

Analysis of The Effect of Quiet Quitting and Competence on Employee Performance With Work Motivation As A Mediating Variable Among Generation Z Employees

Wulan Sulistya Ambarwati^{1*}, Deden Sutisna M²

^{1,2} Master of Management Program, Widyatama University, Bandung, Indonesia

*Corresponding Author:

Email: wulan.sulistya@widyatama.ac.id

Abstract.

The dynamics of the modern workplace have undergone significant changes along with the evolving expectations of employees regarding an ideal work environment. One of the emerging issues that has gained considerable attention in human resource management is the phenomenon of quiet quitting and employee competence, both of which may influence employee performance and work motivation. This study employs a field research method using a descriptive-verification approach. The research was conducted at BPRS HIK Parahyangan involving Generation Z employees aged up to 30 years, with a total of 86 respondents. Data were collected through questionnaires and analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with the assistance of SmartPLS 4.0 software. The results reveal that quiet quitting does not have a significant effect on employee performance, but it has a significant effect on work motivation. The competence variable is found to have a significant effect on both employee performance and work motivation. However, the indirect effect analysis indicates that quiet quitting does not significantly affect employee performance through work motivation, and the indirect effect of competence on employee performance through work motivation is also not significant among Generation Z employees at BPRS HIK Parahyangan.

Keywords : Quiet quitting; competence; employee performance and work motivation.

I. INTRODUCTION

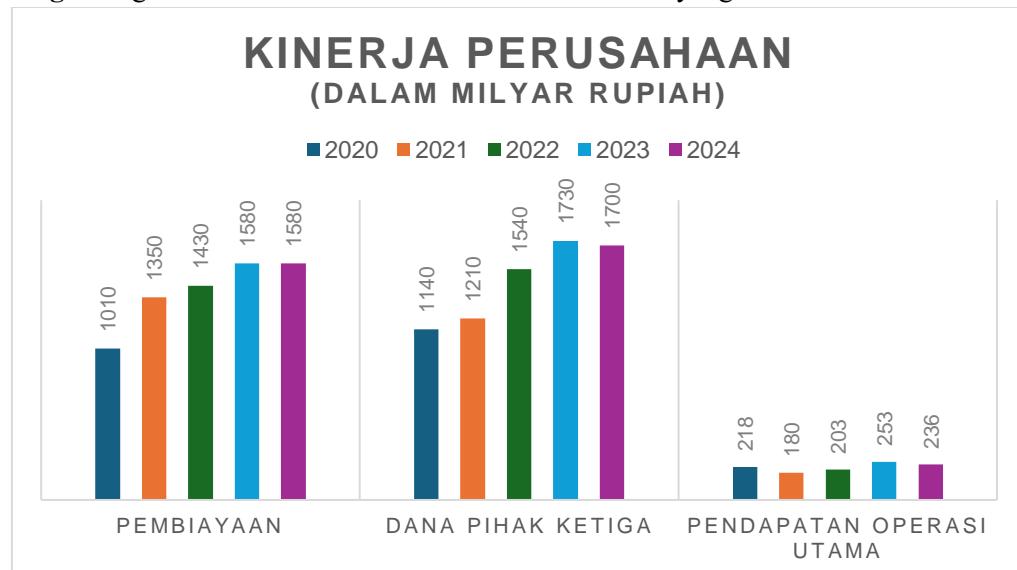
The dynamics of the modern workplace have undergone significant changes in line with the evolving expectations of employees regarding an ideal work environment. One of the contemporary issues that has attracted considerable attention in human resource management is the phenomenon of *quiet quitting*. This term does not refer to formal resignation, but rather to a form of psychological withdrawal from work in which employees perform only the minimum tasks stipulated in their employment contracts without emotional involvement or additional effort. This phenomenon has become a global concern because, although employees remain formally present and complete their assigned tasks, their work enthusiasm and organizational loyalty tend to decline significantly (Iloponu, Yantu, & Tantawi, 2025). A Gallup study (2022) indicates that more than 50% of the global workforce falls into the category of “not engaged,” which is considered a key indicator of quiet quitting. Quiet quitting does not imply officially leaving one’s job; instead, it refers to an attitude and mindset in which employees perform only what is required without demonstrating additional initiative or significant emotional engagement with their work. This phenomenon is particularly prevalent among Millennials and Generation Z, as these generations tend to have different perspectives and expectations compared to previous generations. In the post-COVID-19 period, quiet quitting has become more widespread due to increasing economic uncertainty and excessive workloads (Karissa et al., 2025). Generation Z is often characterized as technologically literate and strongly oriented toward work-life balance, leading them to gradually abandon conventional work cultures that emphasize total sacrifice for the organization.

