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How Competence and Organizational Culture Shape Public Sector Performance: The Mediating Role of Good Governance

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Abstract

This study examines the role of good governance in mediating the effects of competence and organizational culture on organizational performance in the public sector. The study employs a quantitative explanatory design using survey data collected through structured questionnaires from all 141 civil servants of the Environmental and Sanitation Agency of Badung Regency, Bali, Indonesia, selected by census sampling. The data were analysed with partial least squares structural equation modelling (PLS-SEM). The results show that competence (β = 0.408; t = 7.607) and organizational culture (β = 0.445; t = 9.827) have positive and significant direct effects on organizational performance, and that both also positively and significantly affect good governance (β = 0.500 and β = 0.480, respectively). Good governance has a positive and significant effect on organizational performance (β = 0.157; p = 0.017) and significantly mediates the effects of competence (β = 0.078; p = 0.017) and organizational culture (β = 0.075; p = 0.027) on organizational performance. The model explains 91.5% of the variance in good governance and 96.7% of the variance in organizational performance. The findings of this study suggest that public sector performance depends not only on employee competence and organizational culture but also on governance practices, through which these resources and values are translated into performance.

Keywords: Competence; Organizational culture; Good governance; Organizational performance; Public sector.

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1. Introduction

Organizational performance has emerged as a pivotal metric for assessing the effectiveness and accountability of public sector institutions. In an environment of increasing dynamism in governance, public organizations are expected not only to achieve their strategic objectives but also to ensure that public resources are managed efficiently, transparently, and accountably. The mounting demand for superior public services has prompted governments across the globe to fortify governance systems and enhance organizational performance through administrative reforms and institutional capacity development (Grindle, 2011; Lane, 2018).

In Indonesia, endeavors to enhance public sector performance have been intricately intertwined with initiatives aimed at bureaucratic reform. The conceptual underpinnings of bureaucratic reform are predicated on the notion of a transformative process, the objective of which is to engender public institutions that are characterized by professionalism, accountability, effectiveness, and a service-oriented ethos. This commitment is reflected in Presidential Regulation No. 81 of 2010 concerning the Grand Design of Bureaucratic Reform 2010–2025 and reinforced by the Ministerial Regulation of Administrative and Bureaucratic Reform No. 25 of 2020 concerning the Bureaucratic Reform Road Map 2020–2024. These policies emphasize organizational restructuring, regulatory improvement, human resource development, accountability enhancement, public service quality, and organizational culture transformation as essential elements in achieving good governance.

In the context of bureaucratic reform, performance accountability has emerged as a pivotal mechanism for ensuring that government institutions possess the capacity to achieve their objectives and demonstrate responsibility for the utilization of public resources. In Indonesia, the formal evaluation of organizational performance is conducted through the Government Agency Performance Accountability Report (LKJIP), a document regulated by Government

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Regulation No. 8 of 2006 and further reinforced by Ministerial Regulation No. 53 of 2014. The LKJIP functions not only as an accountability instrument but also as an evaluation tool for assessing organizational effectiveness, efficiency, and the implementation of good governance principles within public institutions.

The Badung Regency is a region of particular strategic importance within Bali Province, primarily due to its substantial contributions to the development of tourism and the delivery of public services. In accorandce with the national agenda for bureaucratic reform, the local government has persistently endeavored to enhance governance quality, institutional accountability, and organizational performance. Among its public institutions, the Environmental and Sanitation Agency of Badung Regency plays a strategic role in environmental management, waste management, sanitation services, and the maintenance of environmental sustainability. The efficacy of this agency is of particular importance given the escalating intricacy of environmental concerns in Badung, a phenomenon attributable to a confluence of population growth, urban development, and tourism activities.

Despite its strategic role, performance accountability data indicate challenges in achieving optimal organizational performance. A review of the Government Agency Performance Accountability Reports (LKJIP) reveals that budget absorption at the Environmental and Sanitation Agency exhibited significant fluctuations during the period 2022–2024. The budget was realized at 79.98% in 2022 and increased to 87.61% in 2023. However, despite a substantial increase in the allocated budget, budget realization declined dramatically to only 47.12% in 2024. This decline resulted in more than half of the allocated budget remaining unutilized. Such a condition may be indicative of deficiencies in strategic planning, program implementation, coordination mechanisms, monitoring systems, and organizational governance practices.

The substantial decline in budget absorption is particularly concerning because the agency is responsible for addressing pressing environmental challenges, including increasing waste generation, limited waste processing facilities, and the maintenance of public cleanliness in one of Indonesia's leading tourism destinations. Consequently, enhancing organizational performance has emerged as a pivotal concern, necessitating consideration from both practitioners and scholars. Therefore, it is imperative to understand the factors that contribute to organizational performance in order to strengthen public sector effectiveness and ensure sustainable environmental governance.

