, subsidies are gradually being reduced so that the burden on the state does not become heavier due to the sluggish economy since the onset of the Covid-19 pandemic in 2020. Apart from PT Petrokimia Gresik, PT Pupuk Indonesia (Persero) also oversees other fertilizer companies which are part of the BUMN Holding Company entity including PT Pupuk Kujang Cikampek, PT Pupuk Kaltim, PT Pupuk Iskandar Muda. And PT Pupuk Sriwijaya Palembang.

(Kholis & Setiaji, 2020) One of the government's fiscal policies directed at farmers is the fertilizer subsidy scheme. Fertilizer subsidies are a fiscal policy to help farmers get the fertilizer they need for their agriculture at a more affordable cost. This is expected to encourage increased agricultural production, which will increase farmers' income while ensuring food security.

In the last three years KPI *Key Performance Indicator* (KPI) Petrokimia Gresik continues to increase and in the last six years has experienced fluctuations. The Petrokimia Gresik KPI score is based on several perspectives used, including: (Petrokimia Gresik, 2021): Finance with a weight of 25%, Customers with a weight of 25%, Internal Business with a weight of 40%, Learning & Growth Perspective with a weight of 10%

, there are two important things related to performance issues, namely fulfillment stock and implementation *Turn Around*. Not long ago, a government policy regarding reducing subsidized fertilizers emerged, namely that Petrokimia Gresik's products from previously six types of fertilizer were decided to become only two types of products, namely Urea and NPK Phonska. At least this policy will be implemented no later than July 2022. This indicates that the company's challenges in the future will be greater with the commercial market share.

Of the total income before tax, the company's profit is projected to experience a change in composition. Previously, the total income was IDR 1.13 trillion from subsidized sales profits, 29 percent will now experience a shift to the commercial zone. Facing intense business competition and the need to respond to the dynamics of government policy which periodically removes subsidies, companies need to continuously improve their performance every year.

In connection with the phenomenon of fertilizer as a farming need and supporting national food, fertilizer production capabilities at Petrokimia Gresik are still in a fluctuating position. The last 3 years are considered to have not grown, the increase and decrease in production from 8.1 million to 7.69 million tons, has not helped meet national needs of more than 22 million tons. This condition is an assumption of inappropriate management regarding employee *output* as the company's *Human Capital*.

(Suryani & FoEh, 2018) The financial value realized at the end of the period in an organization's current business does not necessarily correlate with organizational performance, which is always synonymous with the organization's financial position. Goals should take into account improving employee performance, operations, and customer satisfaction in addition to being focused on achieving financial performance.

(Suryani & FoEh, 2018) When activities or tasks are completed effectively, efficiently, and in accordance with the preferences of all stakeholders, organizational performance is achieved. Here, the emphasis is placed on the key elements of operational management behavior, namely the understanding of the appropriate achievement of goals (effectiveness) and the use of resources (efficiency).

The conditions of the digital era have spurred the atmosphere of all businesses to accelerate, competing to carry out digital transformation in their companies. (Setiawan, 2019) Organizations of the future have a tendency to be lean and *flat* from an organizational perspective. As more and more companies adopt this method, employee performance needs to continue to be improved.

Each industry streamlines all production supply chain process activities. Petrokimia Gresik is in an effort to create or renew a conventional organizational structure into an agile system organization (*Agile Organization*), creating competitive advantages to meet customer needs and generate better profits for the company. Among them, *downsizing* or downsizing is being carried out by many companies to achieve this goal.

Gresik Petrokimia Company is facing efficiency amount target employees are demoted from the previous 2400 people to 1800 people on 2024 will bring challenges business where is the subsidy? fertilizer will revoked and national fertilizer needs are still high . Known 3 years earlier in 2020 , More of the 2,400 people treated in competence systemic from stage recruitment until evaluation performance employee support procedure operations and continuity business company Petrokimia Gresik.

In line with the policy of the central company, namely PT Pupuk Indonesia, which centralizes employee recruitment and the internal efficiency plans of Indonesian fertilizer subsidiaries, the number of employees gradually decreases until it reaches 1983 as of June 2022. This condition allows 2 things to happen, namely an increase in income or benefits for employees and an increase employee workload with the company's *Business Size* is still the same. Even plans project expansion addition of new factories being developed namely ALF3, Soda Ash , And Phoska 5 as effort company increase capacity production fertilizer also requires Human Resources for the sake of , this is simply to fulfill fertilizer demand requirements national .

(Robbins & Judge, 2019) A leaner organization or streamlining of some organizational structures aims to increase agility by creating a lean, focused and flexible organization. Downsizing is a methodical effort to make a company smaller by selling business segments that do not add value, eliminating some stores, or cutting employees. Downsizing does not mean physically reducing the size of the office.

(Robbins & Judge, 2019) Despite the advantages of being a lean organization, the impact of downsizing on organizational performance is not without controversy. Reducing the size of the workforce may have positive outcomes in the long run, although most evidence suggests that downsizing has a negative impact on downsizing year stock returns.

Apart from downsizing, Petrokimia Gresik is also facing waves transition from medium senior employees going to pension to employee young (*Millennials and Gen Z*) as Human Resources (HR) mover , now and for decades to come as perpetrators manufacturer business agroindustry . At least 185 employees are approaching retirement by 2027.

(Sakitri, 2021) Because of the company focuses on Generation Y or often called as generation millennials , Gen Z's presence in the workplace is not get strong response . Gen Z apparently not enough believe themselves to enter the world of work, and one decisive reason is necessity to work overtime . Additionally, Gen Z is known worrying ability them to thrive at work .

(Rusdianasari *et al.*, 2019) about slowing down growth and transition demography in Indonesia , recommendations for policy which can be suggested in his research to focus more on Human Resource Management (HRM), especially in increase standard workforce to get it Work with Good with progress technology and ready to accept encouragement demographics for the next two years .