In this context, quiet quitting should not be viewed merely as an individual attitude, but rather as a response to work environments that fail to support personal growth, recognition, and effective communication. Therefore, it is essential for organizations to understand the motivations and needs of today’s workforce as a basis for developing effective human resource management strategies (Veren et al.,

2025). Furthermore, organizational success is largely determined by the quality of employee performance, as performance reflects the outcomes of individuals in carrying out their duties and responsibilities in accordance with established standards. Consequently, organizations are required to ensure that employees possess adequate capabilities to achieve optimal performance. Employees with high levels of competence are better able to understand their tasks, complete their work accurately, and adapt to increasingly complex job demands. In addition, the dynamic nature of the work environment requires employees to continuously enhance their competencies in order to respond effectively to changes and evolving job requirements. Strong competencies enable employees to work more effectively, efficiently, and productively, thereby contributing maximally to the achievement of organizational goals. Previous research by Fahlevi (2021) also demonstrates that competence has a positive effect on performance, both directly and indirectly through work motivation. The banking sector is recognized as one of the industries with relatively high employee turnover rates. As a service-based industry, emotional engagement among employees plays a critical role in delivering quality services to customers. Quiet quitting represents a form of disengagement, as employees tend to withdraw and limit their efforts to tasks strictly defined within their job descriptions.

According to a Mercer survey (2015), employee turnover in the banking sector reached 16%, which is higher than the average across other industries. In addition, Indonesia's demographic bonus, where the workforce is predominantly composed of Millennials and Generation Z, increases the potential prevalence of quiet quitting within the banking sector. However, amid economic uncertainty, many Generation Z employees are unable to leave their jobs and instead disengage by performing their work at a moderate level in accordance with assigned job descriptions, without initiative or motivation to exceed organizational expectations. This condition inevitably affects work motivation and ultimately has implications for employee performance. In the context of modern organizations, particularly within the banking sector, employee competence is another critical factor. Banking activities require a high level of accuracy, strict compliance with procedures, as well as strong analytical and service-oriented skills. Employees who lack the appropriate competencies may experience difficulties in completing their tasks, which can ultimately reduce individual performance and overall organizational performance. Therefore, it is essential for organizations to understand and manage employee competencies effectively in order to enhance performance and maintain organizational competitiveness. BPRS HIK Parahyangan is one of the Islamic Rural Banks operating in Indonesia. The human resources at BPRS HIK Parahyangan are predominantly composed of Generation Y and Generation Z employees, accounting for approximately 89% of the workforce. In general, BPRS HIK Parahyangan has maintained relatively good organizational performance; however, over the past five years, the company's profits have shown a declining trend. Figure 1 presents the performance data of BPRS HIK Parahyangan over the last five years.

Fig 1. Organizational Performance of BPRS HIK Parahyangan At the Five Years



(Sources : Annual Report 2024)

The data indicate that in 2024 the organization experienced a decline in performance, both in terms of financing disbursement and the growth of Third-Party Funds. In addition, the bank's main operating income decreased by 6.83%. This decline reflects the failure to achieve the targets set in the Bank Business Plan (*Rencana Bisnis Bank* / RBB), as annual growth targets in the RBB are consistently designed to exceed those of the previous year. In general, company performance is influenced by various factors, both external and internal. External factors may arise from economic conditions, government policies, and other influences originating from the external environment. Meanwhile, internal factors within the organization—such as the implementation of corporate governance, work discipline, leadership style, job satisfaction, work environment, and employee motivation—also require serious attention. To determine whether the decline in performance at BPRS HIK Parahyangan is also associated with the phenomenon of quiet quitting among employees, the researchers conducted a preliminary survey related to this phenomenon using several statements concerning employee disengagement and work motivation. The pre-survey was administered to 25 Generation Z employees at BPRS HIK Parahyangan and was designed to capture indications of quiet quitting resulting from low levels of employee engagement, measured through components of job role fulfillment, emotional involvement, and expectations of better alternative employment. The results of the pre-survey show that 52% of respondents expressed dissatisfaction with their current jobs, 60% reported that they only performed tasks strictly in accordance with their job descriptions, and 80% stated that they often felt bored at work, indicating a condition of employee disengagement.

Furthermore, 44% of employees reported planning to change jobs despite still being employed, while 88% expressed expectations of obtaining better employment opportunities in the future. In relation to the quiet quitting phenomenon, which is assumed to influence work motivation and ultimately affect employee performance, an additional pre-survey was conducted to assess the level of work motivation among Generation Z employees at BPRS HIK Parahyangan. This survey measured components including job satisfaction, work environment, organizational support, and employees' emotional states while performing their tasks. The results indicate that 56% of employees were unable to perform their duties optimally and enthusiastically due to inadequate compensation, the absence of supportive supervisors and work environments, and difficulties in achieving work-life balance, despite the organization providing opportunities for development and clear career paths. These findings suggest that employee motivation among Generation Z employees at BPRS HIK Parahyangan remains relatively low. As a service-based business institution, human resources represent a critical asset that strongly influences success in the banking industry. Tangible assets such as buildings, machinery, and equipment cannot deliver optimal value without the support of high-quality human resources; moreover, such assets can be effectively acquired and utilized only when an organization possesses competent human capital (Rahmanti, 2013).