In the extant literature, employee competence is a factor that is frequently associated with organizational performance. Competence is defined as the knowledge, skills, abilities, and behavioral characteristics that enable employees to perform their duties effectively. A body of research has indicated a positive correlation between organizational performance and competence (Kolibáčová, 2014; Rachman et al., 2024; Shet et al., 2019; Supriya et al., 2023). Nevertheless, Rusianto & Khasmir (2023) findings revealed that competence did not exert a substantial influence on organizational performance. This observation suggests the presence of divergent empirical results, indicating a lack of consensus in the extant literature.

Organizational culture has also been recognized as an important determinant of organizational effectiveness. A strong organizational culture promotes shared values, collaboration, commitment, and behavioral consistency, thereby supporting performance improvement (Schein, 2010). Empirical evidence generally confirms the positive impact of organizational culture on organizational performance (Irwan et al., 2025; Korma et al., 2022; Kurniawan et al., 2023; Kuswati, 2020). Nevertheless, Xanthopoulou et al. (2022) reported that organizational culture did not significantly influence organizational performance in public organizations, suggesting the presence of contextual factors that may shape this relationship.

One potential explanation for these inconsistencies is the role of good governance. Good governance emphasizes transparency, accountability, participation, responsiveness, effectiveness, and fairness in organizational management. Previous studies have shown that competence contributes to the implementation of good governance; (Ardiyanti & Supriadi, 2018; Dumatubun et al., 2022; Wafa et al., 2020), while organizational culture has also been found to strengthen governance practices (Anggara & Suwasono, 2023; Aria et al., 2023; Rosmiati et al., 2020). Furthermore, good governance has been consistently associated with improved organizational performance (Agustina et al., 2024; bin Kasmani et al., 2022; Phuangsuwan, 2022; Sulaiman et al., 2019).

Although previous studies have examined the relationships among competence, organizational culture, good governance, and organizational performance, limited attention has been devoted to examining the mediating role of good governance within local government institutions. Moreover, inconsistent findings regarding the effects of competence and organizational culture on organizational performance indicate an unresolved research gap. Drawing upon Contingency Theory (Donaldson, 2001; Lorsch, 1967), this study argues that organizational performance depends on the alignment between internal organizational resources and governance mechanisms. Therefore, this

study investigates the mediating role of good governance in the relationship between competence, organizational culture, and organizational performance at the Environmental and Sanitation Agency of Badung Regency.

2. Literature Review

2.1. Contingency Theory

Contingency Theory explains that organizational effectiveness depends on the alignment between internal organizational conditions and external environmental demands. Lorsch (1967) argued that organizations operate in dynamic environments that require different structures, management systems, and organizational practices to achieve effectiveness. Therefore, no single management approach can be universally applied to all organizations. Donaldson (2001) further emphasized that organizational performance is influenced by the degree of fit between organizational characteristics and situational factors.

In the public sector context, Contingency Theory suggests that organizational performance is shaped by the interaction between internal organizational resources and governance mechanisms. Competence and organizational culture represent critical internal resources, while good governance serves as an institutional mechanism that enables these resources to be effectively utilized to achieve organizational objectives. Accordingly, organizations are expected to perform better when competent employees and supportive organizational cultures are accompanied by effective governance practices.

2.2. Competence

Competence is one of the most important determinants of individual and organizational performance. Competence refers to a combination of knowledge, skills, abilities, attitudes, and personal characteristics that enable individuals to perform their duties effectively and efficiently. Competent employees are better equipped to solve problems, adapt to changing environments, and contribute to organizational success.

Previous studies have consistently demonstrated the importance of competence in enhancing organizational performance. Supriya et al. (2023) found that employee competencies, including technical skills, communication abilities, leadership, flexibility, and emotional intelligence, significantly contribute to organizational effectiveness. Similarly, Shet et al. (2019) reported that competency-based performance management strengthens organizational productivity and adaptability. Empirical evidence from Kolibáčová (2014), Hayatullah et al. (2021), Vijh et al. (2022), Rachman et al. (2024), and Wijayanti & Sari (2023) further supports the positive relationship between competence and performance.

Beyond organizational performance, competence also plays a significant role in promoting good governance. Competent employees possess the capabilities required to implement accountability, transparency, and participation effectively. Studies by Ardiyanti & Supriadi (2018), Wafa et al. (2020), Dumatubun et al. (2022), and Nofianti & Denziana (2012) confirmed that competence positively contributes to the implementation of good governance within public sector institutions.

