

Analysis of Competency and Compensation on Employee Performance with Work Motivation as a Mediating Variable at the Medan Equipment Safety And Health Center and Health Facilities In Medan

Analisis Kompetensi dan Kompensasi terhadap Kinerja Pegawai dengan Motivasi Kerja sebagai Variabel Mediasi pada Balai Keselamatan dan Kesehatan Kerja (K3) serta Fasilitas Kesehatan Medan

Yunita Nursyahmi ¹, Erwansyah ², Husni Muharram Ritonga ³

¹⁾ *Master's Student in Management, Universitas Pembangunan Panca Budi*

^{2,3)} *Master of Management, Universitas Pembangunan Panca Budi*

Email: ¹⁾ erwansyah@dosen.pancabudi.ac.id

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ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh kepemimpinan transformasional dan kompensasi terhadap kinerja pegawai dengan motivasi kerja sebagai variabel mediasi pada Balai Besar Perbenihan dan Perlindungan Tanaman Perkebunan (BBPPTP) Medan. Penelitian ini menggunakan metode kuantitatif dengan pendekatan survei, yang melibatkan seluruh 135 pegawai negeri sipil sebagai sampel penelitian. Data dikumpulkan melalui kuesioner dan dianalisis menggunakan metode Partial Least Square (PLS). Hasil penelitian menunjukkan bahwa kepemimpinan transformasional berpengaruh positif dan signifikan terhadap motivasi kerja, namun tidak berpengaruh signifikan secara langsung terhadap kinerja pegawai. Sementara itu, kompensasi berpengaruh positif dan signifikan terhadap kinerja pegawai maupun motivasi kerja. Selain itu, motivasi kerja terbukti memediasi hubungan antara kepemimpinan transformasional dan kompensasi terhadap kinerja pegawai. Temuan ini menegaskan pentingnya pengembangan motivasi kerja melalui kepemimpinan yang inspiratif serta pemberian kompensasi yang adil guna mencapai kinerja pegawai yang optimal. Penelitian ini diharapkan dapat memberikan rekomendasi bagi BBPPTP Medan dalam merumuskan strategi peningkatan sumber daya manusia yang berbasis pada kompetensi, motivasi, dan sistem penghargaan yang efektif.

ABSTRACT

Employee performance is a crucial factor in ensuring the effectiveness of supervision and security of medical equipment and facilities that directly impact public safety. This study aims to analyze the effect of competence and compensation on employee performance with work motivation as a mediating variable at the Medical Equipment and Facility Security Center (BPAFK) in Medan. This study uses a quantitative approach with a census method on 81 employees. Data were collected through questionnaires and analyzed using Partial Least Squares (PLS) with the help of SmartPLS software. The results showed that competence had a positive and significant effect on employee performance and work motivation. Compensation had a positive but insignificant effect on employee performance, but had a positive and significant effect on work motivation. Work motivation was found to have a positive and significant effect on employee performance. The indirect effect test showed that work motivation was able to significantly mediate the effect of competency on employee performance, but was not able to mediate the effect of compensation on employee performance. These findings indicate that improving the performance of BPAFK Medan employees is more effectively achieved by strengthening employee competency supported by work motivation, while compensation plays a greater role as a motivator than as a direct factor in improving performance. This study is expected to serve as a basis for BPAFK Medan leaders in formulating human resource development policies that are oriented towards the continuous improvement of employee competence, motivation, and performance.

INTRODUCTION

Employee performance is an important element that determines the success of public organizations in carrying out their functions of service, supervision, and control of government administration. At the Medan Health Equipment and Facility Safety Center (BPAFK), employee performance greatly influences the effectiveness of health equipment supervision, facility quality assurance, and public protection against the risks of health equipment use. Employees are required to work professionally, accurately, and on time because even small errors can have a major impact on public safety. Therefore, achieving optimal employee performance is a top priority in this organization.

One of the fundamental factors that influence employee performance is competence. Competence includes the knowledge, skills, and abilities needed to perform tasks effectively. According to Rahman & Lataruva (2023), competence is one of the main determinants of performance, where employees with high competence will be more skilled at completing work, able to make the right decisions, and produce quality work. Budiarti's (2024) research also confirms that adequate competency is very important in improving the quality of civil servant services, especially in agencies directly related to public safety such as health and medical facilities. Thus, the technical and managerial competencies of BPAFK employees are crucial to the organization's success in carrying out its duties of supervising medical equipment and facilities.