Performance and spirit of growth business company must be improved . Increasing competitive advantage, which is the main driver of business expansion for the entire *Holding Groups* are needed to support this as well as proper work capacity management . Petrokimia Gresik which is currently This has decided to evolve and grow with more markets wide . Through the company's *tagline* "Agroindustry Solutions". this is trying show commitment and determination in carry out business strategies new use win competition business national and global.

One of asset most important company is Human Resources. It was recorded that in 2021, termination of employment (PHK) caused by employees in the category of committing disciplinary violations increased by 3 people in a year. This condition is of great concern to the company, especially the Remuneration and Industrial Relations department at PT Petrokimia Gresik because the company has never experienced this incident in the last 4 years.

Gratification or bribery is one of seven categories within the scope of complaints about violations at Petrokimia Gresik. Compared to 2020, the number of gratuity reports at Petrokimia Gresik has increased in 2021. This condition can indicate two important things, one of which can explain that the *fraud* reporting system has been running well in the company, on the other hand, the increase in reports shows that recently there has been an increase in the potential for fraud. emerging from the external and internal environment that provokes or triggers employees to commit fraud.

Evaluation Criteria The Superior Performance Assessment (KPKU) has become a reference for the Petrokimia Gresik company, which is part of BUMN, in measuring social performance on employee productivity. Letter secretary Ministry of BUMN No. : S-08/S.MBU/2013 dated 16 January 2013 has regulated regarding “ Delivery Guidelines Determination of KPIs and Criteria Assessment of Superior Performance in BUMN ”. Below in more detail you can see seven category measurement performance KPKU based.

Petrokimia Gresik in the KPKU Assessment is included in the *Emerging Industry Leader criteria* which the company routinely carries out every year. In the last three years, the KPKU score obtained by the company has experienced fluctuations which can be seen in the *Bar Chart image*.

In Figure 12, it can be seen that the superior performance assessment of employee productivity has decreased in score by negative 22 in 2021 compared to the previous year 2020. Even though it is relatively small, this fact explains that there is a problematic situation in the performance variable, especially for employees, which can have an impact on productivity.

Six components form management : *Men, Money, Methods, Materials, Machines, and Markets* . *Man Power Management* or often known with *Human Resource Management* or in short HRM is one branch knowledge source management from component human (*Human*) . Where personnel management refers to controlling management element man (M. Hasibuan, 2014).

(Hood & Lodge, 2004) has describe and categorize different trajectories of the reforms that include measurement performance, downsizing, decentralization, corporatization , management performance , devolution management , competition and empowerment citizens and employees.

Several organizational learning activities from companies to implement *Knowledge Management* within the company, starting from collecting knowledge, converting, and applying it through *Knowledge Sharing* such as education and training, *Mentoring* and *Self Learning*.

Employee training is part of *Knowledge Sharing* on knowledge management. It was recorded that there was an increase in employee training hours from 2019 to 2020 by 22 percent and from 2020 to 2021 by 16 percent. This shows that the implementation of *Knowledge Company management* is running and developing.

The graphic image above in the bar diagram shows that in the last 4 years employee HR competency as represented by educational levels at Strata 2, Strata 1 and Diploma 3 levels has increased in terms of the proportion of the number of employees. Meanwhile, at the high school and junior high school levels, it decreases from year to year. However, simultaneously in the line diagram it can be seen that the number of employees consistently decreases every year at all levels of education.

Facing this management policy, every employee must have innovation to contribute to streamlining processes in the company's internal business lines so that consistent work results are achieved according to targets.(Setyanti, 2017) argue that for fulfil objective organization , Human Resources (HR) must combine knowledge , skills , innovation and capacity someone to do his job .(Baird & Meshoulam, 1988) approach strategic for Management Human Resources (HRM) is intended to align HR with objective strategic organization and to integrate HR management with management organization .

(Mundovi, 2017)That the strategic position of PT Petrokimia Gresik is *Hold* and *Maintain* . *Intensive Strategy*, which requires expanding the market by entering parts of the plantation industry, is a strategy that can be adopted by companies.

Apart from improving HR competency, the Company is also trying to develop new products including Phosgreen, Petro ZA Plus, Kebomas Petro Cane, Kebomas Sipedas, and Kebomas. This innovative product is expected to be able to help companies expand market share and later increase profitability.

In order to encourage achievement and increase performance, innovation is one of the components of company value that is consistently pursued by all business organs . It was recorded that employees involved in innovation grew 5% compared to the previous 2 years and the innovation team increased by 100 teams from the previous year. Activity innovation in the form of a company “ Compartmental Level Innovation Convention ” abbreviated as KIK and “ Company Level Innovation Convention ” abbreviated as KIPG every routine year held .

The work environment can also provide encouragement to employees to increase knowledge. (Yuliyanto, 2008)A person's desire to gain *knowledge* can occur if it is supported by a good environment. The company environment can be in the form of infrastructure or company systems that are stable and consistent.

The company strives to improve the work environment which is widely reflected in the achievement of the Proper award every year. This award was given by the Indonesian Ministry of Environment and Forestry to Petrokimia Gresik as a company that carries out sustainable environmental management. It can be seen that the results of the company's efforts regarding the environment have increased periodically until 2021 with gold as the highest achievement.

(Susanty, 2013) Build atmosphere positive workplace in a way direct is related with climate organization . To achieve objective organization, behavior management and employees can be connected by the environment organization. Organizational performance can improve with create environment more work place friendly.

Carbon dioxide emissions, which have become a world issue, are increasingly difficult to control, companies play an active role in reducing greenhouse gases. Intensity emission referring to the Regulations Director General Control Pollution and Damage Environment Number: P.17/PPKL/SET/KUM.1/09/2020. In reporting period 2021 is available decline intensity of 0.007 or 4% compared year 2020 . In the last 3 years the company reduced carbon dioxide

emissions by 18.8%. This has implications for the work environment in factory production as work areas and employee activities that are cleaner in terms of air.

Divergence from previous research, (Kurniawan, 2022) *Knowledge Management* has a significant influence on the performance of PT Mitra Pratama Mobilindo Yogyakarta employees. Different (Setiyowati & Kurniawan, 2021) Knowledge Management has mark coefficient that path *negative* significant on PT Employee Performance. Citra Abadi Sejati is a *garment production company* that exports to American and European countries.