2.3. Organizational Culture

Organizational culture refers to the shared values, beliefs, norms, assumptions, and behavioral patterns that influence how organizational members think and act. According to Schein (2010), organizational culture represents a pattern of shared assumptions learned by members of an organization as they solve problems related to external adaptation and internal integration. Kim & Robert (1999) further emphasized that organizational culture plays a central role in shaping organizational effectiveness and employee behavior. Strong organizational culture encourages cooperation, commitment, discipline, accountability, and innovation, all of which contribute to organizational effectiveness. Previous studies have shown that organizational culture positively influences organizational performance. Korma et al. (2022) found that dimensions such as organizational learning and team orientation contribute significantly to organizational effectiveness. Similar findings were reported by Kuswati (2020), Kurniawan et al. (2023), Reza & Silalahi (2021), and Irwan et al. (2025), who concluded that organizational culture plays an important role in improving organizational performance.

Organizational culture also contributes to the successful implementation of good governance. A culture that promotes accountability, transparency, discipline, and ethical behavior facilitates the application of governance principles within organizations. Previous studies by E. N. Sari (2012), Anggara & Suwasono (2023), Jayadi et al. (2024), Aria et al. (2023), and Rosmiati et al. (2020) confirmed that organizational culture significantly influences the implementation of good governance across both public and private sector organizations.

2.4. Good Governance

Good governance is widely recognized as a fundamental principle in public administration and organizational management. It refers to the implementation of governance principles that promote transparency, accountability, participation, responsiveness, effectiveness, efficiency, fairness, and the rule of law. According to Grindle (2011), good governance serves as a framework for improving institutional performance while ensuring accountability and public trust. Similarly, Lane (2018) argued that good governance supports effective decision-making, resource management, and organizational sustainability. In public organizations, good governance is essential for ensuring that public resources are managed responsibly and that organizational activities align with public interests. Effective governance practices create greater transparency, strengthen accountability mechanisms, improve public service delivery, and enhance organizational credibility.

Previous studies have consistently demonstrated the positive contribution of good governance to organizational performance. Sulaiman et al. (2019) found that transparency and accountability significantly improve employee and organizational performance within public institutions. Similar findings were reported by Agustina et al. (2024), Phuangsuwan (2022), Widasari & Putri (2018), AnggardanI et al. (2024), bin Kasmani et al. (2022) and N. Sari et al. (2025), who concluded that organizations implementing good governance principles tend to achieve higher levels of effectiveness and performance.

2.5. Organizational Performance

Organizational performance refers to the extent to which an organization successfully achieves its objectives through the effective and efficient utilization of available resources. Organizational performance is considered a multidimensional construct encompassing both financial and non-financial aspects, including productivity, service quality, innovation, accountability, efficiency, and stakeholder satisfaction (Robbins et al., 2021). Within public sector organizations, performance is commonly assessed through indicators such as budget absorption, achievement of strategic targets, effectiveness of public services, accountability, and the overall impact of programs on society (Judijanto & Afandy, 2024) Priyono et al., 2022). Organizational performance therefore represents the final outcome of interactions among organizational resources, management systems, governance mechanisms, and employee capabilities. In the context of public administration, improving organizational performance requires not only competent human resources and supportive organizational cultures but also governance systems capable of ensuring accountability, transparency, and effective resource management. Consequently, competence, organizational culture, and good governance are considered important determinants of organizational performance within public institutions.

2.6. Research Framework and Hypotheses

Based on Contingency Theory and previous empirical studies, organizational performance is influenced by both internal organizational resources and governance mechanisms. Competence and organizational culture are considered important organizational resources that contribute to the achievement of organizational goals. However, their effectiveness may depend on the existence of governance practices that facilitate transparency, accountability, participation, and efficiency within organizations. Competent employees are expected to contribute directly to organizational performance through their knowledge, skills, and abilities. In addition, competence may strengthen organizational governance because employees with adequate competencies are more capable of implementing governance principles effectively. Similarly, organizational culture is expected to improve organizational performance by promoting shared values, commitment, discipline, and collaboration.

Organizational culture may also support the successful implementation of good governance by encouraging ethical behavior and accountability. Good governance itself is expected to improve organizational performance by enhancing transparency, accountability, responsiveness, and effectiveness in organizational management. Therefore, good governance is proposed not only as an independent variable affecting organizational performance but also as a

mediating variable that explains how competence and organizational culture contribute to organizational outcomes. Accordingly, this study proposes the following hypotheses:

H1: Competence has a positive and significant effect on organizational performance.

