

ABSTRACT

The Industrial Revolution 4.0 demands that companies enhance competitiveness by optimizing human resources and fostering an effective organizational culture. Employee competencies including knowledge, skills, and attitude along with shared organizational values, norms, and beliefs, are essential in building a productive and sustainable work environment.

This study was conducted at House of Donatello, a footwear retail company facing challenges in maintaining employee performance amidst intense industry competition. The research aims to: 1) describe the level of employee competence, organizational culture, and performance; 2) analyze the effect of competence on employee performance; and 3) examine the influence of organizational culture on employee performance, both partially and simultaneously.

A quantitative research method with a causal approach was employed. Data were collected through questionnaires distributed to 385 employees and analyzed using path analysis with PLS-SEM. The results show that both competence and organizational culture have a positive and significant impact on employee performance.

Specifically, knowledge and skills within the competence variable, and the values of integrity and professionalism within the organizational culture, contributed substantially to improving performance. However, a performance gap between expected standards and actual results was also identified, indicating the need for broader training and stronger cultural reinforcement.

Based on these findings, it is recommended that the company provide equitable competency development programs and continuously evaluate the understanding and implementation of organizational values. This study is expected to serve as a strategic reference for human capital management in cultivating an adaptive work culture and optimizing employee performance.

Keywords: Competence, Organizational Culture, Employee Performance, Path Analysis, House of Donatello