(Haeria *et al.*, 2018) variable ability has the greatest influence on performance employee at PT PLN (Persero) UP3 in the North Makassar region. Different (Medina, 2021) HR Competencies have no significant influence on Employee Performance at PT. Infiniti International Logistics Medan location.

(Kurnianto & Kharisudin, 2022) Environment Work influential to performance employees at the Regional Revenue, Financial Management and Aser Agency (BPPKAD) in the Rembang Regency area. Different (Pono *et al.*, 2022) The physical work environment does not have a significant effect on employee performance in the Manpower & Transmigration Service in the Special Region of Yogyakarta.

(Fauzi, 2020) Innovation has an impact in a way partial to performance employee in soy sauce food industry factory at PT. Walnuts in the city of Surabaya. (Mardiah & Simatupang, 2020) Innovation has a significant effect on employee performance at PTPN IV Kebun Marihat Unit. Different (Nurhayati, 2021) Work Innovation does not produce a significant influence on Employee Performance at the Tirta Mangkaluku Drinking Water Company (PDAM) in the Palopo City area.

Research objectives This are: 1. To find out and analyze the direct influence of *Knowledge Management* of Performance Employee. 2. To find out and analyze the direct influence of Human Resource Competency on Performance Employee. 3. To find out and analyze the direct influence of the Work Environment on Performance Employee. 4. To find out and analyze the direct influence of Innovation on Employee Performance. 5. To find out and analyze *Knowledge relationships Management* and Innovation in influencing Employee Performance. 6. To determine and analyze the relationship between Human Resource Competency and Innovation in influencing Employee Performance. 7. To determine and analyze the relationship between the work environment and innovation in influencing employee performance.

2 Materials and Methods

Design and Location

Explanation in this subchapter regarding planning, description, types and methods of carrying out research methods using predetermined designs. The research location is explained and determined according to the research background where the problem lies so that the results can then be analyzed in the next chapter.

Research Design

Research on the influence of *Knowledge Management*, Human Resource Competency, Work Environment, and Employee Performance through Innovation Moderation at PT Petrokimia Gresik by applying a quantitative approach.

(Sugiyono, 2013) conveying quantitative methods is information data related to research in the form of variations in values and then carrying out data analysis using statistical guidelines. The writing of this research is causal with the aim of examining interactions between the variables you want to research. Explained (Sugiyono, 2015b) While qualitative research methods are used when there are problems that are still unclear or cannot even be identified, qualitative research aims to understand as deeply as possible complex social situations with multiple interpretations. This differs in that quantitative research methods are more suited to large populations, the problem is clear, observable, measurable, and the researcher intends to test a hypothesis.

(Hasan, 2013) To determine research parameters from the strength of the relationship between one variable and another variable, the pattern or direction of the relationship between the variables studied, causality research is a type of research that requires analysis of research variables (data). Reaffirming that causal relationships are the basis used to connect the variables of this research.

Types of research

Enter the explanation of the use of types study This classified as descriptive quantitative. As for inside study This variable covers study intensive on *Knowledge Management*, Human Resources Competency, and Environment Deep work the role of influence on employee performance through innovation moderation.

Research is of a nature explanatory which is prepared with the aim of providing explanation connection causality between variable by running testing hypothesis at a time do data parsing.

Explanatory planning is the process of testing hypotheses or deep theories study this is expected to be possible method which is used to find the truth connection causal one variable with variable others consisting from Variable *Knowledge Management*, Human Resources Competency, and Internal Work Environment his role on Employee Performance with Innovation as Moderation .

Research Location

Place The research was carried out at PT. Petrokimia Gresik (Persero) can be seen in detail in the following image information: Determining the location to be researched was based on the researcher's consideration that there was an effort by the company to formulate and solve problems related to employee performance, because in internal and external analysis performance is an important benchmark for the company's *strength* .

Population and Sample

Entering sub-chapter 3.2, it describes how the population is distributed and the criteria used if necessary for the object to be studied. Once the population is known, we then proceed to determine the sample. What is more specific and important is the sample size because it is needed with the aim that the results obtained can describe the population as a whole.

Population

(Sugiyono, 2015a)Population studies are underway. Population is a generalized or considered area that consists of several subjects and is later selected by researchers to be studied in order to draw conclusions because they have certain qualities and characteristics. (Sekaran & Bougie, 2016)explains that the entire group of individuals, events, or objects of interest that the researcher wants to study is called the population. Later, based on sample statistics on a group of the population being studied, a series of interesting areas, events or objects can be drawn from which researchers can draw conclusions. The population in this study was a collection of 2043 individuals (Petrokimia Gresik, 2021)with organic employee status at the company PT Petrokimia Gresik.

Sample

(Sugiyono, 2015a)The sample is part of the size and characteristics of the population. If the population is large, it is certainly not possible for a researcher to study everything that makes up the population. For example, it can be caused by limited existing resources such as research funds, required personnel, and specified time limits, so it is necessary to take several samples from the available population. This is provided that the sample used must of course represent the population accurately.

(Sekaran & Bougie, 2016)Population includes samples. There are several members taken from it that make it up. In other words, a sample includes some, but not all, components of the population. So, the sample is a part of the population. Researchers must be able to make generalizable conclusions about a population of interest from studying a sample.

The provisions for obtaining samples that will be used for this research implement *Probability Sampling* . (Sugiyono, 2015a)*Probability Sampling* is a sampling strategy that evenly distributes the opportunity for each component (member) of the population to be selected to join the sample. (Sekaran & Bougie, 2016)Every individual in the population is likely or has an equal chance and understanding of being selected as a subject in an infinite probability sampling design, also known as *Simple Random Sampling*.The sampling technique for this research population uses a method that some experts call *Simple Random Sampling* .(Sugiyono, 2015a) *Simple* embedding in *Random* technique This *sampling* is very reasonable because the individuals in the sample are selected randomly from the existing population without needing to take into account the strata found in the population. For this research, each individual in the entire population is considered homogeneous or the same.