H2: Organizational culture has a positive and significant effect on organizational performance.

H3: Competence has a positive and significant effect on good governance.

H4: Organizational culture has a positive and significant effect on good governance.

H5: Good governance has a positive and significant effect on organizational performance.

H6: Good governance mediates the relationship between competence and organizational performance.

H7: Good governance mediates the relationship between organizational culture and organizational performance.

Based on Contingency Theory and previous empirical findings, this study proposes seven hypotheses concerning the relationships among competence, organizational culture, good governance, and organizational performance. The proposed hypotheses are subsequently tested using Partial Least Squares Structural Equation Modeling (PLS-SEM).

3. Research Method and Materials

3.1. Research Design

The present study employed a quantitative approach with an explanatory research design. The decision to utilize quantitative research was motivated by the study's objective to examine the causal relationships among competence, organizational culture, good governance, and organizational performance through statistical testing. The explanatory design was deemed suitable for the study because it facilitates the investigation of both direct and indirect relationships among variables, as well as the testing of hypotheses derived from theoretical and empirical studies. The present study focuses on explaining how competence and organizational culture influence organizational performance and whether good governance serves as a mediating mechanism in these relationships. The present study employs an empirical approach to investigate the factors that influence organizational performance in public sector institutions.

3.2. Research Location

The present study was conducted at the Environmental and Sanitation Agency (Dinas Lingkungan Hidup and Kebersihan/DLHK) of Badung Regency, Bali, Indonesia. The agency was selected as the research setting because it plays a strategic role in environmental management, waste management, sanitation services, and environmental sustainability programs within the regency. The selection of DLHK Badung was further motivated by organizational performance issues identified through the Government Agency Performance Accountability Reports (LKJIP). Despite the continuous increases in budget allocations, the agency experienced fluctuations in budget absorption rates during the period 2022–2024. These conditions indicate the need to examine factors influencing organizational performance, particularly competence, organizational culture, and good governance.

3.3. Population and Sample

The population of this study consisted of all civil servants employed at the Environmental and Sanitation Agency of Badung Regency. Civil servants were selected as the unit of analysis because they are directly involved in organizational activities, public service delivery, program implementation, and governance practices. Considering the relatively manageable population size, this study employed a saturated sampling technique (census sampling), whereby all members of the population were included as respondents. A total of 141 civil servants participated in the study. The use of saturated sampling was intended to ensure comprehensive representation of employees and to minimize sampling bias.

3.4. Data Collection Technique

Data collection was conducted using both primary and secondary sources. Primary data were obtained through a structured questionnaire distributed directly to respondents. The questionnaire was developed based on indicators derived from previous studies and relevant theoretical frameworks concerning competence, organizational culture,

good governance, and organizational performance. Responses were measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The Likert scale was selected because it allows respondents to express their perceptions and evaluations regarding organizational conditions in a systematic and measurable manner.Secondary data were collected from various sources, including organizational reports, Government Agency Performance Accountability Reports (LKJIP), official regulations, statistical records, and other relevant documents. These data were used to provide contextual information and support the interpretation of research findings.

3.5. Measurement of Variables

This study examined four variables consisting of two independent variables, one mediating variable, and one dependent variable. Competence was measured using indicators related to employee knowledge, skills, abilities, work experience, and initiative in carrying out organizational responsibilities. Organizational culture was measured through indicators reflecting organizational values, teamwork, consistency, commitment, discipline, and adaptability. Good governance was measured based on governance principles including transparency, accountability, participation, responsiveness, effectiveness, efficiency, and fairness. Organizational performance was measured through indicators associated with organizational effectiveness, efficiency, achievement of targets, service quality, organizational reputation, and overall performance outcomes. The operational definitions of variables are presented in Table 1.

Table 1. Operational definition of variables

Variable	Indicators
Competence	Knowledge, skills, abilities, work experience, initiative
Organizational Culture	Shared values, commitment, teamwork, consistency, adaptability
Good Governance	Transparency, accountability, participation, responsiveness, effectiveness, fairness
Organizational Performance	Effectiveness, efficiency, achievement of targets, service quality, organizational reputation

Source: Research data processed (2026)

3.6. Data Analysis Technique

The collected data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS version 4. PLS-SEM was selected because it is suitable for analyzing complex relationships among latent variables and for examining mediation effects simultaneously. Furthermore, PLS-SEM can be applied effectively to predictive research models and does not require strict assumptions regarding multivariate normality. The analysis was conducted in two stages: measurement model evaluation (outer model) and structural model evaluation (inner model). The measurement model evaluation aimed to assess the validity and reliability of the research instruments. Convergent validity was evaluated using outer loading values and Average Variance Extracted (AVE). Indicators were considered valid when loading values exceeded 0.70 and AVE values were greater than 0.50. Reliability was assessed using Composite Reliability and Cronbach's Alpha, with values above 0.70 indicating satisfactory reliability.