In addition to competence, compensation is also a significant factor that can affect employee performance. Compensation includes not only salaries but also allowances, incentives, and other rewards received by employees as a form of appreciation for their contributions. Hasibuan (2020) explains that fair and adequate compensation will increase employee satisfaction and motivation, thereby having a positive impact on performance improvement. Research by Hidayati & Ramadhan (2020) supports this view, where appropriate compensation has been proven to have a significant effect on improving the performance of government organization employees. For BPAFK Medan employees, adequate compensation is very important given the complexity of the work, field risks, and demands for professionalism in ensuring the safety of medical devices and facilities.

To understand how competence and compensation can improve employee performance in greater depth, it is necessary to consider the role of work motivation as a mediating variable. Motivation is an internal or external drive that influences the enthusiasm, commitment, and effort of employees in carrying out their duties. Robbins & Judge (2020) explain that high work motivation encourages employees to work more effectively, be more disciplined, and be oriented towards achieving optimal results. Research by Vo et al. (2022) states that work motivation is influenced by competence, autonomy, and social connectedness, which ultimately shape productive work behavior. In addition, research by Nugroho & Abdullah (2023) proves that compensation can indirectly improve performance through increased work motivation, where employees who feel valued by the organization will work harder and be more committed to achieving performance targets.

Although there have been many studies on the influence of competence, compensation, and motivation on employee performance, simultaneous testing of these three variables in the context of the Medan Health Equipment and Facility Security Center (BPAFK) is still limited. The specific scope of duties, high job risks, and strict professionalism requirements make the work environment at BPAFK different from other government agencies. Therefore, it is important to conduct research that examines the role of competence and compensation in improving employee performance with work motivation as a mediating variable in order to provide an empirical description and practical recommendations for leaders in improving employee performance in a sustainable manner.

Based on the above description, this study aims to analyze the influence of competence and compensation on employee performance and to examine work motivation as a mediating variable at the Medan Health Equipment and Facility Security Center. The results of this study are expected to contribute to the development of human resource management in the health sector and serve as a basis for formulating policies to improve employee performance within the BPAFK.

LITERATURE REVIEW

Employee Performance

According to Rahman & Lataruva (2023), employee performance is defined as the extent to which an employee is able to achieve the expected results or meet the standards set in the context of their work. Measurement includes productivity, work quality, compliance with policies, creativity, initiative, attendance, and contribution to the achievement of organizational goals.

Factors Affecting Employee Performance

Rahman & Lataruva (2023) state that employee performance is influenced by several main factors originating from individuals and the organizational environment. These factors include:

1) Employee Abilities and Competencies

This refers to the knowledge, skills, experience, and technical abilities that employees possess to complete tasks. The higher the competency, the better the quality and productivity of the employee's work.

- 2) **Work Motivation**
Motivation, both intrinsic and extrinsic, greatly determines the level of effort and sincerity of employees in their work. Motivated employees tend to be more disciplined, responsible, and achieve optimal work results.
- 3) **Work Discipline**
Employees' adherence to rules, procedures, working hours, and operational standards set by the organization. Rahman & Lataruva emphasize that discipline is an important factor that determines stability and consistency in performance.
- 4) **Work Environment**
The work environment includes physical conditions (workspace, facilities, lighting) and non-physical conditions (inter-employee relationships, communication, and organizational culture). A conducive work environment increases comfort and productivity.
- 5) **Leadership Style**
The way leaders provide direction, support, and supervision greatly influences employee behavior and performance. Effective leadership can increase work enthusiasm and minimize operational obstacles.
- 6) **Reward and Compensation System**
Fair and proportional rewards (both financial and non-financial) encourage employees to work to their full potential. The right reward system can increase loyalty and performance.

Work Motivation

According to Vo et al. (2022), work motivation is a drive that stems from individual needs (competence, autonomy, social relations) that encourages productive and effective individual work behavior.

Compensation

According to Dessler (2021), compensation is a reward system provided by organizations to employees in the form of benefits and rewards, both financial (such as salaries and bonuses) and non-financial (such as awards or compensation opportunities). The main purpose of compensation is to motivate employees to improve their performance and productivity within the organization, as well as to retain quality employees.

Competency

According to Nurjaya et al. (2021), competency is a person's ability to perform their job based on their skills, knowledge, creativity, and experience, enabling them to produce the expected performance.

