

**THE INFLUENCE OF WORK ENVIRONMENT, PSYCHOLOGICAL CAPITAL, AND
JOB CRAFTING ON EMPLOYEE PERFORMANCE MEDIATED BY EMPLOYEE
ENGAGEMENT AT THE ACEH BESAR TAX OFFICE**

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ABSTRACT

This study examines the impact of work environment, psychological capital, and job crafting on employee performance, with employee engagement serving as a mediator. The research was conducted at the Tax Office of Aceh Besar district, focusing on the population of State Civil Apparatus (ASN), totaling 113 individuals, from which the entire population was sampled. Structural Equation Modeling (SEM) was utilized for data analysis through AMOS. The findings reveal that the work environment, psychological capital, and job crafting significantly influence both employee engagement and performance at the Aceh Besar Tax Office. Additionally, employee engagement markedly affects employee performance in this setting. The study also illustrates that work environment, psychological capital, and job crafting impact employee performance directly and indirectly through employee engagement, highlighting the role of employee engagement as a partial mediator in this model.

Keywords: Work Environment, Psychological Capital, Job Crafting, Employee Engagement and Employee Performance.

1. INTRODUCTION

The Aceh Besar Tax Office is a vital institution responsible for managing and collecting taxes, significantly contributing to state revenue. Research focusing on factors that impact employee performance—such as the work environment, psychological capital, and job crafting—can provide valuable insights into improving efficiency and productivity within the office. By understanding these dynamics, the tax office can implement policies and practices that enhance overall employee performance. This study aims to identify how the work environment, psychological capital, and job crafting affect employee performance at the Aceh Besar Tax Office. Analyzing the work environment can help identify which aspects need improvement or maintenance to foster a conducive atmosphere. Similarly, exploring psychological capital and job crafting can shed light on the psychological and proactive elements that influence employee performance.

The Directorate General of Taxes (DGT) is responsible for tax revenue in Indonesia, overseeing several types of taxes, including, income tax, value-added tax, luxury goods sales tax, land and building tax (for forestry, plantations, and mining), and stamp duty. Before 2014, the DGT also managed the Rural and Urban Land and Building Tax, which has since been transferred to local governments. The Aceh Besar Tax Office is one of the work units under the Regional Office of the Directorate General of Taxes in Aceh, acting as an extension of the DGT's central office in Jakarta. The performance targets for the Aceh Besar Tax Office are regulated, supervised,

evaluated, and guided directly by the Regional Office of the DGT in Aceh. Additionally, the tax office is responsible for providing counseling, services, and supervision related to direct and indirect taxes. In today's era of globalization, achieving organizational goals, including those of the Directorate General of Taxes, requires professional human resources (HR). For the Aceh Besar Tax Office, which contributes over 10% to the revenue target of the Aceh DGT Regional Office, having qualified and competent personnel is essential for competitive performance, both regionally and internationally. Enhancing employee professionalism is crucial for improving the overall quality of human resources. Professional employees exhibit measurable performance in both quantity and quality. To meet tax revenue targets, it is necessary to have human resources that are competent, committed, and perform well. Without these attributes among the employees of the Directorate General of Taxes, achieving the tax revenue target is highly unlikely. Currently, there is a noticeable gap in the revenue performance of the Aceh Besar Tax Office, which is not meeting expectations. Factors contributing to improved employee performance at the office include the work environment, psychological capital, and job crafting. A supportive work environment boosts employee productivity and comfort. Psychological capital—comprised of self-confidence, hope, optimism, and resilience—plays a significant role in motivating employees and enhancing their ability to cope with pressure. Moreover, job crafting, which involves employees proactively adjusting their tasks to align with their interests and abilities, can lead to increased engagement and job satisfaction.