The structural model evaluation was performed to assess the relationships among variables. This stage included the examination of the coefficient of determination (R^2), path coefficients, direct effects, indirect effects, and hypothesis testing. Hypothesis testing was conducted using the bootstrapping procedure provided by SmartPLS. A hypothesis was considered supported when the p-value was below 0.05 and the t-statistic exceeded the critical value. Through this analytical procedure, the study examined both the direct effects of competence and organizational culture on organizational performance and the indirect effects mediated by good governance. The use of PLS-SEM enabled a comprehensive evaluation of the proposed research model and provided robust empirical evidence regarding the relationships among the study variables.

4. Results and Discussion

4.1. Respondent Characteristics

Table 2. Respondent characteristics

Characteristic	Category	Frequency	Percentage (%)
Gender	Male	116	82.27
	Female	25	17.73
Marital Status	Married	140	99.29
	Single	1	0.71
Age	20–30 years	2	1.42
	30–39 years	3	2.13
	40–49 years	46	32.62
	50–60 years	90	63.83
Education	Junior High School	4	2.84
	Senior High School	79	56.03
	Bachelor's Degree	45	31.91
	Master's Degree	11	7.8
	Doctoral Degree	2	1.42

Source: processed primary data, 2026

The respondents consisted of 141 employees of the Environmental and Sanitation Agency of Badung Regency. Male employees dominated the sample, accounting for 82.27% of respondents, while female employees represented 17.73%. Most respondents were married (99.29%), indicating a relatively mature workforce. In terms of age, employees aged 50–60 years constituted the largest proportion (63.83%), followed by those aged 40–49 years (32.62%). Regarding educational background, most respondents held senior high school qualifications (56.03%), while 31.91% possessed bachelor's degrees. These findings indicate that the organization is largely composed of experienced personnel with diverse educational backgrounds.

4.2. Measurement Model Assessment

Table 3. Convergent validity (outer loading)

	Organizational Culture (X2)	Good Governance (M1)	Organizational Performance (Y1)	Competence (X1)
M1.1		0.780		
M1.2		0.912		
M1.3		0.789		
M1.4		0.771		
M1.5		0.879		
M1.6		0.737		
M1.7		0.884		
M1.8		0.864		
M1.9		0.840		
X1.1				0.916
X1.2				0.932
X1.3				0.921
X1.4				0.805
X1.5				0.831
X1.6				0.919
X2.1	0.875			
X2.2	0.870			
X2.3	0.814			
X2.4	0.780			
Y1.1			0.753	
Y1.2			0.744	
Y1.3			0.828	
Y1.4			0.757	
Y1.5			0.834	
Y1.6			0.892	
Y1.7			0.800	

Source: processed primary data, 2026

Table 3 shows that all indicators achieved loading values above the recommended threshold of 0.70, ranging from 0.737 to 0.932. These results indicate that all indicators adequately represent their respective latent constructs and satisfy the convergent validity requirement. Therefore, all measurement items were retained for further analysis.

Table 4. Construct reliability and validity

Variable	Cronbach's Alpha	Composite Reliability	AVE
Competence	0.946	0.957	0.79
Organizational Culture	0.856	0.902	0.698
Good Governance	0.943	0.952	0.69
Organizational Performance	0.907	0.927	0.645

Source: processed primary data, 2025

As shown in Table 4, Cronbach's Alpha values range from 0.856 to 0.946, while Composite Reliability values range from 0.902 to 0.957. In addition, all AVE values exceed the recommended threshold of 0.50. These findings confirm that all constructs demonstrate satisfactory internal consistency reliability and convergent validity.

4.3. Structural Model Assessment

Table 5. R-square results

Endogenous Variable	R^2
Good Governance	0.915
Organizational Performance	0.967

Source: processed primary data, 2026

The R^2 value of 0.915 indicates that competence and organizational culture explain 91.5% of the variance in good governance. Furthermore, competence, organizational culture, and good governance collectively explain 96.7% of the variance in organizational performance. These values indicate substantial explanatory power.