This perspective is consistent with guidance from the Indonesian Financial Services Authority (OJK), which emphasizes the importance of continuous innovation, enhancement of human resource competencies, management of employee engagement and satisfaction, and the development of responsive business strategies. Through these efforts, the banking industry is expected to improve organizational performance by retaining productive employees who can contribute significantly to national economic growth. Consequently, understanding employee competencies as well as the dynamics of quiet quitting and work engagement has become increasingly important for the Indonesian banking sector. Based on the phenomena and issues described above, this study aims to analyze how quiet quitting behavior and employee competence influence organizational performance and productivity through work motivation among Generation Z employees at BPRS HIK Parahyangan. Accordingly, the title of this study is "*Analysis of the Effect of Quiet Quitting and Competence on Employee Performance with Work Motivation as a Mediating Variable among Generation Z Employees (A Case Study at BPRS Harta Insan Karimah Parahyangan)*."

II. THEORETICAL REVIEW

A. Quiet Quitting

Conceptually, the phenomenon of quiet quitting refers to employees' psychological withdrawal from their work responsibilities, in which they fulfill only the minimum job requirements without emotional

involvement or additional initiative (Khan, 2022). According to Khan (2022), quiet quitting is a form of work behavior in which employees do not formally resign from their jobs but deliberately limit their work engagement to tasks and responsibilities explicitly stated in their job descriptions. Under this condition, employees continue to meet their minimum contractual obligations; however, they do not demonstrate extra effort, additional initiative, or emotional attachment to their work or organization. Khan (2022) emphasizes that quiet quitting should not be interpreted as laziness or a decline in work ethic, but rather as an employee response to an imbalance between job demands and personal well-being, such as job burnout, lack of recognition and appreciation, and unclear career development pathways.

Furthermore, Khan (2022) identifies several key factors that contribute to the emergence of quiet quitting behavior, including job burnout, insufficient recognition and rewards, career ambiguity, and shifts in work values among Generation Z employees. Quiet quitting behavior is characterized by performing tasks only to the extent required, even though employees may possess the potential to contribute more (Formica & Sfodera, 2022). According to Khan (2022), several indicators can be used to identify employees who have adopted quiet quitting behavior, namely withdrawal behavior, which reflects psychological disengagement from work; reduced work engagement, indicated by decreased enthusiasm, involvement, and energy at work; and minimal effort, where employees operate strictly at the minimum level required by their job descriptions without exerting additional effort.

B. Competences

According to Spencer and Spencer (1993), in their seminal work “Competence at Work: Models for Superior Performance,” competence is defined as an individual’s underlying characteristics that are directly related to effective or superior performance in a job. These characteristics encompass patterns of thinking, knowledge, skills, motives, values, and other personal attributes that consistently drive superior behavior in specific work roles. In other words, competence does not merely reflect what an individual knows or is capable of doing, but also how the individual behaves and responds across various work situations. Competence is influenced by individual factors, organizational factors, and work environment factors. These three groups of factors interact dynamically to shape the quality of employees’ competencies in performing their job responsibilities. Spencer and Spencer (1993) further explain that competence is formed through a combination of motives, traits, self-concept, knowledge, and skills, which develop through learning processes, work experience, and environmental influences. This perspective highlights that competence is not a static attribute, but rather a developmental construct that evolves over time as individuals interact with their organizational and environmental contexts.

C. Employee Performance

Performance is one of the key concepts in human resource management, as it serves as the basis for evaluating employee effectiveness in achieving organizational goals. Performance is not assessed solely based on work outcomes, but also on behaviors that support the process of achieving those outcomes. According to Noe, Hollenbeck, Gerhart, and Wright (2021), performance refers to observable and measurable behaviors and work results that contribute to the achievement of organizational objectives. This definition emphasizes two main aspects of performance, namely behavior and output. Mangkunegara (2017) explains that the factors influencing performance achievement consist of ability and motivation. Furthermore, Noe (2021) categorizes employee performance into three main components: task performance, contextual performance, and counterproductive work behavior. These dimensions provide a comprehensive perspective on employee behavior within organizations, encompassing expected job-related behaviors, voluntary behaviors that support the organizational environment, and behaviors that are detrimental to organizational effectiveness. Thus, the concept of performance proposed by Noe extends beyond technical work outcomes to include interpersonal and contextual behaviors that either enhance or hinder overall organizational effectiveness.