Employees of the Aceh Besar Tax office are employees who have the status of central civil servants so the mutations carried out must fulfill the principle of justice. However, in practice, the placement of employees in an organization, field of duty, or certain positions is very concerned with the principle of placing the right individual in the right position, so that mutations must be carried out in accordance with established procedures. Employee engagement is one of the influential factors in improving employee performance. Employee engagement reflects a psychological state; employees feel that they have a stake in the progress of the organization so they are eager to work beyond the demands of the assigned tasks. Numerous studies have shown a positive correlation between employee engagement and the organization, which can contribute to improved performance and profitability. When employees have a good relationship with the organization, they will do their best for the organization. Employee engagement can also build a strong attachment between employees and the organization, not only because of the salary factor but also because they feel they have an important role in the success of the organization. In addition, this engagement drives high motivation to improve performance and contribute to tasks beyond the main responsibilities set by the leadership.

The employee engagement refers to the extent to which employees feel involved, motivated, and committed to their work. In the context of the Aceh Besar Tax Office, high engagement means that employees feel a strong emotional bond with their work, so they are more eager to work well and achieve brilliant results. Engagement is a mediator in the relationship between work environment, psychological capital, and job crafting with employee performance because more engaged employees usually show higher performance. Organizational leaders can increase employee engagement by clearly communicating expectations, rewarding and promoting superior performance, and communicating information about company performance. In addition, they can provide regular feedback, create a work environment that values and respects employees, and ensure that every idea and input from employees is heard and considered. Employee engagement

refers to the level of involvement or loyalty employees have towards the organization they work for. Employees who are engaged with their company or organization tend to work harder, stay longer, and encourage their colleagues to do the same in order to achieve mutual progress. Employee engagement plays a role in many important aspects of an organization, such as profitability, revenue, customer experience, employee retention rates, and other factors. Employee engagement can improve employee performance in several significant ways. Employee engagement can contribute to improving employee performance in various aspects, one of which is through the work environment at Aceh Besar Tax Office. When employees work in a supportive environment that allows them to operate optimally, their work output will be better. Conversely, a less conducive work environment can lead to lower morale, fatigue, and ultimately lower performance. In addition, the work environment also plays a role in creating employee engagement with the company. Not only because of the salary factor but also because they feel they have an important contribution to the company's success and are eager to improve their performance, even willing to take on roles outside their main responsibilities. In general, the work environment is divided into two categories, namely physical and non-physical. A conducive work environment contributes positively to employees, both in career progression and personal development. A positive work atmosphere can improve mood, strengthen focus, and create more productive work patterns for employees and management. The work environment at Aceh Besar Tax Office includes all physical and non-physical aspects that have an impact on employee comfort and efficiency. At Aceh Besar Tax Office, a good environment can boost employee productivity and satisfaction, while a negative work environment can reduce motivation and work effectiveness. This includes factors such as workspace conditions, facilities, relationships between colleagues, and support from management.

The work environment plays a crucial role in achieving tax revenue realization targets, making a significant contribution to overall performance. At the Aceh Besar Tax Office, the nature of the employee work environment greatly affects the attainment of these targets. A conducive workplace fosters employees' ability to perform their responsibilities more effectively and efficiently, particularly in managing tax administration and providing quality services. This positive atmosphere enhances employee performance, highlighting the work environment as a key factor in productivity and work quality. Another important variable that can boost employee engagement and enhance performance is psychological capital. Defined as an individual's psychological development, psychological capital has been shown by research to correlate with improved work performance (Luthans et al., 2008). The characteristics of psychological capital include: (1) self-efficacy, (2) optimism, (3) hope, and (4) resilience.

The psychological capital refers to a person's positive psychological state, which consists of four main components: hope, self-efficacy, resilience, and optimism. At Aceh Besar Tax Office, employees with good psychological capital are able to face challenges, are highly motivated, and show optimal performance. They are also better able to cope with stress and balance work and personal life. Psychological capital and employee performance are closely related. Psychological capital, which includes elements such as hope, self-efficacy, optimism, and resilience, has been shown to have a positive impact on employee performance. Numerous studies reveal that psychological capital has a positive correlation with employee performance, both at work and in social life. Studies also show that individuals with high levels of Psychological Capital are usually motivated, confident, have energy, and a strong drive to achieve goals.