After determining the sampling technique used, the next step is to determine the limit size of the research sample that must be taken.(Tejada & Punzalan, 2012) A number studies research uses the so - called Slovin's formula to get size sample . Slovin's formula d is symbolized with notation n which represents size sample , then notation N explain size population , and e is *Margins Of Errors* . This study has a size of $N = 2043$ employees with *Margin Of Error* $e = 0.05$ using the approach.

3 Results and Discussions

Data analysis

After obtaining a sample of 197 respondents from the questionnaire, during this data analysis a discussion was carried out including analysis of respondent characteristics, descriptive research variables, hypothesis testing, *Outer Model* evaluation, *Inner Model* evaluation, including direct influence testing and moderating influence testing.

A. Respondent Characteristics

To obtain details regarding the characteristics of respondents, a frequency distribution approach was used. The steps taken include the following:

1. Determining Reach

$$Jangkauan = U.maksimal - U.Minimal$$

U.maximum = largest data

U.minimal = smallest data

2. Defining Multiple Classes

$$"K = 1 + 3.3 \text{ Log } n"$$

K = number of classes

n = class length

3. Determining the Interval or Class Length

$$Interval = Jangkauan / Kelas$$

From this equation, the following calculation results are obtained:

1. Largest data =

Smallest Data =

Reach =

2.

Table 1 Respondent Scales

Scale	Years of service	Last education	Position
1	0 to 4 Years	SMA / VOCATIONAL SCHOOL	Executor
2	5 to 8 Years	Diploma III	Foreman / Spr. III
3	9 to 12 Years	Strata 1 / Undergraduate	Supervisor Spr. II-I
4	13 to 14 Years	Strata 2 / Postgraduate	AVP/S.Md II-I
5	> 16 Years	-	VP / S.Mdy II-I

Source: Data processed 2022.

The table above explains that 3 categories of respondent characteristics have been obtained in this study. Each category is given a scale that is able to describe the respondent. The "Last Education" category characteristic is given a scale of only up to 4. The highest education of all employees at Petrokimia Gresik is a Postgraduate Master's Degree. Meanwhile, in the "Position" category, there are those that are higher than *Vice President* (VP) is SVP (*Senior Vice President*) but during the period of filling out the questionnaire, not many SVP officials responded.

Table 2 Frequency Statistics

Statistical Operations	Years of service	Last education	Position
<i>N</i>	197	197	197
<i>Mean</i>	2.55	2.35	2.13
Minimum	1.00	1.00	1.00
Maximum	5.00	5.00	4.00

Source: Data processed 2022

The table above gives the average results for the "Period of Work" category of 2.55, namely in the range 5 to 8 Tadhun. In the "Last Education" category the average score is 2.35, which is in the Diploma III range. Meanwhile, the "Position" category gives an average score of 2.13, namely in the Foreman or Primary Staff III range.

Table 3. Frequency of Respondents' Work Period

Years of service	Frequency	Presentation	Cumulative
0 to 4 Years	23	12%	12%
5 to 8 Years	74	38%	49%
9 to 12 Years	71	36%	85%
13 to 14 Years	26	13%	98%
> 16 Years	3	2%	100%
Total	197	100%	

Source: Data processed 2022

It is known that the frequency of work periods is dominated by employees with work periods of 5 to 8 years at Petrokimia Gresik. Next, the second largest are employees with a working period of 9 to 12 years. This explains that the employees who are the sample to represent the population have sufficient work experience in their respective fields of work.

Table 4. Frequencies of Respondents' Last Education

Last education	Frequency	Presentation	Cumulative
SMA / VOCATIONAL SCHOOL	79	40%	40%
Diploma III	25	13%	53%
Strata 1 / Undergraduate	81	41%	94%
Strata 2 / Postgraduate	12	6%	100%
Total	197	100%	

Source: Data processed 2022

In the table above, it can be concluded that the respondents' education is controlled by employees with the highest level of education being a Bachelor's level at 41%, while respondents with a high school/vocational school education level occupy the second largest educational frequency percentage value, namely 40%. This explains that the level of education at PT Petrokimia Gresik is relatively high with a strata 1 or undergraduate level.

Table 5. Frequency of Respondents' Positions

Position	Frequency	Presentation	Cumulative
Executor	66	34%	34%
Foreman / Primary Staff III	48	24%	58%
Supervisor / Primary Staff II-I	39	20%	78%
Assistant Vice President / Young Staff II-I	37	19%	96%
Vice President / Middle Staff II-I	7	4%	100%
Total	197	100%	

Source: Data processed 2022

Furthermore, the table above explains that the frequency of respondents' position categories is dominated by Executive level positions at 34%, then the second largest is Foreman or Primary Staff III level positions at

24%. This explains that the hierarchy of positions at Petrokimia Gresik is occupied by employees with positions as executors of work duties who deal directly with company operations on a daily basis. Meanwhile, in the structural position, *the Foreman* is tasked with being a supervisor, organizer and giving instructions to implementers. In the same position as *Foreman*, namely Primary Staff III, included in the functional structure tasked with providing the results of their work to *the Vice President* (VP).