D. Work Motivation

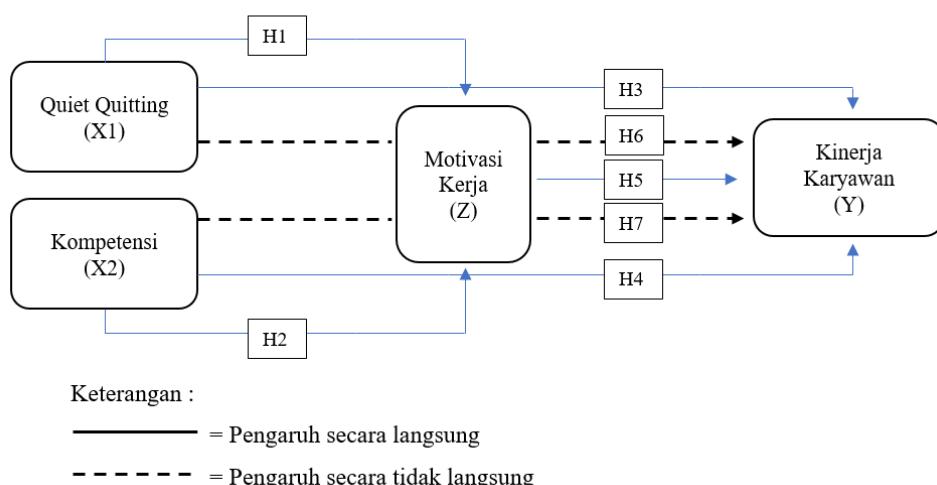
Work motivation is a psychological factor that determines the direction, intensity, and persistence of an individual in performing job-related tasks. According to Ulrich (2016), motivation refers to the internal and external drivers that enable individuals to be willing, capable, and committed to working at their best

level of performance. Ulrich emphasizes that motivation is not merely the “willingness to work,” but also the psychological energy that encourages employees to perform their tasks with enthusiasm, responsibility, and alignment with organizational goals. From this perspective, motivation is formed through a combination of individual need fulfillment, perceptions of the work environment, and the extent to which organizations are able to create meaningful work experiences. Ulrich (2016) further explains that employee motivation is shaped by three core components, namely competence, commitment, and contribution. These components are collectively known as the “Three C’s of Employee Engagement” model, which illustrates that motivation should not be viewed solely as an internal psychological condition, but rather as the outcome of interaction between individuals and their organizations. Based on the Employee Value Proposition (EVP) model, Ulrich (2016) identifies several key dimensions and indicators of work motivation, including meaning and purpose of work, relationships within the work environment, career development, clarity of roles and responsibilities, and rewards and recognition.

E. Conceptual Framework

Based on the phenomena observed at PT BPRS HIK Parahyangan, it is assumed that *quiet quitting* behavior occurs among Generation Z employees. The emergence of quiet quitting is presumed to automatically lead to a decline in work motivation, which in turn is expected to negatively affect employee performance. This assumption is consistent with previous studies conducted by Knoll et al. (2019) and Shaukat and Khurshid (2022), which indicate that employee disengagement, particularly in the form of quiet quitting behavior, reduces work motivation and subsequently exerts a detrimental impact on employee performance. In addition to quiet quitting, this study incorporates competence as an independent variable to strengthen the performance model, considering that employee performance is influenced by multiple factors. The inclusion of competence is grounded in performance theory, which emphasizes that both motivation and ability-related factors play a critical role in shaping employee performance. Therefore, based on the observed phenomena, theoretical foundations, and relationships among variables, the proposed assumptions are illustrated in the research conceptual framework, as presented in the figure below.

Gambar 2.1 Kerangka Pemikiran



Based on the research background, problem formulation, and conceptual framework, the following research hypotheses are proposed:

- **H1:** Quiet quitting behavior has a significant effect on employee performance.
- **H2:** Competence has a significant effect on employee performance.
- **H3:** Quiet quitting behavior has a significant effect on work motivation.
- **H4:** Competence has a significant effect on work motivation.
- **H5:** Work motivation has a significant effect on employee performance.
- **H6:** Quiet quitting behavior has an indirect effect on employee performance through work motivation.
- **H7:** Competence has an indirect effect on employee performance through work motivation.

III. METHODS

This study employs a field research method using a descriptive-*verificative* approach. Descriptive research is utilized to describe the characteristics of the research variables factually and systematically (Nazir, 2014; Sugiyono, 2016). Meanwhile, *verificative* research is conducted to test the validity of hypotheses concerning the relationships among variables based on empirical data (Kerlinger, 1973; Umar, 2002). Thus, the descriptive approach provides an initial overview of the phenomenon under investigation, whereas the *verificative* approach ensures whether significant relationships exist among the examined variables. In this study, the research design is intended to examine the influence of quiet quitting behavior and competence on employee performance, with work motivation acting as a mediating variable. The analytical technique applied is path analysis, which aims to analyze the pattern of relationships among variables in order to identify and understand both direct and indirect effects of independent variables on the dependent variable (Riduwan & Kuncoro, 2012).

This research employs Structural Equation Modeling-Partial Least Squares (SEM-PLS) using SmartPLS 4.0 software to analyze the relationships among latent constructs. The SEM-PLS procedure consists of two main stages: the measurement model (outer model) and the structural model (inner model). The measurement model is used to assess the validity and reliability of the relationships between latent variables and their indicators, while the structural model is applied to examine the relationships among latent variables. The evaluation of the outer model includes two primary aspects: validity (convergent and discriminant validity) and reliability (composite reliability and Cronbach's alpha). After the data are confirmed to be valid and reliable, the evaluation of the structural model (inner model) is conducted. This evaluation is carried out by examining the R-square (R^2) and f-square (f^2) values, which are used to assess the predictive power of the model and the contribution of each independent variable to the dependent variable.