Psychological Capital supports to manage stress, and improves employee performance through motivation, resilience, optimism, and high self-efficacy. Psychological capital affects employee performance through various mechanisms. First, individuals who have high psychological capital tend to be more motivated, confident in taking on tasks, passionate, and have a strong desire to achieve their goals. They also have high resilience and optimism, which allows them to stay focused and perform well even when faced with obstacles or challenges. In addition, psychological capital can also assist individuals in coping with stress, thus positively impacting their performance. Thus, psychological capital not only affects performance directly through motivation and resilience but also indirectly through an individual's ability to deal with pressures and challenges in the work environment. With high psychological capital, individuals are more optimistic about their work, more driven to achieve goals, and better able to overcome obstacles that may arise. Psychological capital greatly impacts employee performance through motivation, resilience, optimism, and high self-efficacy.

Another problem related to employee performance could be job crafting, which is the behavior of employees in adjusting job demands to align with their personal preferences, skills, and needs. This process includes adjusting the number of tasks and the way the workload is perceived. When employees are able to create a work environment with balanced job resources and challenges, their engagement and job satisfaction tend to increase. Job crafting can also be understood as employees' efforts to redesign their jobs independently, both with and without management involvement, so that work becomes more comfortable and easier to carry out because of the balance between work demands, available resources, and individual capacity. Thus, job crafting is a process of behavioral adaptation by employees to adjust aspects of their work, both in terms of physical and cognitive. Through job crafting, employees can proactively reorganize their work to better suit their needs, goals, and skills, thereby supporting work engagement, satisfaction, and overall performance.

2. LITERATURE

Employee Performance

Performance is a combination of behavior and achievement of what is expected of each individual in the organization (Waldman, 1994). Performance can be stated as the achievement of work results obtained by an employee in carrying out tasks in accordance with the responsibilities given (Mangkunegara, 2016). According to (Shahzad, 2014), performance is the result of employee work in a period based on various, such as standards, targets, or criteria that have been previously set and agreed upon., (Qureshi et al., 2019) define performance as the level of achievement of the organization's mission, which includes strategic steps to realize organizational goals. Previous research results from several previous studies show that employee performance is also influenced by employee competence, intrinsic rewards, and the level of satisfaction felt during work. (Zainal et al., 2019) state that performance management is a series of processes that determine goals and how to achieve them by managing human resources effectively. Performance is influenced by motivation and ability, where a person needs readiness, skills, and a clear understanding of their duties. According to (Robbins & Judge, 2017), employee performance reflects real behavior in carrying out work and plays an important role in achieving organizational goals.

Employee Engagement

Employee engagement is a state, attitude, or positive behavior towards work and its organization (Albrecht, 2010). It is characterized by feelings of vigor, dedication, and absorption in achieving goals, (Cendani & Tjahjaningsih, 2016). Employee engagement increases employee loyalty and reduces individuals' desire to leave the company. This engagement reflects positive feelings and enthusiasm for work, where employees feel they have an important role in the company's success and are driven to exceed work expectations (Carpenter & Wyman, 2017). (Khallash & Kruse, 2012) states that employee engagement is an employee's emotional commitment to the organization and its goals so that working is not just for a salary or promotion, but for the sake of achieving the company's vision. According to (Luthans & Peterson, 2002), engaged individuals show physical, cognitive, and emotional involvement in their work. This concept was first proposed by (Kahn, 1990), who emphasized that engagement involves the full utilization of self in carrying out work roles (Putri et al., 2015). Employees with high engagement understand the work environment, are passionate, cooperate with colleagues, and speak positively about the organization (Joushan et al., 2015). In the context of social media, engagement serves as an indicator of the level of audience engagement with the content, ensuring the suitability of the material to the followers or followers of the account (Albrecht, 2010).