Table 7. Frequencies of Respondent Directorates

Company Directorate	Amount	Percentage	Cumulative
Main Directorate	17	9%	9%
Directorate of Finance and General Affairs	38	19%	28%
Directorate of Operations and Production	140	71%	99%
DPB Subsidiaries / Projects	2	1%	100%
Total	197	100%	

Source: Data processed 2022

The table above can be concluded that the respondents who gave the most responses were from the Directorate of Operations and Production at 71%. This explains that most of the respondents are involved in factory operational activities to produce fertilizer within the company. To see in more detail, each directorate is in charge of several compartment units which can be seen in the picture below:

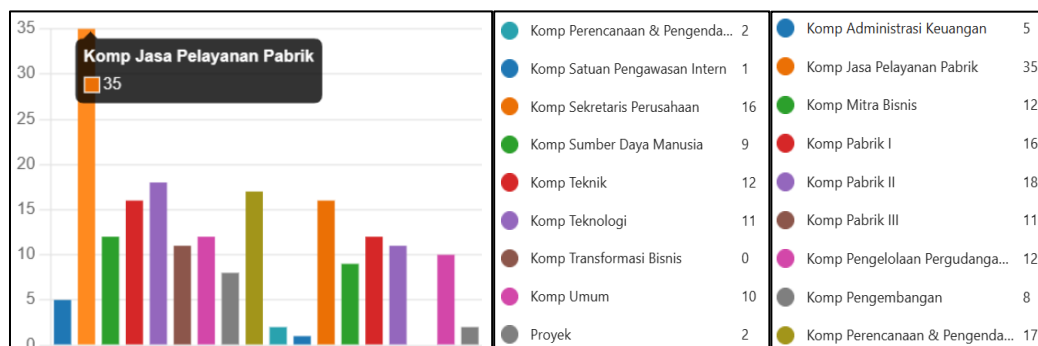


Figure 1. Respondent Compartment Unit Statistics

Source: Ms.Form 2022 (Processed Data)

It can be seen based on the picture above that the respondent statistics based on compartments as work units are dominated by the Factory Services (JPP) compartment with 35 responses. Furthermore, the second largest was occupied by the Factory II compartment at Petrokimia Gresik with 18 responses. The Factory Services compartment contributes to the company through repairs and maintenance of factory equipment as an important factor in production operations. Then, the Factory II compartment is tasked with producing processed NPK fertilizer products and other chemical products.

B. Descriptive Variables

To be able to determine the level of measurement results for each variable, five strata are used, including: very high, high, medium, low and very low. Based on the Likert scale explained in sub 3.6.2 regarding measuring research variables, a value of 5 was obtained for the highest level and a value of 1 for the lowest level. Next, to obtain the measurement interval value, use the following equation:

$$(i) \text{ Nilai Interval} = \frac{\text{Nilai Tertinggi} - \text{Nilai Terendah}}{\text{Jumlah Kategori}}$$

$$(i) = \frac{5 - 1}{5} = 0,8$$

Based on this analysis, categories can be arranged to form interval levels with the following details:

Table 8. Interval Level Categories Description of Respondents' Answers

Value (x) Against Interval	Category Level
$1 \leq x < 1.8$	Very Low
$1.8 \leq x < 2.6$	Low
$2.6 \leq x < 3.4$	Currently
$3.4 \leq x < 4.2$	Tall
$4.2 \leq x \leq 5$	Very high

Source: data processed 2022.

In the descriptive section of this variable, a tabulation of the recapitulation results of filling out the questionnaire by 197 samples of respondents was carried out.

C. Hypothesis Testing

In the next research, hypothesis testing was carried out using data analysis techniques applying the *Smart Partial Least Squares* (PLS) 3.0 program, which can be seen in more detail in the PLS 3.

D. Outer Model Evaluation

Results analysis Smart PLS with *Algorithm* to test validity and reliability, coefficients model and *Path* determination *Coefficients* for equation models. In evaluating the research measurement model, one iteration was carried out so that all indicator statements could be declared valid and maintained. following under.

It can be seen in Figure 4.10 that the quantity indicator (KK2) in the employee performance variable is measured with 2 statements from the previous one in Figure 4.6 which is measured with 3 statements. The explanation regarding 1 missing statement, namely in KK2.1 in the previous iteration, was *deleted* or removed, because it was not valid as a measure of quantity indicators in employee performance variables.

E. Structural Model or Inner Model Test

1) R- Square

The extent to which endogenous variables are influenced by exogenous factors is measured using the coefficient of determination (R- *Square*). It is possible to determine whether certain external latent factors have a significant impact on the endogenous latent variable by examining changes in the R- *Square value*. Based on data processing that has been done through use *Software Smart - PLS 3 .0*, obtained R- *Square value* as following:

Table 3R- Square

Variable	R- Square	R- Square Adjusted
Employee performance	0.803	0.796

Source: Data processed 2022

Based on the data presentation in table 9 above, it can be seen that the R- *Square* for the endogenous variable, namely Employee Performance, produces a value of 0.803. This value can be interpreted to mean that employee performance is influenced by *knowledge Management*, Human Resources Competency, and Work Environment with Innovation as moderation at 80.3%. Of the total 100% variables that influence employee performance, the remaining 19.7% is obtained where these variables are influenced by other factors outside the variables tested.

2) F- Square

Square value is useful for finding out whether an exogenous variable has an influence on an endogenous variable. The following are the results of the value analysis on F- *Square* :

Table 4F- Square Value

Indicator	F^2 to Employee performance	Information
Innovation	0.029	Small Effect
KM-IN	0.035	Small Effect
KSDM-IN	0.001	N/A
Knowledge Management	0.009	N/A
HR Competency	0.614	Large Effect
LK-IN	0.014	N/A
Work environment	0.217	Medium Effect

Source: Algorithm Smart PLS (data processed, 2022)

Table 10 shows the Innovation and Knowledge moderating variables Management with Innovation has a small effect on the Employee Performance variable, then the work environment variable has a medium effect on the Employee Performance variable. Lastly, the HR Competency variable has a big influence on the Employee Performance variable. However, in the moderation of HR Competency with Innovation, the Knowledge variable Management, and moderation of the Work Environment with Innovation on the Employee Performance variable have no effect at all.

3) Collinearity Test

Table 11. Variance Inflation Factor Value

Indicator	VIF to Employee performance	Information
Innovation	2,311	Fulfil
KM-IN	1,661	Fulfil
KSDM-IN	2,093	Fulfil
Knowledge Management	2,702	Fulfil
HR Competency	2,416	Fulfil
LK-IN	2,375	Fulfil
Work environment	3,454	Fulfil

Source: Smart PLS Algorithm (data processed, 2022)

In collinearity testing using Variance Inflation Factor (VIF). The formative measurement model above shows that all VIF values are no more than 5 for each construct. This explains that the severity of collinearity is still below the specified threshold.