IV. RESULT AND DISCUSSION

This research was conducted at BPRS HIK Parahyangan, located at Jl. Percobaan No. 38B, Cileunyi Kulon, Cileunyi, Bandung Regency. The unit of analysis in this study consists of Generation Z employees with a maximum age of 30 years. The population of this study includes all Generation Z employees at BPRS HIK Parahyangan who were aged 30 years or younger in 2025. It was identified that the total population comprised 86 employees. Given that the number of respondents corresponds to the entire population of Generation Z employees at BPRS HIK Parahyangan, a saturated sampling (census sampling) technique was applied, whereby all members of the population were included as research samples to ensure that the data obtained were more representative. Based on the questionnaire results, the characteristics of the respondents are presented in the following table.

Characteristics	Category	Frequency	Percentage
Gender	Male	51	59,30%
	Female	35	40,70%
Age	< 20 years	0	0,00%
	21 – 24 years	2	2,33%
	25 – 27 years	24	27,91%
	28 – 30 years	60	69,77%
Highest Education Level	Elementary School / Equivalent	0	0,00%
	Junior High School / Equivalent	0	0,00%
	Senior High School / Equivalent	1	1,16%
	Diploma (D3/D4) / Equivalent	1	1,16%
	Bachelor's Degree / Equivalent	83	96,51%
	Master's Degree / Equivalent	1	1,16%
Length of Work	<1 year	5	5,81%
	2 – 3 years	46	53,49%
	4 – 5 years	8	9,30%
	>5 years	27	31,40%
Work Unit	Business	36	41,86%
	Operations	50	58,14%

Based on the respondent data presented above, it is evident that the majority of respondents were aged **28–30 years**, accounting for **69.77%** of the sample. Most respondents held a **bachelor's degree**, had a **length of employment ranging from two to three years**, and **58.14%** of the respondents were assigned to the **operational/support business unit**. These findings indicate that the respondent profile in this study is predominantly composed of **Generation Z employees** working in units characterized by highly structured, rigid, and standardized work environments with strict operating procedures (SOPs).

A. Validity Test

Indikator	Outer Loading	Remarks
X1_1	0,799	Valid
X1_2	0,869	Valid
X1_3	0,710	Valid
X1_4	0,770	Valid
X1_5	0,708	Valid
X1_6	0,738	Valid
X1_7	0,750	Valid
X1_8	0,770	Valid
X1_9	0,821	Valid
X1_10	0,763	Valid
X1_11	0,748	Valid
X1_12	0,823	Valid
X2_1	0,730	Valid
X2_2	0,718	Valid
X2_3	0,758	Valid
X2_4	0,753	Valid
X2_5	0,815	Valid
X2_6	0,784	Valid
X2_7	0,816	Valid
X2_8	0,847	Valid
X2_9	0,722	Valid
X2_10	0,832	Valid
X2_11	0,760	Valid
X2_12	0,773	Valid
X2_13	0,745	Valid
X2_14	0,715	Valid
X2_15	0,772	Valid
X2_16	0,792	Valid
X2_17	0,745	Valid
X2_18	0,806	Valid
Y1	0,733	Valid
Y2	0,778	Valid

Y3	0,804	Valid
Y4	0,764	Valid
Y5	0,726	Valid
Y6	0,725	Valid
Y7	0,751	Valid
Y8	0,835	Valid
Y9	0,764	Valid
Y10	0,750	Valid
Y11	0,847	Valid
Y12	0,744	Valid
Y13	0,828	Valid
Y14	0,794	Valid
Y15	0,823	Valid
Y16	0,841	Valid
Z1	0,767	Valid
Z2	0,728	Valid
Z3	0,757	Valid
Z4	0,755	Valid
Z5	0,770	Valid
Z6	0,797	Valid
Z7	0,741	Valid
Z8	0,761	Valid
Z9	0,740	Valid
Z10	0,767	Valid
Z11	0,774	Valid
Z12	0,752	Valid
Z13	0,766	Valid
Z14	0,707	Valid
Z15	0,793	Valid
Z16	0,703	Valid
Z17	0,754	Valid
Z18	0,730	Valid

Based on the results of the convergent validity test using outer loading values, all indicators of constructs **X1, X2, Y, and Z** were declared **valid**, as each indicator exhibited an outer loading value of ≥ 0.70 . This indicates that each indicator is able to adequately reflect the construct it is intended to measure.