Table 6. Indirect effects

Relationship	β	t-value	p-value	Result
Competence → Good Governance → Organizational Performance	0.078	2.387	0.017	Supported
Organizational Culture → Good Governance → Organizational Performance	0.075	2.212	0.027	Supported

The indirect effect results indicate that good governance significantly mediates the relationship between competence and organizational performance as well as the relationship between organizational culture and organizational performance. These findings suggest that good governance functions as an important mechanism through which organizational resources contribute to improved organizational outcomes

Table 7. Direct effects

Relationship	β	t-value	p-value	Result
Competence → Organizational Performance	0.408	7.607	0.000	Supported
Organizational Culture → Organizational Performance	0.445	9.827	0.000	Supported
Good Governance → Organizational Performance	0.157	2.388	0.017	Supported
Competence → Good Governance	0.500	8.342	0.000	Supported
Organizational Culture → Good Governance	0.480	7.961	0.000	Supported

Source: processed primary data, 2026

The results presented in Table 7 indicate that all direct relationships are positive and statistically significant. Organizational culture exhibits the strongest direct effect on organizational performance ($\beta = 0.445$), followed by competence ($\beta = 0.408$). Furthermore, both competence and organizational culture significantly influence good governance, while good governance itself positively contributes to organizational performance.

4.4. Discussion

4.4.1. The Effect of Competence on Organizational Performance

The findings indicate that competence exerts a positive and significant influence on organizational performance at the Environmental and Sanitation Agency of Badung Regency. This finding suggests that employees with higher levels of knowledge, skills, abilities, and work-related competencies are more capable of performing their duties effectively and contributing to the achievement of organizational goals. Competent employees have been shown to exhibit several key characteristics that contribute to improved organizational performance. These characteristics include the

ability to complete tasks more efficiently, adapt to changing work demands, and provide better service quality. This finding aligns with the argument posited by Robbins et al. (2021), who underscore the notion that competence constitutes a pivotal organizational resource that exerts a direct influence on employee effectiveness and organizational outcomes. Employees who possess adequate competencies are more likely to perform their responsibilities accurately and efficiently, resulting in higher productivity and improved organizational achievements.

The result also corroborates the findings of previous empirical studies. Supriya et al. (2023) discovered that employee competencies have a substantial impact on organizational effectiveness by enhancing communication, leadership, flexibility, and technical capabilities. Concurrently, Shet et al. (2019) reported that competency-based performance management enhances productivity and organizational effectiveness. The validity of these findings is further reinforced by the research of Kolibáčová (2014), Hayatullah et al. (2021), Rachman et al. (2024), and Wijayanti & Sari (2023), who collectively concluded that organizational performance is positively influenced by competence. The findings indicate that competence plays a significant role in supporting the performance of DLHK Badung. Employees who possess strong competencies are better able to execute environmental management programs, deliver public services, and contribute to organizational objectives. Consequently, the continuous development of competencies through training, coaching, and professional development programs remains essential for the enhancement of organizational performance.

4.4.2. The Effect of Organizational Culture on Organizational Performance

The findings indicate that organizational culture exerts a positive and significant effect on organizational performance. This finding indicates that a robust organizational culture, marked by shared values, collaborative teamwork, dedication, and discipline, plays a significant role in enhancing organizational effectiveness. Organizational culture functions as a behavioral guideline that influences how employees interact, make decisions, and perform their duties. When employees share common values and understand organizational expectations, coordination becomes more effective, conflicts are minimized, and organizational objectives can be achieved more efficiently. This finding aligns with Schein (2010) argument that organizational culture exerts a significant influence on employee behavior and organizational effectiveness by shaping shared assumptions and values. In a similar vein, Kim & Robert (1999) seminal work underscores the notion that organizational culture exerts a significant influence on performance, by fostering a congruence between the objectives of the organization and the behaviors of its constituents.

The result aligns with prior studies by Korma et al. (2022), Kuswati (2020), Kurniawan et al. (2023), and Irwan et al. (2025); Djatmiko et al. (2023); Putra and Surya (2023); Istikhola and Gunawan (2023); Sri Dewi, Hutasuhut, Lubis, and Harahap (2023); Muqtafin (2024); At'taib and Kusuma (2024); serta Kurniawan et al. (2023) which collectively demonstrate a positive relationship between organizational culture and organizational performance. The findings indicate that the enhancement of organizational values, teamwork, discipline, and commitment can result in an increase in organizational effectiveness within public sector institutions. DLHK Badung's organizational culture fosters collaboration among employees, enabling them to address increasingly complex environmental challenges in an effective manner. Consequently, the maintenance and enhancement of organizational culture emerge as a pivotal strategy for ensuring the continued effectiveness of the organization.

