

Strategies to Improve Employee Performance: Competency Analysis, Compensation, and Motivation

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ABSTRACT

Employee performance is a key element in organizational success. In an effort to understand and improve employee performance, it is necessary to analyze the role played by competence, compensation, and motivation. These factors have long been recognized as key determinants of individual performance. This study aims to identify the relationship between competence, compensation, and motivation with employee performance. This research uses a quantitative approach with data collection through surveys and statistical analysis. A number of employees from different departments and levels in an organization were identified as research samples. Data on their competence, compensation, motivation, and performance were collected through questionnaires. Regression analysis is used to measure the relationship between these variables. The results showed a positive correlation between the level of competence, fair compensation, and high motivation with employee performance. Strong competencies provide a solid foundation for good performance, while adequate compensation and high motivation increase employee productivity and dedication. These findings provide valuable insights for managers and organizational leaders to design effective employee development strategies and appropriate incentive systems.

Keywords: Employee Performance, Competence, Compensation, Motivation, Organization, Productivity

INTRODUCTION

Improving employee performance has become one of the key aspects in maintaining the competitiveness and sustainability of the organization in an increasingly competitive and dynamic business era. Organizations that are able to optimize the potential and productivity of their employees tend to be more successful in achieving their business goals. Therefore, research and development of effective strategies to improve employee performance has become a top priority in human resource management.

Factors such as competence, compensation, and motivation have been identified as important elements affecting employee performance. All three have a significant role

in shaping individual performance levels and, as a result, overall organizational productivity. Therefore, research on strategies to improve employee performance by considering these factors becomes very relevant and meaningful.

Competency refers to the combination of knowledge, skills, experience, and attitudes possessed by an individual. Employees who have competencies relevant to their jobs have a greater ability to succeed in their tasks (Setio, & Gulo, 2021). Therefore, the identification and development of competencies needed in the context of work can improve employee performance.

Compensation includes salaries, benefits, incentives, and other benefits provided to employees in exchange for work (Suherman, 2021). Fair and competitive compensation can motivate employees to work harder and achieve better results. Conversely, inadequate compensation or not in line with their contributions can reduce motivation and performance.

Motivation is an internal or external drive that drives individuals to achieve their goals (Sari, et, al., 2020). Motivated employees tend to be more productive and dedicated. Therefore, understanding the factors that motivate employees, such as recognition, challenges, career development, and a supportive work environment, is critical in improving performance. On the other hand, employee motivation is a highly subjective element, and organizations need to understand individual preferences and aspirations to create effective strategies. Motivating employees is not just about financial rewards, but also about recognition, career development, and satisfaction in their jobs.

It needs to be recognized that every organization has unique characteristics, culture, and context. Therefore, strategies to improve employee performance need to be adjusted to the specific situation of the organization (Surepno, et, al., 2020). Studies that understand how competence, compensation, and motivation interact and influence employee performance in a variety of contexts are particularly relevant.

In addition, changes in the business environment, technology, and market dynamics have introduced new challenges that require organizations to adjust their human resource management strategies. Effective leadership, leadership development, and a supportive organizational culture can also play a role in improving employee performance (Norawati, et, al., 2021).

In globalization and increasingly fierce competition, organizations need to understand that employee performance is not only about fulfilling routine tasks, but also about innovation, adaptation, and the ability to grow (Manippi, & Saiful, 2022). Therefore, this study aims to analyze the relationship between competence, compensation, and motivation with employee performance, as well as to identify effective strategies in improving employee performance in various organizational contexts.

As the business environment constantly changes, a deep understanding of the factors affecting employee performance and the development of relevant strategies are essential to ensure that organizations remain competitive and sustainable (Subchanifa, et, al., 2022). The results of this study are expected to make a positive contribution to the development of best practices in human resource management and employee performance improvement.

THEORETICAL BASIS

Employee Performance

Employee performance refers to the extent to which an employee achieves expected results and meets goals that have been set in the context of work (Rachman, et, al., 2022). It is an assessment of an employee's productivity, effectiveness, and contribution to the organization they work for. Employee performance covers various aspects, including the work that has been completed, the quality of the work, and the impact on the success of the organization.

Job satisfaction is also related to performance. Employees who are satisfied with their jobs tend to be more dedicated and contribute better. In addition, the role of leaders in directing, motivating, and supporting employees also has an impact on their performance. Effective leadership can help improve employee performance. The feedback given to employees about their performance can help them understand areas for improvement and improve performance in the future (Faiza, & Suhardi, 2022).

Competence

Competence is a collection of knowledge, skills, abilities, and attitudes possessed by individuals to succeed in a particular job or role. Competency is an important concept in the context of human resource development, performance management, and

recruitment, as it helps in measuring and evaluating employee qualifications for specific tasks (Herlambang, et, al., 2022). Competency is very important in the context of business and organizations because it helps in the selection, development, and evaluation of employees.