4) Path Coefficient Test

Path Evaluation The coefficient is applied to prove the strength of the influence of exogenous variables on endogenous variables.

Table 15. Path Coefficient

Variable Formed Constructs	Path Coefficient	Information
Innovation → Employee Performance	0.114	Influential/Weak Positive
KM-IN → Employee Performance	0.114	Influential/Weak Positive
KSDM-IN → Employee Performance	-0.018	Influential/Weak Negative
Knowledge Management → Employee Performance	-0.068	Influential/Weak Negative
HR Competency → Employee Performance	0.540	Influential/Strong Positive

LK-IN → Employee Performance	-0.099	Influential/Weak Negative
Work Environment → Employee Performance	0.384	Influential/Medium Positive

Source: *Algorithm Smart* Data processed in 2022

Based on the overall schema, *the Inner* model shown in table 4.24 explains that the *Path value* The strongest positive *coefficient* is shown by the influence of Human Resource Competency on Employee Performance namely 0.540. Furthermore, the second largest positive influence is owned by the variable construct between Work Environment and Employee Performance of 0.384.

Based on the description of the results themselves, it shows that the variables in the following model have a *Path Coefficient* uses positive numbers. The following proves that the greater the path coefficient value of an exogenous variable relative to the endogenous variable, the greater *the Path value Coefficient* means the strength of the influence of the exogenous variable on the endogenous variable itself.

5) Model Goodness Test (Goodness of Fit)

Apart from that, *the Goodness of Fit* (GoF) Assessment is then measured via *the Root Mean Square Residual* (SRMR). SRMR or *Root Mean Square Residual* is a metric for absolute goodness-of-fit and is described as the average difference between the observed correlation and the expected correlation. This is a metric for positive bias and is more biased for studies with low *df* and small *N*. A value of zero indicates perfect fit because SRMR is a measure of absolute fit. Model complexity is not penalized in SRMR. In general, values below 0.08 are considered appropriate (Hu & Bentler, 1999) in (Kenny, 2015).

Table 13. Model Fit

Parameters <i>Model Fit</i>	<i>Saturated Model</i>	<i>Estimated Model</i>
SRMR	0.079	0.079

Source: Data processed 2022

Based on table 13, the SRMR result is 0.079, which means that the model construct created in this research can be said to meet the *Fit Model standards* and is suitable for use.

6) Direct Effect Test

The next test activity is to observe the significance value of the influence between variables by observing the parameter coefficient values and the statistical significance value of T using the *Bootstrapping method* (Ghozali & Latan, 2015). In hypothesis testing, it can be observed based on the T-Statistic value and probability value to test the hypothesis, namely through the use of statistical values so that for *Alpha* 5% the T-Statistic value used is 1.96 which makes the criteria for acceptance/rejection of the hypothesis H_a which is accepted and H_0 rejected. if T-Statistics > 1.96. To reject/accept the hypothesis, use probability so that H_a is accepted if the P value < 0.05. The table below is the result of hypothesis testing obtained in the following research using *Inner Models*:

Table 6. T- Statistics and P- Values

No. / Hypothesis	Variables	Original Sample (O)	T Statistics (O/STDEV)	P Values
1 H4	Innovation → Employee Performance	0.114	1.8 35	0.06 7
2 H1	Knowledge Management → Employee Performance	-0.068	1 . 00 7	0.31 4
3 H2	HR Competency → Employee Performance	0.540	8.727	0,000
4 H3	Work Environment → Employee Performance	0.384	4.985	0,000

Source: Data processed 2022

Calculation of the influence between variables answers the previous hypothesis in sub-chapter 4.2.1 with the following results:

a) H1: Influence of Knowledge Management (X1) on Employee Performance (Y)

Based on table 14, test the *Knowledge variable Management* (X1) on Employee performance (Y) gives the original sample result of -0.068 with a negative value (smaller than 0 and greater or equal to -1), a T-statistic value of 1.007 and has a P- Value 0.314 . Because the T statistic is smaller than the T table ($1.007 < 1.960$) and the P- value is greater than ($0.314 > 0.05$) it means that H0 is accepted which means it has no significant effect on *Knowledge. Management* (Z) on employee performance (Y).

b) H2: There is an influence of Human Resource Competency (X2) on Employee Performance (Y)

Based on table 14, it can be seen that for the test of the Human Resource Competency variable (X2) on Employee performance (Y) the original sample result was 0.540 with a positive value (greater than 0 and smaller or equal to 1), the T-statistic value was 8.727 and has a P- Value 0,000 . Because the T statistic is smaller than the T table ($8.727 > 1.960$) and the P- value is smaller than ($0.000 < 0.05$), it means that H0 is rejected, which means there is a significant positive influence between Human Resource Competency. (X2) on employee performance (Y).

c) H3: Effect of Work Environment (X3) on Employee Performance (Y)

Based on table 14, it can be seen that for the test of the Work Environment variable (X3) on Employee performance (Y) the original sample result is 0.384 with a positive value (greater than 0 and less than or equal to 1), the T-statistic value is 4.985 and has P- Value 0,000 . Because the T statistic is greater than the T table ($4.985 > 1.960$) and the P- value is smaller than ($0.000 < 0.05$), it means that H0 is rejected, which means there is a significant positive influence between the work environment. (X3) on employee performance (Y).

d) H4: Effect of Innovation (Z) on Employee Performance (Y)

In table 14, test the Innovation variable (Z) on employee performance (Y) gives the original sample result of 0.114 with a positive value (greater than 0 and less than or equal to 1), a T-statistic value of 1.835 and a P- value of 0.067. because the T statistic is smaller than the T table ($1.835 < 1.960$) and the P- value is greater than 0.05 ($0.067 > 0.05$), it means that H0 is accepted, which means that innovation (Z) has no significant effect on employee performance (Y).