B. Reliability Test

Variabel	Cronbach's alpha	Composite reliability	Keterangan
X1	0,939	0,947	Reliabel
X2	0,960	0,964	Reliabel
Y	0,958	0,962	Reliabel
Z	0,955	0,959	Reliabel

The reliability test results indicate that all constructs exhibit excellent internal consistency. The Cronbach's alpha values were **0,939** for variable **X1**, **0,960** for **X2**, **0,958** for **Y**, and **0,955** for **Z**. In addition, the Composite Reliability values were **0,947** (**X1**), **0,964** (**X2**), **0,962** (**Y**), and **0,959** (**Z**). All reliability values exceed the minimum recommended threshold of **0,70**, indicating that the indicators of each construct demonstrate high reliability. Therefore, the research instruments are considered reliable and appropriate for subsequent analyses.

C. Coefficient Determinant Values (R^2)

Variabel	R-square	R-square adjusted
Y	0,926	0,924
Z	0,947	0,945

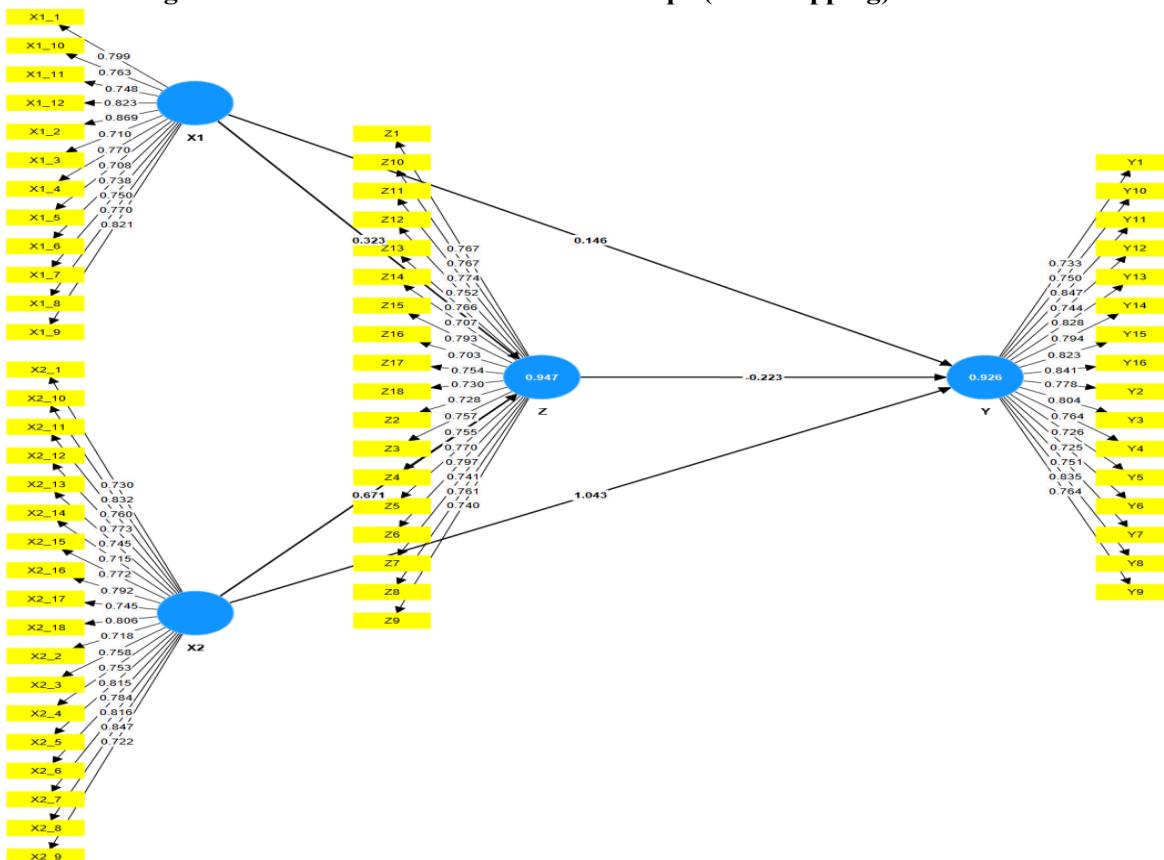
The R-square value for variable **Y** shows an **R² of 0.926** (adjusted **0.924**), indicating that **92.6%** of the variance in **Employee Performance (Y)** can be explained by the predictor variables included in the model, while the remaining **7.4%** is influenced by other factors outside the model. Meanwhile, variable **Z** demonstrates an **R² of 0.947** (adjusted **0.945**), indicating that **94.7%** of the variance in **Work Motivation (Z)** is explained by the influencing variables in the model. These high R² values fall within the **strong** category, suggesting that the proposed model has excellent explanatory power in describing the relationships among the studied variables.