Work Environment

Every organization always interacts with its changing environment. The continuity of the organization depends on its ability to adapt to these changes. Conversely, organizations that fail to adapt to risk regression or even collapse (Apriyani et al., 2023). The work environment includes all physical and non-physical aspects that affect employees at work directly or indirectly (Nitisemito, 2015). In general, the work environment is divided into two: physical and non-physical environments. The physical work environment includes factors such as Workplace layout, equipment, noise, lighting, temperature, ventilation, and safety and security, the non-physical work environment includes superior-subordinate relationships, completeness of work facilities, and harmonious interactions in the workplace. A conducive work environment supports career development and employee well-being.

Psychological Capital

Psychological capital is an aspect of positive psychology that helps individuals build an optimistic attitude. This capital consists of four main dimensions: hope, which is the belief to keep trying to achieve goals; self-efficacy, which is the sense of confidence in facing and solving challenges; optimism, which reflects a positive view of success; and resilience, which is the ability to face difficulties and respond positively to them as opportunities for growth. All four aspects are embedded in each individual to varying degrees (Seligman, 2004). Psychological Capital refers to the positive psychological state of an individual (Luthans et al., 2015). Psychological capital, according to (Luthans et al., 2015), has four main characteristics: self-efficacy, which is confidence in completing challenging tasks; optimism, which is a positive view of current and future success; hope, which is perseverance in achieving goals and the ability to adjust strategies to achieve them; and resilience, which is resilience in the face of adversity and the ability to rise stronger to achieve success. Hope is not just a positive expectation of the future, but also includes resilience in the face of challenges and the ability to design concrete steps to achieve goals. In the

world of work, hope is reflected in employees' efforts to consistently address problems, find solutions, and remain goal-oriented despite obstacles.

Job Crafting

(Petrou et al., 2015) proposed that employees can shape their job design in a bottom-up manner through a process known as job crafting. However, this definition offers a limited perspective on the concept. Job crafting encompasses the behavior of designing one's job to align with the employee's needs and goals by seeking resources and challenges while reducing obstacles (Tims & Parker, 2020). It represents a proactive theoretical approach to job design that actively involves employees (Wrzesniewski et al., 2013). Job crafting is a voluntary behavior aimed at seeking resources and challenges and mitigating the physical, mental, and emotional demands of work to enhance employee performance. This approach marks a shift in job design from a top-down to a bottom-up model, reflecting employees' desires and preferences (Hulshof et al., 2020). Employees often engage in job crafting to effectively manage internal and external pressures as well as organizational changes. The goal of job crafting is to optimize both the positive and negative aspects of work (Zhang & Parker, 2018). The psychological and behavioral outcomes of job crafting are similar across employees, regardless of their interests, qualifications, and job demands (Wang et al., 2018). (Rudolph et al., 2017) discovered that the impact of job crafting on performance is particularly evident in manufacturing companies. Successful job crafting can result in a better fit between individuals and their jobs, fostering positive development and behavior both at work and in life. While many studies have investigated the relationship between job crafting and various outcomes, both adaptive and maladaptive the concept has predominantly been associated with positive implications (Vogel et al., 2016).

3. METHOD

This research was conducted at the Tax Office of Aceh Besar district, focusing on the entire population of State Civil Apparatus (ASN), totaling 113 individuals. A sample was drawn from this entire population. In research, the population refers to all objects that share specific characteristics and serve as the focus of the study (Hasan, 2012). The methodology employed in this research is Structural Equation Modeling (SEM) using AMOS software. SEM is a statistical technique designed to analyze complex relationships simultaneously (Ferdinand, 2014). This model is particularly useful because the managerial decision-making process is inherently multidimensional and follows a multilevel causal relationship pattern. Furthermore, SEM facilitates the use of latent variables—concepts that cannot be directly observed and are instead measured through observable variables collected via surveys, tests, or observations (Ghozali, 2017). A significant advantage of SEM in management research is its capability to confirm the dimensions of a concept and assess the relationships between variables based on theoretical frameworks (Ferdinand, 2014). The hypotheses tested in this study are :