4.4.3. The Effect of Competence on Good Governance

The findings indicate that competence exerts a positive and significant influence on the implementation of good governance practices. This finding suggests that competent employees possess the capacity to implement governance principles such as transparency, accountability, participation, responsiveness, and effectiveness. The implementation of good governance is contingent upon the quality of human resources. Employees who possess adequate technical knowledge, professional expertise, and problem-solving abilities are better able to manage organizational resources responsibly and comply with governance standards. This finding aligns with the studies conducted by Ardiyanti & Supriadi (2018), Wafa et al. (2020), Dumatubun et al. (2022), and Nofianti & Denziana (2012), Fauzi (2023), Wardoyo, Kartika, and Indrawati (2024), Faradila and Damayanti (2024), Syarif, Andri, and Zulbahri (2023), Triono and Abriyosos (2024), Angkasa, Lewaherilla, and Leuhery (2024), and also Subandi et al. (2023) which demonstrated that competence plays a substantial role in the effective implementation of good governance within public organizations. The presence of competent personnel has been demonstrated to contribute to the enhancement of accountability, transparency, and adherence to organizational procedures. Within DLHK Badung, competent employees facilitate the implementation of governance practices by ensuring that organizational activities are conducted professionally and in accorandce with applicable regulations. Consequently, competence emerges as a pivotal element in enhancing governance quality and bolstering organizational accountability.

4.4.4. The Effect of Organizational Culture on Good Governance

The findings indicate that organizational culture has a positive and significant effect on good governance. This finding underscores the notion that organizational values and norms exert a significant influence on the governance practices that are embedded within the organizational structure. A culture that emphasizes responsibility, integrity, teamwork, and commitment encourages employees to behave in ways that support transparency, accountability, and participation. The implementation of governance principles within an organizational environment is facilitated by the presence of such values.

The result corroborates the findings of previous studies conducted by E. N. Sari (2012), Anggara & Suwasono (2023), Aria et al. (2023), and Rosmiati et al. (2020), which found that organizational culture contributes significantly to governance effectiveness. These studies underscore the significance of organizational values in promoting ethical conduct and fortifying governance systems. The findings suggest that efforts to enhance governance within DLHK Badung should not be limited to formal procedures and regulations. The development of an organizational culture that fosters accountability, professionalism, and ethical conduct is of equal importance.

4.4.5. The Effect of Good Governance on Organizational Performance

The results demonstrate that good governance has a positive and significant effect on organizational performance. This finding confirms that organizations implementing governance principles effectively tend to achieve better organizational outcomes. Good governance enhances organizational performance by improving transparency, accountability, efficiency, responsiveness, and stakeholder trust. Effective governance practices help ensure that organizational resources are utilized appropriately and that organizational activities are aligned with strategic objectives. The result is consistent with the findings of Sulaiman et al. (2019), Agustina et al. (2024), Phuangsuwan (2022), Widasari & Putri (2018), and bin Kasmani et al. (2022), who reported that good governance contributes positively to organizational effectiveness and performance. For DLHK Badung, the implementation of good governance supports better resource management, improved accountability, and enhanced public trust. Consequently, governance improvement initiatives remain important for achieving sustainable organizational performance.

4.4.6. The Mediating Role of Good Governance in the Relationship Between Competence and Organizational Performance

The findings of the study demonstrate that good governance plays a substantial mediating role in the relationship between competence and organizational performance. This finding suggests that competence contributes directly to organizational performance and also influences performance indirectly through the implementation of good governance. In essence, employees with higher levels of competence are more capable of supporting governance practices that subsequently enhance organizational performance. The findings indicate a substantial mediating effect, suggesting that competence alone may not be adequate for achieving optimal organizational outcomes. The knowledge, skills, experience, and abilities possessed by employees must be translated into transparent, accountable, and effective organizational practices to generate optimal performance. Employees who possess adequate competencies are generally more capable of understanding regulations, implementing procedures appropriately, managing resources responsibly, and supporting organizational accountability. These conditions facilitate the successful implementation of good governance principles, which ultimately contribute to improved organizational performance.

This finding lends support to the Contingency Theory, which posits that organizational effectiveness is contingent upon the alignment between internal organizational resources and management mechanisms. Competence is a significant organizational asset, while good governance functions as a managerial mechanism that enables the effective utilization of these assets. Consequently, the positive impact of competence on performance is amplified when governance practices are implemented effectively. The findings are consistent with previous studies reporting that competence contributes significantly to governance implementation. Ardiyanti & Supriadi (2018) found that human resource competence positively influences the implementation of good governance and supports fraud prevention in public financial management. In a similar vein, Dumatubun et al. (2022) reported that competence exerts a significant influence on good governance and the quality of government performance reports. It has been demonstrated in previous studies that good governance has a positive effect on organizational performance. The present findings provide empirical evidence that good governance serves as an important mechanism linking employee competence to organizational performance.