D. F Square Values

Variabel	X1	X2	Y	Z
X1			0,039	0,357
X2			1,063	1,538
Y				
Z			0,036	

Based on the **F² values**, which measure the extent to which each independent variable contributes individually to the dependent variable, the effect of **X1 on Y** is **0.039**, which falls into the **small** category, indicating that the contribution of X1 in explaining Y is relatively low. The effect of **X1 on Z** is **0.357**, which is classified as a **large** effect, suggesting that X1 makes a substantial contribution to explaining the variance in Z. Furthermore, the effect of **X2 on Y** is **1.063**, which falls into the **very large** category, confirming that X2 is the **dominant predictor** of Y. Similarly, the effect of **X2 on Z** is **1.538**, also categorized as **very large**, indicating a very strong contribution of X2 in explaining Z. Meanwhile, the effect of **Z on Y** is **0.036**, which is classified as a **small** effect, suggesting that the contribution of Z to Y is relatively weak compared to the other variables in the model.

E. Significance Test of Structural Relationships (Bootstrapping)



Based on the results of the PLS-SEM structural model estimation presented in the figure, the Work Motivation (Z) variable demonstrates an R-square value of 0.947, indicating that 94.7% of the variance in work motivation is explained by variables X1 and X2, while the remaining variance is influenced by other factors outside the model. Meanwhile, Employee Performance (Y) shows an R-square value of 0.926, meaning that 92.6% of the variance in employee performance is explained by variables X1, X2, and Z, indicating that the model has very strong explanatory power. Regarding the relationships among variables, X1 has a positive and significant effect on Z with a path coefficient of 0.323, and X2 has a positive and significant effect on Z with a coefficient of 0.671, suggesting that both variables play an important role in enhancing work motivation. Furthermore, X2 has a positive and significant effect on Y with a coefficient of 1.043, indicating that X2 is the most dominant factor influencing employee performance. In contrast, X1 exhibits a positive but insignificant effect on Y with a coefficient of 0.146, while Z shows a negative and insignificant effect on Y with a coefficient of -0.223. Overall, these results indicate that employee performance is predominantly influenced directly by X2, whereas the role of work motivation as an intervening variable has not been empirically supported in mediating the effects of either X1 or X2 on employee performance.

1) Path Coefficients

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
X1 -> Y	0,146	0,160	0,154	0,947	0,344
X1 -> Z	0,323	0,316	0,109	2,951	0,003
X2 -> Y	1,043	0,988	0,263	3,963	0,000
X2 -> Z	0,671	0,679	0,104	6,439	0,000
Z -> Y	-0,223	-0,179	0,294	0,756	0,450

2) Specific Indirect Effect

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
X1 -> Z -> Y	-0,072	-0,071	0,111	0,648	0,517
X2 -> Z -> Y	-0,149	-0,108	0,190	0,786	0,432

The Effect of Quiet Quitting on Employee Performance

The results of the verificative analysis indicate that the effect of $X1 \rightarrow Y$ has a path coefficient of 0.146 with a p-value of 0.344, suggesting that the effect of quiet quitting on employee performance is not statistically significant. Therefore, H_0 is accepted and H_1 is rejected. These findings indicate that although quiet quitting is conceptually often perceived as a form of reduced work engagement, within the context of this study, the phenomenon does not have a direct impact on employee performance. This result may be explained by the characteristics of Generation Z employees, who tend to perceive quiet quitting not as a form of work avoidance, but rather as an effort to establish healthy work boundaries (boundary setting) in order to meet job demands without compromising their psychological well-being. Generation Z employees are widely recognized for their work orientation that emphasizes work-life balance, emotional stability, and sustainable work practices. This finding is consistent with the perspective of Kahn (1990), who argues that disengagement does not always directly affect performance, particularly in work environments characterized by highly structured systems, strict standard operating procedures (SOPs), and clearly standardized performance indicators. In such contexts, employees may continue to achieve expected performance outcomes despite lower levels of emotional or discretionary engagement.

The Effect of Quiet Quitting on Work Motivation

The results of the verificative analysis show that the effect of $X1 \rightarrow Z$ has a path coefficient of 0.323 with a p-value of 0.003, indicating that quiet quitting has a positive and statistically significant effect on work motivation. Therefore, H_1 is accepted and H_0 is rejected. This finding suggests that, within the context of this study, quiet quitting is associated with higher levels of work motivation. The characteristics of Generation Z employees, who tend to value mental health, work flexibility, and meaningful work, strengthen the positive relationship between quiet quitting and work motivation. For this generation, motivation is not necessarily defined as a drive to exceed work limits, but rather as psychological energy that enables employees to work in a stable and sustainable manner. These findings are consistent with Self-Determination

Theory, which posits that motivation increases when individuals experience greater autonomy and control over their work behavior. By establishing clear work boundaries through quiet quitting, Generation Z employees are able to fulfill these psychological needs, thereby maintaining their work motivation even when their level of work engagement is not excessive. In the context of the banking sector, which is characterized by high work pressure and strict regulatory demands, this condition becomes particularly important for sustaining employee motivation.