H1 : significantly work environment influences engagement of Aceh Besar Tax Office employee

H2 : significantly psychological capital influences engagement of Aceh Besar Tax Office employee

H3 : significantly job crafting influences engagement of Aceh Besar Tax Office employee

H4 : significantly work environment influences performance of Aceh Besar Tax Office

employee

H5 : significantly psychological capital influences performance of Aceh Besar Tax Office employee

H6 : significantly job crafting influences performance of Aceh Besar Tax Office employee

H7 : significantly engagement influences performance of Aceh Besar Tax Office employee

H8 : significantly work environment influences performance of Aceh Besar Tax Office employee through engagement

H9 : significantly psychological capital influences performance of Aceh Besar Tax Office employee through employee engagement

H10 : significantly job crafting influences performance of Aceh Besar Tax Office employee through engagement

4. RESULT

Structural Analysis

The next analysis is SEM in the full model stage, after previously testing the unidimensionality of latent variable indicators through confirmatory factor analysis (CFA). At this stage, model fit tests and statistical tests were carried out to analyze the results of data processing (Figure 1).

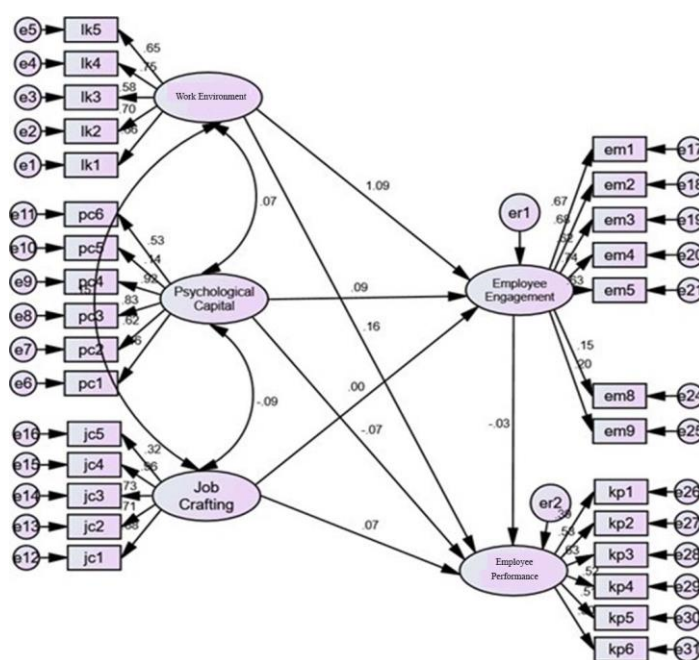


Figure 1. Structural Test

Direct Effect Test

Hypothesis testing that has been proposed can be done after all assumptions are achieved. Testing of seven hypotheses based on the Critical Ratio (CR) value of the causal relationship obtained through SEM analysis, as shown in Table 1.

Table 1. Direct Effect

Variabl			Estimate	S.E.	C.R.	P
Engagement	<--	Work Environment	0.171	0.164	6.752	0.000
Engagement	<--	Psychological	0.174	0.101	3.528	0.000
Engagement	<--	Job Crafting	0.254	0.034	4.078	0.000
Employee Performance	<--	Work environment	0.260	0.148	4.558	0.000
Employee Performance	<--	Psychological	0.122	0.108	3.563	0.000
Employee Performance	<--	Job Crafting	0.206	0.037	4.594	0.000
Employee Performance	<--	Engagement	0.341	0.146	4.090	0.000

Source: Primary Data Processed, (2025)

Type: *= 0.000**

H1 : Work Environment on Engagement of Aceh Besar Tax Office Employee

The critical ratio (CR) estimation parameter value for the work environment effect on employee engagement is 6.752 ($p < 0.05$), indicating that a comfortable work environment at Aceh Besar Tax Office has an influence on engagement. A better working environment at Aceh Besar Tax Office will have a positive and real influence on employee engagement of Aceh Besar Tax Office employees, especially in carrying out their duties and functions. This finding is in line with (Putri et al., 2015) which shows that work environment factors (physical and psychological) can affect employee performance in various types of organizations, including government agencies. Therefore, a deep understanding of a supportive work environment can be key to improving employee performance.