7) Moderating Effect Test

Testing the hypothesis of the Moderation effect uses the *Resampling technique method Bootstrapping* . An alternative approach for conducting mediation significance tests (Bollen and Stine, 1990) in (Ghozali & Latan, 2015). The following are the results of data processing to determine exogenous variables to become endogenous variables, exogenous variables to become intermediary variables, intermediary variables that influence endogenous variables:

Table 15. Indirect T- Statistics and P- Values

No. / Hypothesis		Variables	T Statistics (O/STDEV)	P- Values
1	H5	KM-IN → Employee Performance	2.107	0.036
2	H6	KSDM-IN → Employee Performance	0.235	0.814
3	H7	LK-IN → Employee Performance	1.170	0.243

Source: Data processed 2022

Based on table 15, exogenous variables have a significant influence on moderator variables, and moderator variables significantly influence endogenous variables. From these results, it can be concluded that the innovation moderator variable is a half moderator variable .

Partial moderator (*half moderator*) occurs when the direct influence of the exogenous variable on the endogenous variable is significant or insignificant, but the effect becomes significant or insignificant when the moderator variable is included. Based on these results, the moderating influence hypothesis was tested in calculating the path coefficient so that it was known that:

a) H5: Interaction between Knowledge Management and Innovation in influencing employee performance.

The Effect of Total *Knowledge Management* and Innovation (X1-Z) on Employee Performance (Y) obtained a T statistic of 2.107 and a P- Value of 0.036. Because the T statistic is greater than the T table (2.107

> 1.960) and the P- value is smaller than ($0.036 < 0.05$), it means that H_0 is rejected, so there is a significant influence between *Knowledge Management* and Innovation (X1-Z) on Employee Performance (Y).

b) H6: Interaction Between Resource Competencies Human Dan Innovation in Influencing Employee Performance.

The total influence of Human Resource Competency and Innovation (X2-Z) on employee performance (Y) obtained a T statistic of 0.235 and obtained a P- Value of 0.814. Because the T statistic is greater than the T table ($0.235 < 1.960$) and the P- value is greater than ($0.814 > 0.05$), meaning that H_0 is accepted, there is no significant influence between Human Resource Competency and Innovation (X2-Z) on employee performance (Y).

c) H7: Interaction between work environment and innovation in influencing employee performance.

The total influence of the Work Environment and Innovation (X3-Z) on employee performance (Y) obtained a T statistic of 1.170 and obtained a P- Value of 0.243. Because the T statistic is greater than the T table ($1.170 < 1.960$) and the P- value is greater than ($0.243 > 0.05$), meaning that H_0 is accepted, there is no significant influence between the work environment and work innovation (X3-Z) on employee performance (Y).

Discussion

The discussion of this research includes a review of previous research on the results of the direct effect test and the results of the moderation effect test on each variable. The results of the study are then explained theoretically and empirically based on the results of previous data analysis.

Knowledge Management on Employee Performance

Based on data analysis from the research results above, it was found that there was no significant influence between *Knowledge Management* (Z) on Employee Performance (Y). These results are different from previous studies such as (Harimu et al., 2021) that *Knowledge Management* influential positive and significant to performance employee. Through *Literature Review Executive Support System (ESS) For Business* (Primawanti & Ali, 2022) explains *Knowledge Management* greatly influences employee performance in an organization or company. (Kurniawan, 2022) *Knowledge Management* produces a significant influence on the performance of PT Mitra Pratama Mobilindo Yogyakarta employees. (Setiyowati & Kurniawan, 2021) *Knowledge Management* has mark coefficient that path *negative* significant on PT Employee Performance. Citra Abadi Sejati is a *garment production company* that exports to American and European countries. (Ramadan, 2018) *Knowledge Management* consisting of *people*, *process* and *technology* all influence employee performance in the HR Compartment of PT Petrokimia Gresik.

Path test Coefficient table 4.24 *Knowledge Management* has a negative and weak influence on employee performance. Petrokimia Gresik have made and determined policy associated with management employee through implementation system *Human Capital Based management* performance, one of which is *Knowledge Management*. This research places *Knowledge Management* through learning indicators (conversion) to knowledge application. Application of *Knowledge Management* by the organizational development and HR department at Petrokimia Gresik is quite good, despite *the knowledge Management* may not be able to have a direct impact on employee performance without strong work motivation and commitment from employees to the company. A high level of knowledge does not guarantee that someone has superior performance if they are reluctant to apply it. Apart from that, it may be necessary to support driving variables that are spread outside this research.

Human Resource Competency on Employee Performance

Based on data analysis from the research results above, it was found that there is a significant influence between Human Resource Competency (X2) on Employee Performance (Y). These results are in line with research (Jannah et al., 2022) HR competency has a positive influence on employee performance in the era of industrial revolution 4.0. (Sivanissa & Azizah, 2022) Based on individual characteristics, self-concept and values, motivation, employee knowledge and employee skills, HR competencies at PT Sherish Cipta Interindo can produce a beneficial and significant impact on employee performance. (Wati Bd, 2022) Partial test results show variables Competence affecting employee performance at PT Karni Jaya Nusantara construction company in Palembang, and (Dinantara & Imron, 2021) Training and educational background simultaneously have a significant effect on the performance of employees of PT Innovation Global Solusindo West Jakarta in the construction sector.

Meanwhile different results were found (Haeria et al., 2018) variable ability has the greatest influence on performance employee at PT PLN (Persero) UP3 in the North Makassar region. (Medina, 2021) HR competency has no significant influence on employee performance at PT. Infiniti International Logistics Medan location. (Cik, 2022) Competence has no influence on the performance of employees of Bank Rakyat Indonesia (BRI) Pasar Minggu, South

Jakarta branch.(Suharto, 2022) HR competency has an influence positive but not significant on performance employees or servants at the Regional Revenue Agency for the East Kalimantan province.

Path test Coefficient table 4.24 Competency HR has a strong positive effect on employee performance. Human Resource Competency is closely related to the skills and abilities of an employee. Figure 1.14 shows that the Petrokimia Gresik company has employee education at varying levels. Even though high school/vocational school education is dominated, bachelor's education is the second largest among all employees . Human Resource Competence should be improved by companies because it has an influence on employee performance. Companies can maintain Human Resources Competency as a *Strength* in IS analysis internal and external environment company .

