

ABSTRACT

Tea is one of the most widely consumed beverages throughout the world. Tea is regarded as a lucrative commodity, contributing significantly to the generation of foreign exchange. In terms of tea production, North Sumatra Province is the third largest region in Indonesia. Tea production in North Sumatra is conducted by PTPN IV. The standard operational procedure (SOP) employed by PTPN IV in the tea processing sector stipulates that the quality of tea shoots produced must attain a minimum of 22.05%. In order to achieve these objectives, the company considers the following factors to be of significance in influencing employee performance: motivation, ability, and work environment. The focus of this study is the workforce engaged in the production process at the PTPN IV Bah Butong Tea Business Unit. The data employed in this study are of two types: primary and secondary. This research employs the use of Structural Equation Modeling (SEM) with a Likert scale as the measuring instrument. The results of the research indicate that, with regard to each factor, the Motivation variable exhibits a coefficient value of 11.853 and a p-value of less than 0.05, while the Ability variable displays a coefficient value of 2.028 and a p-value of 0.004. In addition, the Work Environment variable shows a coefficient value of -10.706 and a p-value of 0.592. It can thus be concluded that the variable of Ability (A) has a positive and significant effect on Employee Performance (EP).

Keywords : Tea, Employee Performance, *Structural Equation Modeling* (SEM).