H2 : Psychological Capital on Engagement of Aceh Besar Tax Office Employee

The critical ratio (CR) estimation parameter value for the psychological capital effect on engagement is 3.528 ($p < 0.05$), which means that psychological capital is able to influence in increasing employee engagement of Aceh Besar Tax Office employees. The higher the employee's psychological capital, the greater the influence in increasing employee engagement. This finding is in line with (Daswati et al., 2021), which states that increasing individual psychological capital can increase individual readiness to deal with change, thus affecting employee performance.

H3 : Job Crafting on Engagement of Aceh Besar Tax Office Employee

The job crafting effect on employee engagement is shown by the critical ratio (CR) parameter estimation value of 4.078 ($p < 0.05$), meaning employee job crafting will influence the increase of employee engagement of Aceh Besar Tax Office employees to be better. The better the job crafting of employees, the higher the impact on employee engagement, because employees are able to adjust to the conditions of their environment, so that it is more in line with their skills, interests, and personal values. This results are consistent with (Violinda et al., 2023) which states that job crafting has a positive impact on employee engagement, which in turn can affect overall company performance.

H4 : Work Environment on Performance of Aceh Besar Tax Office Employee

The work environment effect test on employee performance produced a critical ratio (CR) parameter estimate value of 4.558 ($p < 0.05$), meaning the environment of the Aceh Besar Tax

Office affects employee performance. The better the employee work environment, the more it will affect the improvement of employee performance of the Aceh Besar Tax Office. This result is in line with (Shammout, 2022) which states that employee engagement acts as a mediator that explains how and why the work environment affects employee performance. This result is also in line with (Sari et al., 2020). that in order to improve employee performance, organizations must focus on developing A good working environment to support and encourage employee engagement.

H5 : Psychological Capital on Performance of Aceh Besar Tax Office Employee

The critical ratio (CR) for the psychological capital effect on employee performance is 3.563 ($p < 0.05$), indicating that psychological capital at Aceh Besar Tax Office has an influence in improving employee performance at Aceh Besar Tax Office. The higher the employee's psychological capital, the greater the positive impact on employee performance at Aceh Besar Tax Office. This finding is in accordance with (Cendani & Tjahjaningsih, 2016) which states that psychological capital in the workplace positively affects employee performance, with employee engagement as a mediator. This suggests that strengthening psychological capital can improve performance through employee engagement.

H6 : Job Crafting on Performance of Aceh Besar Tax Office Employee

The value of the critical ratio (CR) parameter estimation that shows the job crafting effect on employee performance is 4.594 ($p < 0.05$). Job crafting owned by employees at Aceh Besar Tax Office affects the improvement of employee performance. Better job crafting influences the performance of Aceh Besar Tax Office employees. This finding is in line with (Tims et al., 2013) who stated that job crafting has been associated with improved employee performance. By changing their tasks and scope of work, employees can tailor their work to their interests, expertise, and personal values. This can increase motivation, engagement, and overall performance.

H7 : Engagement on Performance of Aceh Besar Tax Office Employee

The employee engagement effect on employee performance obtained a critical ratio (CR) estimation parameter value of 4,090 ($p < 0.05$). Thus, employee engagement has an influence in improving the performance of Aceh Besar Tax Office employees. Employee engagement in an organization will cause employees to strive to improve their performance to be better, so that Aceh Besar Tax Office can achieve its goals, in this case the realization of tax revenue and the realization of new tax objects. This finding is in accordance with the theory developed by (Aziez, 2022) which states that a high level of engagement has a positive impact on various aspects of employee performance. Employee engagement affects employee performance. By increasing motivation, productivity, work quality, commitment, collaboration, adaptability, and customer service, high employee engagement directly contributes to achieving better performance.