Conceptual Framework

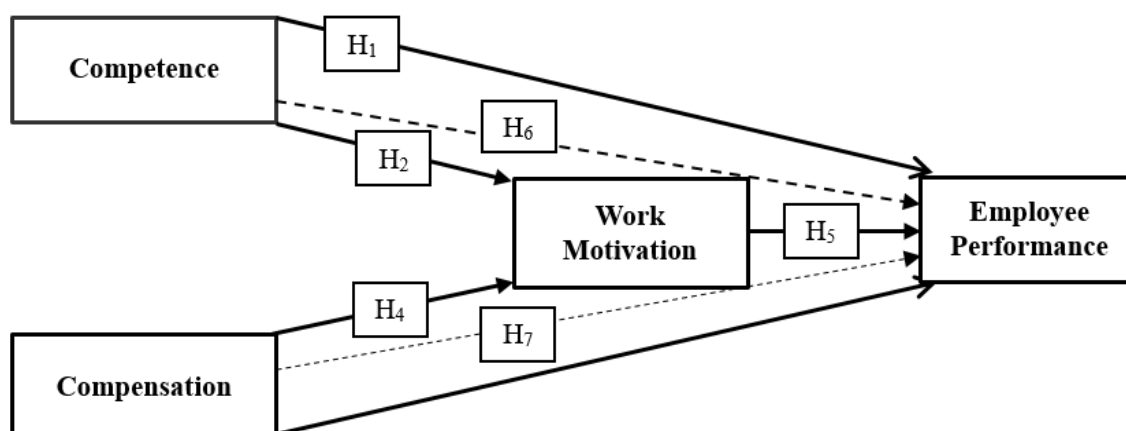


Figure 1. Conceptual Framework

Research Hypothesis

- H₁: Competence has a positive and significant effect on employee performance at the Medan Health Equipment and Facility Security Center.
- H₂: Competence has a positive and significant effect on work motivation at the Medan Health Equipment and Facility Safety Center.
- H₃: Compensation has a positive and significant effect on employee performance at the Medan Health Equipment and Facility Security Center.
- H₄: Compensation has a positive and significant effect on work motivation at the Medan Health Equipment and Facility Security Center.
- H₅: Work motivation has a positive and significant effect on employee performance at the Medan Health Equipment and Facility Security Center.
- H₆: Competence has a positive and significant effect on employee performance through work motivation at the Medan Health Equipment and Facility Security Center.
- H₇: Compensation has a positive and significant effect on employee performance through work motivation at the Medan Medical Equipment and Facility Security Office

RESEARCH METHOD

Type of Research

The type of research used by the researcher is quantitative research. According to Sugiyono (2022), quantitative research can be defined as a method based on positivism philosophy, used to study a specific population or sample, with sampling techniques generally conducted randomly, data collection using research instruments, and quantitative/statistical data analysis with the aim of testing predetermined hypotheses. This type of quantitative research was conducted to create a study aimed at adjusting a study and analyzing competence and compensation in relation to employee performance with work motivation as a mediating variable at the Medan Health Equipment and Facility Security Center.

RESULTS AND DISCUSSION

Validity Test

Table 1. Outer Loadings Values

	Compensation	Competence	Employee Performance	Job Motivation
X1.1		0.861		
X1.2		0.882		
X1.3		0.871		
X1.4		0.893		
X1.5		0.877		
X1.6		0.857		
X2.1	0.866			
X2.2	0.876			
X2.3	0.907			
X2.4	0.823			
X2.5	0.893			
X2.6	0.806			
Y.1			0.824	
Y.2			0.804	
Y.3			0.863	
Y.4			0.744	

	Compensation	Competence	Employee Performance	Job Motivation
Y.5			0.842	
Y.6			0.890	
Y.7			0.893	
Z.1				0.782
Z.2				0.875
Z.3				0.824

Source: Smart PLS Output, 2025

Based on the values in Table 1 above, which show the results of outer model testing through loading factor/outer loadings values, all indicators in each variable have a loading value ≥ 0.70 . This indicates that each indicator is measured validly and strongly. Therefore, it can be concluded that all items in the questionnaire have met the validity criteria, as shown in the following figure.