The Effect of Competence on Employee Performance

Based on the results of the verificative analysis, the effect of $X2 \rightarrow Y$ has a path coefficient of 1.043 with a p-value of 0.000, indicating that competence has a positive and statistically significant effect on employee performance. This finding supports the theory proposed by Spencer and Spencer (1993), which emphasizes that competence plays a critical role in determining employee performance. In the context of the banking sector, which requires high levels of accuracy, strict compliance with procedures, and strong technical capabilities, competence emerges as a primary factor enabling employees to achieve performance in line with organizational standards. Enhancing employee competence has a direct impact on improving performance, regardless of the presence of work behavior phenomena such as quiet quitting. In other words, even when employees limit their work engagement beyond formal job responsibilities, the competence they possess enables them to perform effectively and meet organizational performance expectations. These findings reinforce the position of competence as a key determinant in human resource management, particularly within the banking industry.

The Effect of Competence on Work Motivation

Based on the results of the verificative analysis, the effect of $X2 \rightarrow Z$ is statistically significant, with a path coefficient of 0.671 and a p-value of 0.000, indicating that competence has a positive and significant effect on work motivation. Therefore, H_1 is accepted and H_0 is rejected. This finding supports the competence theory proposed by Spencer and Spencer (1993), which asserts that competence not only determines individual performance but also influences internal drivers such as work motivation in task execution. Employees who possess a positive self-concept and strong confidence in their abilities tend to exhibit higher levels of work motivation. This explains why competence has a significant effect on the work motivation of Generation Z employees, who are known to have a strong need for recognition of their capabilities and opportunities for self-development.

The Effect of Work Motivation on Employee Performance

Based on the results of the verificative analysis, the effect of $Z \rightarrow Y$ has a path coefficient of -0.223 with a p-value of 0.450, indicating that work motivation has a negative and statistically insignificant effect on employee performance. Therefore, H_0 is accepted and H_1 is rejected. These findings suggest that, within the context of this study, work motivation does not directly influence employee performance. This result is consistent with the perspective of Ulrich (2016), who argues that work motivation does not always translate directly into improved performance, particularly in organizations characterized by formal and highly standardized work structures. The negative coefficient observed in this study, although not statistically significant, may indicate that high levels of work motivation could potentially generate work expectations that are misaligned with organizational conditions. In the banking sector, which typically offers limited space for innovation and work flexibility, such misalignment may contribute to feelings of boredom or psychological tension, ultimately affecting performance outcomes. However, since the relationship is not statistically significant, this finding cannot be generalized as a strong causal relationship between work motivation and employee performance.

The Indirect Effect of Quiet Quitting on Employee Performance through Work Motivation

The results of the indirect effect testing indicate that the mediation path $X1 \rightarrow Z \rightarrow Y$ has a path coefficient of -0.072 with a p-value of 0.517, indicating that the indirect effect of quiet quitting on employee performance through work motivation is not statistically significant. Therefore, H_0 is accepted and H_1 is rejected. This finding implies that, in organizations characterized by formal work systems, such as the banking sector, work motivation does not necessarily function as an effective mediating mechanism in explaining the relationship between psychological work behaviors and employee performance. This result is

consistent with the conceptual framework proposed by Kahn (2022), which describes quiet quitting as a form of psychological withdrawal from work roles, characterized by limiting work effort to the minimum level required by the organization. In this context, quiet quitting is more oriented toward energy management and work-life balance rather than an explicit decline in performance. These findings further reinforce earlier results indicating that the performance of Generation Z employees is more strongly influenced by structural and competence-related factors than by motivational factors.

The Indirect Effect of Competence on Employee Performance through Work Motivation

The results of the mediation analysis for the path $X2 \rightarrow Z \rightarrow Y$ show a path coefficient of -0.149 with a p-value of 0.432 , indicating that the indirect effect of competence on employee performance through work motivation is also not statistically significant. Accordingly, H_0 is accepted and H_1 is rejected. This finding strengthens the view that competence is a more dominant structural and technical factor in determining the performance of Generation Z employees at BPRS HIK Parahyangan compared to psychological factors such as work motivation. These results also support the competence theory of Spencer and Spencer (1993), which asserts that competence has a direct relationship with individual performance, suggesting that the effect of competence on performance does not necessarily need to be mediated by motivational factors. In organizations with formal and standardized work systems, such as the banking sector, competence plays a more critical role as a direct determinant of performance rather than operating indirectly through motivational mechanisms.

V. CONCLUSION

The results of this study indicate that quiet quitting does not have a significant effect on employee performance among Generation Z employees at BPRS HIK Parahyangan, whereas quiet quitting has a positive and significant effect on work motivation. Furthermore, competence has a positive and significant effect on employee performance, and competence also positively and significantly influences work motivation among Generation Z employees at BPRS HIK Parahyangan. In contrast, work motivation has a negative and statistically insignificant effect on employee performance. Regarding indirect effects, the findings show that quiet quitting does not significantly influence employee performance through work motivation, and similarly, competence does not have a significant indirect effect on employee performance through work motivation among Generation Z employees at BPRS HIK Parahyangan. These results suggest that employee performance in this context is primarily shaped by direct factors—particularly competence—rather than by motivational mechanisms.

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