Mediation Effect Test

The partial or simultaneous effect between exogenous and endogenous variables is tested through indirect relationships. The mediation effect in this study was analyzed using Heir's (2016) approach.

H8 : Work Environment on Performance of Aceh Besar Tax Office Employee Through Engagement

The work environment effect coefficient on employee performance is 0.260, while its indirect impact through engagement is measured at 0.058. This indicates that the performance of employees at the Aceh Besar Tax Office will improve with enhancements to the work environment, as the direct effect on performance is greater than the indirect impact via employee engagement. Nonetheless, employee engagement remains an important factor to consider. Leadership at the Aceh Besar Tax Office should concentrate on improving work facilities, fostering a positive organizational culture, and enhancing communication to create an environment that promotes optimal employee performance.

The work environment positively affects both employee performance and engagement. The relationship between the work environment and engagement is significant, indicating a partially mediated effect. This means that while the work environment has a direct positive impact on employee performance, it also affects performance indirectly through employee engagement. Since the direct effect of the work environment on employee performance remains significant even when employee engagement is included as a mediating variable, we classify this mediation as partial. This suggests that although employee engagement strengthens the relationship, the work environment itself still has a direct impact on employee performance.

H9 : Psychological Capital on Performance of Aceh Besar Tax Office Employee Through Engagement

The psychological capital effect coefficient on employee performance is 0.122, while its indirect impact through employee engagement is 0.059. This indicates that employee performance at the Aceh Besar Tax Office can be optimized more effectively by focusing on enhancing psychological capital directly, as this has a greater impact on engagement than the indirect effect through engagement on performance. To support this, the leadership at Aceh Besar Tax Office should implement training and development programs designed to boost employees' confidence, optimism, hope, and resilience. By increasing psychological capital, employee engagement is likely to rise as well.

The test results reveal that psychological capital positively influences employee performance, and employee engagement significantly affects performance as well. Furthermore, psychological capital significantly impacts employee engagement, suggesting a partial mediation effect. This means that while employee engagement strengthens the connection between psychological capital and employee performance, psychological capital still has a substantial direct effect on enhancing performance.

H10 : Job Crafting On Performance of Aceh Besar Tax Office Employee Through Engagement

The job crafting effect coefficient on employee performance is 0.206, while its indirect impact through employee engagement is 0.087. This finding indicates that employee performance at the Aceh Besar Tax Office will be more optimized if leaders actively encourage and facilitate job crafting practices. The direct impact of job crafting on engagement is greater than its indirect effect on employee performance. Therefore, leadership at the Aceh Besar Tax Office should empower employees to customize their tasks, innovate at work, and foster meaningful

interactions in the workplace. As a result, employees will become more engaged and energized, leading to an overall increase in performance.

Job crafting has a positive effect on performance, and engagement significantly impacts performance as well. Furthermore, job crafting significantly influences employee engagement, indicating that it acts as a partial mediator. This means that while employee engagement strengthens the link between job crafting and performance, job crafting still has a substantial direct impact on enhancing performance. Consequently, leaders should encourage employees to proactively tailor their jobs to align with their skills and interests, thereby improving performance.

Research Implications

The results indicate that the environment has a direct and indirect impact on performance through employee engagement. This finding emphasizes the importance of creating a conducive, comfortable, and supportive work environment, which in turn encourages employee engagement and positively influences performance. The leadership at the Aceh Besar Tax Office must ensure that adequate work facilities are provided, effective communication is established, and a positive organizational culture is fostered to enhance overall employee performance. Furthermore, since employee engagement is identified as a partial mediator, it highlights that a supportive work environment alone is insufficient to maximize performance without a high level of employee engagement. Organizations should implement strategies to boost employee engagement, such as recognizing and appreciating employee contributions, improving employee welfare, and offering skill development programs. These initiatives will motivate employees and enhance their performance at work.