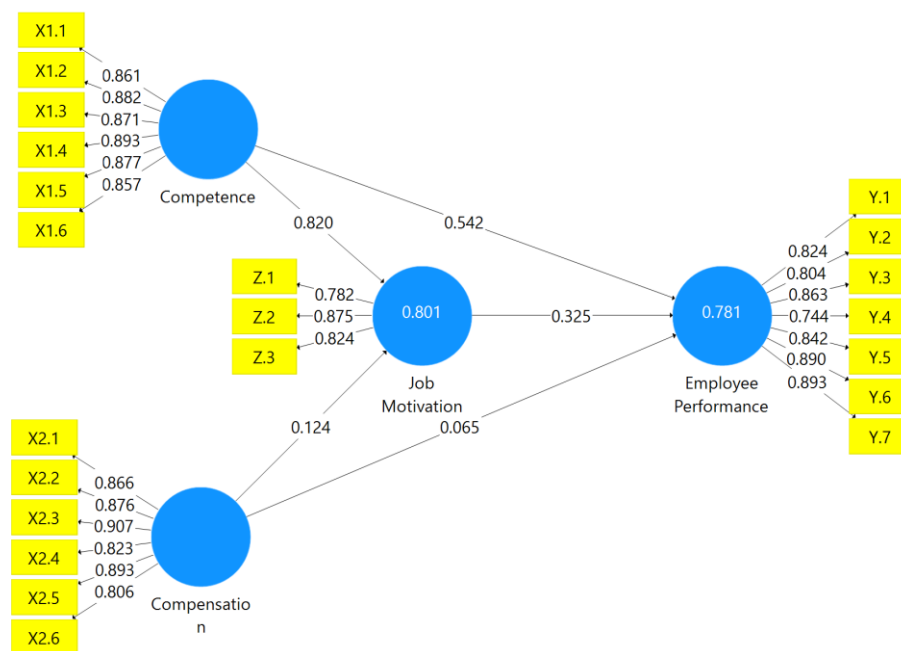


Figure 2 Outer Loading

In this study, there is an equation, and that equation consists of two substructures for substructure

1:

$$Z = \beta_1 X_1 + \beta_2 X_2 + e_1$$

$$Z = 0.820 X_1 + 0.124 X_2 + e_1$$

For substructure 2:

$$Y = \beta_2 X_1 + \beta_3 X_2 + \beta_3 Z + e_2$$

$$Y = 0.542 X_1 + 0.065 X_2 + 0.325 Z + e_2$$

Reliability Test

Table 2. Construct Reliability and Validity Test

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Compensation	0.933	0.964	0.946	0.744
Competence	0.938	0.940	0.951	0.763
Employee Performance	0.929	0.935	0.943	0.703
Job Motivation	0.769	0.769	0.867	0.685

Source: Smart PLS Output, 2025

From Table 2 above, the reliability test results show that the Cronbach's Alpha and Composite Reliability values for all constructs are above 0.70. This indicates that all indicators have high internal consistency and are reliable in measuring their respective constructs. Thus, the research instrument is declared reliable and suitable for use in structural model testing.

Coefficient of Determination (R^2)

In assessing the model with PLS, we begin by looking at the R-square for each dependent latent variable. The table below shows the R-square estimation results using SmartPLS.

Table 3. R Square Results

	R Square	Adjusted R-Square
Job Motivation	0.801	0.796
Employee Performance	0.781	0.773

Source: Smart PLS, 2025

Table 3 shows the R square values for both dependent variables. For the work motivation variable, the R square value is 0.801, meaning that the influence of competence and compensation is 0.801 or 80.1%, with the remainder attributable to other variables outside the model. The R-square value for employee performance is 0.781, meaning that competency, compensation, and work motivation account for 0.781 or 78.1%, with the remainder attributable to other variables outside the model.

Direct Influence Between Variables

The direct effect between variables can be seen in the *path coefficients*. The data analysis results show the direct effect values in the following table.

Table 4. Path Coefficients (Direct Effects)

	Original Sample	T Statistics	P Values	Conclusion
Competence -> Employee Performance	0.542	3.981	0.000	Accepted
Competence -> Job Motivation	0.820	17,482	0.000	Accepted
Compensation -> Employee Performance	0.065	1,132	0.258	Rejected
Compensation -> Job Motivation	0.124	2.166	0.031	Accepted
Job Motivation -> Employee Performance	0.325	2.506	0.013	Accepted

Source: Smart PLS Output, 2025

Table 4 shows the following direct effect values:

1. Competence has a positive and significant effect on employee performance with a t-statistic value of 3.981 above 1.96 and a significance of 0.000 below 0.05, meaning that competence has a real effect on employee performance because the significance value is below 0.05. The results of this study are not in line with the results of previous studies, namely that competence has a positive and significant effect on employee performance (Mesra et al., 2024).
2. Competence has a positive and significant effect on work motivation with a t-statistic value of 17.482 above 1.96 and a significance of 0.000 below 0.05, meaning that competence has a significant effect on work motivation because the significance value is below 0.05. The results of this study are in line with previous studies, namely that competence has a positive and significant effect on work motivation (Sihombing et al., 2025).
3. Compensation has a positive but insignificant effect on employee performance with a t-statistic value of 1.132 below 1.96 and a significance of 0.258 above 0.05, meaning that compensation does not have a significant effect on employee performance because the significance value is above 0.05. The results of this study are not in line with previous studies, namely that compensation has a positive and significant effect on employee performance (Sihombing et al., 2025).
4. Compensation has a positive and significant effect on work motivation with a t-statistic value of 2.166 above 1.96 and a significance of 0.000 below 0.05, meaning that compensation has a real effect on work motivation because the significance value is below 0.05. The results of this study are in line with

previous studies, namely that compensation has a positive and significant effect on work motivation (Putri et al., 2023; Purwaningsih et al., 2025).

5. Work motivation has a positive and significant effect on employee performance with a t-statistic value of 2.506 above 1.96 and a significance of 0.013 below 0.05, meaning that work motivation has a significant effect on employee performance because the significance value is below 0.05. The results of this study are in line with previous studies, namely that work motivation has a positive and significant effect on employee performance (Siahaan et al., 2022; Tarigan & Anwar, 2024; Kibar et al., 2023).

Indirect Influence Between Variables

The indirect effect between variables can be seen in the *specific indirect effect* value. The data analysis results show the indirect effect value in Table 5 below.

Table 5. Specific Indirect Effects (Indirect Effects)

	Original Sample	T Statistics	P Values	Conclusion
Competence -> Job Motivation -> Employee Performance	0.267	2.440	0.015	Accepted
Compensation -> Job Motivation -> Employee Performance	0.040	1.604	0.109	Rejected

Source: Smart PLS, 2025

Table 5 shows the indirect effects between variables, namely:

1. Competence has a positive and significant effect on employee performance through work motivation with a t-statistic value of 2.440 above 1.96 and a significance value of 0.015 below 0.05, meaning that work motivation acts as an intervening variable between competence and employee performance.
2. Compensation has a positive but insignificant effect on employee performance through work motivation with a t-statistic value of 1.604 below 1.96 and a significance value of 0.109 above 0.05, meaning that work motivation acts as an intervening variable between compensation and employee performance

CONCLUSION AND RECOMMENDATIONS

Conclusion

1. Competence has a positive and significant effect on employee performance at the Medan Health Equipment and Facility Security Center.
2. Competence has a positive and significant effect on work motivation at the Medan Health Equipment and Facility Security Center.
3. Compensation has a positive but insignificant effect on employee performance at the Medan Health Equipment and Facility Security Center.
4. Compensation has a positive and significant effect on work motivation at the Medan Health Equipment and Facility Security Center.
5. Work motivation has a positive and significant effect on employee performance at the Medan Health Equipment and Facility Security Center.
6. Competence has a positive and significant effect on employee performance through work motivation at the Medan Medical Equipment and Facility Security Office.
7. Compensation has a positive but insignificant effect on employee performance through work motivation at the Medan Health Equipment and Facility Security Center.

Recommendations

1. Employee performance with the lowest score was "I comply with working hours and disciplinary regulations applicable in the institution." Therefore, the recommendation is that the Medan Medical Equipment and Facility Security Center needs to implement a work discipline system that is integrated with competency and compensation, for example, by making compliance with working hours and regulations a performance indicator that affects the provision of incentives, thereby increasing work motivation and improving employee performance.
2. Work motivation with the lowest score being "I feel I have the adequate skills to do my job well." The Medan Health Equipment and Facility Security Center needs to organize continuous and job-based

training and competency development so that employee skills can be improved, work motivation can be maintained, and employee performance can be optimized.

3. Compensation with the lowest score of "I feel secure and have clear job security while working at this agency." The Medan Health Equipment and Facility Security Center needs to improve the clarity and dissemination of the job security and employee protection system, both in terms of employment status, rights, and welfare, in order to increase job security and maintain employee motivation at work.
4. Competency with the lowest score statement: "I have a high interest in the work I am currently doing." The Medan Health Equipment and Facility Security Center needs to improve employee placement in accordance with their competencies and work interests, accompanied by the provision of proportional challenges and task variations, so that employee motivation and work interest remain high, thereby positively impacting performance improvement.

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