From a pragmatic standpoint, the findings suggest that endeavors aimed at enhancing organizational performance should not be confined to the implementation of competency development programs. While training, education, and capacity-building initiatives remain important, organizations must also ensure that employee competencies are supported by governance systems that promote transparency, accountability, participation, and effectiveness. The integration of competence and governance practices within public organizations has been demonstrated to facilitate the attainment of more sustainable performance improvements.

4.4.7. The Mediating Role of Good Governance in the Relationship Between Organizational Culture and Organizational Performance

The findings indicate that good governance plays a substantial mediating role in the relationship between organizational culture and organizational performance. This finding suggests that organizational culture contributes to improved performance not only directly but also indirectly through its influence on governance quality. A robust organizational culture fosters behaviors and values that align with governance principles, thereby optimizing organizational performance. Organizational culture provides a framework of shared values, norms, and expectations that guide employee behavior within the organization. Employees who have internalized organizational values, such as responsibility, integrity, discipline, professionalism, and collaboration, are more likely to support organizational activities that promote transparency, accountability, participation, and responsiveness. The implementation of these governance practices has been demonstrated to enhance organizational effectiveness and contribute to the achievement of organizational goals.

The findings align with Contingency Theory, which posits that organizational effectiveness is contingent upon the interaction between organizational characteristics and management systems. Organizational culture is defined as an internal characteristic that significantly impacts employee behavior. Good governance is defined as a mechanism through which cultural values are translated into organizational practices. Consequently, a supportive organizational culture enhances governance implementation, which ultimately leads to improved organizational performance. The findings of the present study corroborate the conclusions of earlier empirical investigations. E. N. Sari (2012) study revealed a substantial impact of organizational culture on the effectiveness of public sector accounting implementation, thereby contributing to the realization of good governance. In a similar vein, Anggara & Suwasono (2023) reported that organizational culture has a positive effect on the implementation of good governance, which, in turn, has a direct and indirect impact on organizational performance. As Aria et al. (2023) and Rosmiati et al. (2020) have previously indicated, the significance of organizational culture in reinforcing governance practices across diverse organizational contexts has been underscored.

For DLHK Badung, the findings imply that strengthening organizational culture can enhance governance quality and organizational performance simultaneously. Organizational values emphasizing teamwork, accountability, commitment, and professionalism should continue to be reinforced through leadership practices, organizational policies, and employee development programs. By cultivating a culture that fosters adherence to governance principles, the organization can enhance its effectiveness in managing environmental programs, delivering public services, and achieving strategic objectives. The findings indicate that good governance practices play a significant mediating role in the relationship between organizational resources and organizational values, thereby confirming that they represent a critical mechanism through which these factors contribute to performance improvement. The findings indicate that the integration of competency development, cultural strengthening, and governance enhancement should be regarded as complementary strategies for enhancing organizational performance within public sector organizations.

5. Conclusion

The present study examined the relationships among competence, organizational culture, good governance, and organizational performance at the Environmental and Sanitation Agency of Badung Regency. The findings indicate that competence and organizational culture exert a positive and significant influence on organizational performance. Employees with higher levels of knowledge, skills, abilities, and professional capabilities contribute more effectively to the achievement of organizational objectives. Conversely, a robust organizational culture, marked by shared values, dedication, discipline, and collaboration, has been shown to enhance organizational effectiveness and facilitate the attainment of performance objectives. The results further demonstrate that competence and organizational culture have a positive and significant influence on good governance. The enhancement of employee competence has been demonstrated to facilitate the implementation of governance principles, including transparency, accountability, participation, and effectiveness. Conversely, a supportive organizational culture fosters an environment conducive to

responsible behavior and fortifies governance practices. Moreover, the findings of this study indicate that good governance exerts a positive and significant effect on organizational performance, thereby underscoring the critical role that effective governance mechanisms play in enhancing organizational outcomes.

This study corroborates the mediating role of good governance in the relationships between competence and organizational performance as well as between organizational culture and organizational performance. The findings indicate that competence and organizational culture exert a direct and indirect influence on organizational performance, with the indirect influence manifesting through the enhancement of governance quality. Consequently, enhancing organizational effectiveness within public sector institutions necessitates an integrated approach that integrates competency development, cultural reinforcement, and the consistent implementation of good governance principles. The findings provide empirical support for Contingency Theory by demonstrating that organizational performance is influenced by the alignment between internal organizational resources and governance mechanisms. The study underscores the significance of cultivating proficient human resources, nurturing a supportive organizational culture, and fortifying governance practices as complementary strategies for attaining sustainable organizational performance in public sector organizations.

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