Psychological capital, which includes self-confidence, optimism, hope, and mental resilience, has a positive effect on performance directly or through the mediation of employee engagement. Employees with good psychological capital will be more easily engaged in their work and show optimal performance. , leaders must try to improve employees' psychological capital through motivational training, mentoring, and policies that encourage employees to be more confident and optimistic in facing work challenges. Since employee engagement acts as a partial mediator, organizations not only need to increase psychological capital but also create strategies that make employees more engaged. Programs that motivate employees to feel more connected to their work, such as providing autonomy in tasks and creating a supportive work environment, will strengthen the impact of psychological capital on improving employee performance.

Job crafting, which reflects employees' efforts to customize jobs to better suit their skills and interests, was found to have a positive effect on performance directly and with employee engagement mediating. This suggests that the more opportunities for employees to customize their tasks, the higher their engagement in work, thereby improving performance. Therefore, leaders need to provide space for employees to develop more flexible ways of working, encourage innovation in daily tasks, and provide freedom to develop more effective work strategies. Since employee engagement is also a partial mediating factor, organizations should ensure that job crafting not only happens individually but is also supported by work systems that encourage

employee engagement. By providing training on how to optimize job crafting and creating a work environment that encourages exploration and innovation, employees will be more eager to adapt their work in a more productive way, resulting in improved performance.

This study shows that work environment, psychological capital, and job crafting have a positive impact on employee performance, directly and through employee engagement. These three factors play an important role in improving employee performance at Aceh Besar Tax Office. A conducive work environment has been shown to increase employee engagement and directly lead to improved performance. Similarly, good psychological capital makes employees more optimistic, confident, and resilient in the face of job challenges, thus improving their engagement and performance. In addition, job crafting allows employees to customize their jobs according to their skills and interests, resulting in improved employee engagement and overall performance. Although employee engagement is proven to be a partial mediator in all three relationships, the direct effect of work environment, psychological capital, and job crafting on employee performance remains significant. Therefore, to achieve optimal performance improvement, leaders need to pay attention to improving the quality of the work environment, strengthening employee psychological capital, and providing flexibility for employees in job crafting. These efforts will create employees who are more engaged, and motivated and have higher performance in carrying out their duties.

5. CONCLUSIONS

The findings indicate that the work environment, psychological capital, and job crafting significantly influence both employee engagement and performance at the Aceh Besar Tax Office. Furthermore, employee engagement has a notable impact on employee performance within this context. The study also demonstrates that the work environment, psychological capital, and job crafting affect employee performance directly as well as indirectly through employee engagement, highlighting the role of employee engagement as a partial mediator in this model. These results underscore that enhancing employee performance at the Aceh Besar Tax Office depends on optimizing the work environment, bolstering psychological capital, promoting job crafting, and fostering employee engagement. This framework supports findings from prior studies, which contributed to the development of an integrated model. However, limitations regarding the variables considered and the specific subjects studied were noted. Based on the outcomes of this study and the survey results, the researcher offers several recommendations for the relevant stakeholders.

1. The leadership of Aceh Besar Tax Office needs to create a more conducive work environment with appropriate facilities, build communication, and create a positive work culture. This will increase engagement and have an impact on improving employee performance.
2. To increase employees' psychological capital, organizations can conduct training and development programs that focus on increasing self-confidence, optimism, hope, and mental resilience. With strong psychological capital, employees will be more energized and engaged in their work, resulting in improved performance.
3. Leaders should allow employees to customize their jobs (job crafting) to better suit their skills and interests. With the freedom to innovate at work, employees will be more engaged and motivated, which will have a positive impact on their performance.

4. Since employee engagement is proven to have a significant effect on performance, organizations need to implement strategies that can increase employee engagement. This can be done by rewarding performance, improving employee welfare, and creating a work environment that is more supportive of their active participation.
5. Employee performance improvement strategies should be holistic, focusing not only on external factors but also on improving employee engagement in their work.

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