Work Environment on Employee Performance

Based on data analysis from the research results above, it was found that there is a significant influence between the work environment (X3) on Employee Performance (Y). These results are in line with (Kurnianto & Kharisudin, 2022)environmental research Work influential to performance employees at the Regional Revenue, Financial Management and Aser Agency (BPPKAD) in the Rembang Regency area. (Fanulene et al., 2022) found the influence of work environment variables on employee performance at the company PT Angkasa Pura I (Persero) Sam Ratulangi Airport Branch, Manado City , and(Irianto, 2021) The work environment and individuals influence employee performance in the Quality Control Process Department of the fertilizer company PT. Petrokimia Gresik, East Java region.

Different research results were found by(Pono et al., 2022) The physical work environment does not have a significant effect on employee performance in the Manpower & Transmigration Service in the Special Region of Yogyakarta.

Path test Coefficient table 4.24 Work Environment has a moderate positive effect on Employee Performance. The physical environment can indicate that employees feel comfortable and safe with the work facilities provided by the company. The non-physical environment also describes how an employee relates socially with other subjects such as superiors, subordinates and colleagues. The work environment at Petrokimia Gresik influences employee performance, so companies must pay attention to this influence by improving the quality of work equipment, greening production areas and emissions, as well as setting harmonious employee communication policies in their work environment.

Innovation on Employee Performance

Based on the analysis of research data above, a significant influence was found between Innovation (Z) on Employee Performance (Y). These results are in line with research(Fauzi, 2020) Innovation has an impact in a way partial to performance employee in soy sauce food industry factory at PT. Kenari in the city of Surabaya , (Mardiah & Simatupang, 2020)Innovation has a significant influence on employee performance at PTPN IV Unit Kebun Marihat.(Juliansyah & Cahyono, 2022) innovation has a positive and significant effect on the performance of employees of PT Perikanan Nusantara Makassar Branch , and(Desiana, 2019) There is a positive and significant influence on Innovation on employee performance in the Secretariat and Public Relations Division of PDAM Surya Sembada in the Surabaya city area. Different results were found (Nurhayati, 2021)which found that Work Innovation had no significant effect on Employee Performance at the Tirta Mangkaluku Drinking Water Company (PDAM) in the Palopo City area.

Path test Coefficient table 4.24 *innovation* has a positive but weak effect on employee performance. The Gresik Petrokimia Company is currently intensively cultivating innovation among its employees as a form of adaptive step in facing various company challenges. Employees are encouraged to participate in competing their ideas and creations through holding innovation conventions at compartment level, company level, and even national level. This should continue to be encouraged to improve employee performance through employee involvement in expressing their ideas to support the production process and optimize work results.

Knowledge Management and Innovation on Employee Performance

Based on data analysis from the research results above, it was found that there is a significant influence between *Knowledge Management* and Innovation (X1-Z) on Employee Performance (Y). These results are in line with research (Syaputra, 2017)on industries that implement *food grade* that found an influence on the *Knowledge process Management* of operational performance through product innovation and also the influence of the *Knowledge process Management* of operational performance through process innovation at the PT Sinar Sosro company in the Jakarta area.

Different research results found (Wibowo & Muljono, 2021)that knowledge management unintentionally had a significant influence on performance through innovation in the Bureau of Finance and Equipment of the Ministry of Agriculture organization.

Path test Coefficient table 4.24 Knowledge Management and Innovation have a weak positive influence on Employee Performance. Gresik Petrokimia Company previously showed under *Knowledge Management* does not directly influence employee performance. On the moderation of innovation on the influence of *Knowledge Management* of employee performance gets significant results. This can be interpreted as meaning that innovation can moderate or strengthen the relationship between knowledge management variables and performance. Companies can consider innovation as a means of applying knowledge for employees so that employee performance can be maintained and improved.

Human Resource Competency and Innovation on Employee Performance

Based on data analysis from the research results above, it was found that there was no significant influence between Human Resource Competency and Innovation (X2-Z) on Employee Performance (Y). These results are in line with research (Jupri, 2022) Competence through Innovation no influential to performance companion villages throughout Jambi Province. (Cik, 2022) Competence has no effect on employee performance through innovation at Bank Rakyat Indonesia (BRI) Pasar Minggu, South Jakarta branch.

Path test Coefficient table 4.24 HR Competency and Innovation have a weak negative influence on Employee Performance. Innovation does not have a moderating effect on the relationship between human resource competence and employee performance. This can happen when an employee's level of human resource competency does not further encourage an employee who has the *Enabler trait* to become more creative and inventive in their work. This means that companies must further expand innovation as a culture, not only at the employee level with certain human resource competencies.

Work Environment and Innovation on Employee Performance

Based on data analysis from the research results above, it was found that there is no significant influence between the Work Environment and Work Innovation (X3-Z) on Employee Performance (Y). Different research results (Ajiardani & Anjaningrum, 2022) found innovation work behavior own role important as a mediator of influence physical work environment to performance employee at Vosco Group *food and beverage* .

Path test Coefficient table 4.24 Work Environment and Innovation have a weak negative influence on Employee Performance. Innovation at Petrokimia Gresik as his role moderate work environment towards performance employee gives no results significant . It means innovation company No capable strengthen connection Work Environment on Employee Performance . From the research results This company can consider step alternative other such as increasing *Coworking Space* with *Pantry room* for employees more maximize experience the facilities work and social communication in increase constructive atmosphere moment Work .

4 Conclusion

Based on The discussion has been done in study this , got it concluded as following : 1. Knowledge Management no influential in a way direct on Employee Performance . 2. Competence Human Resources influential in a way direct on Employee Performance . 3. The work environment has an influence in a way direct on Employee Performance . 4. Innovation is not influential in a way direct on Employee Performance . 5. There are interaction positive between Knowledge Management and Internal Innovation affecting employee performance . 6. Innovation is not can moderate interaction between Competence Resources on Employee Performance . 7. Innovation Ca n't moderate interaction between Work Environment on Employee Performance .

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