Understanding and measuring competencies helps organizations ensure that employees have the appropriate abilities to cope with tasks and responsibilities, so as to better achieve organizational goals (Nurhaeda, et, al., 2022). Employees often develop their competencies to aid in career growth and development, improving competencies can open up new opportunities and improve career prospects. In addition, organizations often have competency development programs to help employees improve their skills and knowledge. This could be through training, courses, mentors, or practical experience.

Compensation

Compensation is all forms of remuneration given to employees in exchange for the work they do in the organization. These rewards include not only base salary, but also benefits, incentives, benefits, bonuses, and other components that can provide financial or non-financial value to employees in recognition of their contributions (Mardiana, et, al., 2021). Compensation is an important aspect of human resource management and has a major role in motivating, retaining, and rewarding employees.

Not only does compensation have a financial element, but it can also reflect rewards, motivation, and recognition of employee contributions. As the economy evolves, changes in job market dynamics, and competition intensifies to recruit and retain talent, designing an effective compensation strategy becomes important for organizations (Arifin, et, al., 2019). The goal is to create a compensation package that can motivate employees, retain them over the long term, and support the organization's business goals.

Motivation

Motivation refers to the drive or force that drives an individual to perform an action or achieve a specific goal. Motivation is an internal or external factor that influences a person's behavior (Widodo, & Yandi, 2022). It is an important concept in psychology, human resource management, and various other fields. Motivation is often related to goals and desired outcomes. Employees who have clear goals and feel that

their actions will bring them closer to those goals are more likely to be motivated. Recognition of achievements and rewards in the form of rewards or praise can be powerful motivating factors.

Some people are motivated by the drive to achieve certain achievements. They push themselves to achieve high results and feel satisfied when achieving those goals. Motivation is a complex concept and varies from individual to individual (Hidayat, & Agustina, 2020). In a work environment, understanding what motivates employees is important for managing and leading effectively, as well as for achieving better results in the organization. Motivation can also change over time, so monitoring and understanding the factors that influence employee motivation is ongoing.

METHOD

This study was designed with descriptive quantitative methods. Descriptive quantitative methods are used to explain phenomena that occur regarding research data. While quantitative methods are used to explain the influence of independent variables on variables bound to this study. This study also used survey methods. The research was conducted in several public junior high schools in Tangerang Regency. The population included in the study was employees of public junior high schools in Tangerang Regency which focused on 20 schools with a total of 140 Non-Civil Servants, consisting of several divisions / sections. The sampling technique used is the Proportional Random Sampling technique. The sample to be used in this study is 104 people/respondents. Data analysis techniques used in IMI research are linear regression analysis, partial tests, simultaneous tests, and determination coefficient tests.

RESULT

The Effect of Competency on Employee Performance

The effect of Competency analysis (X1) on Employee Performance (Y) based on the results of partial hypothesis testing research shows that the calculated value of the competency variable (X1) on Employee Performance (Y) is $3.192 > \text{table } 1.980$ or Sig value $0.002 < 0.05$, then H_0 is rejected and H_a is accepted, meaning that there is a positive and significant influence between Competency (X1) on Employee Performance (Y). The coefficient of determination (r^2) between Competency (X1) to employee

performance (Y) of 0.631 means that Competency analysis (X1) contributes or contributes to employee performance (Y) by 63.1% and the remaining 36.9% is influenced by other factors that are not studied.

This means that the more competent an employee is, the better his performance will be. In other words, employees who have the appropriate knowledge, skills, and abilities for their jobs are more likely to achieve better results. These results also provide benefits for employees. Improving competencies can help you advance your career, get promotions, and achieve personal goals. It can also give a positive boost to job satisfaction. Overall, these results confirm the importance of competence in improving employee performance. This provides a solid foundation for the improvement and development of human resources in the organization in order to achieve organizational goals more effectively and efficiently.

The Effect of Compensation on Employee Performance

The effect of Compensation (X2) analysis on Employee Performance (Y) based on the results of partial hypothesis testing research shows that the value of t calculated Compensation (X2) on Employee Performance (Y) is calculated $3.403 > \text{table } 1.984$ or Sig value $0.003 < 0.05$ then H_0 is rejected and H_a is accepted, meaning that there is a positive and significant influence between Compensation (X2) on Employee Performance (Y). The coefficient of determination (r^2) between Compensation (X2) to employee performance (Y) of 0.681 means that the analysis of Compensation (X2) contributes or contributes to employee performance (Y) by 68.1% and the remaining 31.9% is influenced by other factors that are not studied.

This indicates that better compensation has a positive impact on employee performance. In other words, when employees receive better financial rewards, they tend to work better and be more productive. These results highlight the importance of designing a fair and appropriate compensation system. The organization must ensure that employees are adequately compensated and proportional to the work they do. Performance appraisals become essential to identify high-performing employees so that they can be compensated accordingly for their contributions.

The Effect of Motivation on Employee Performance

The effect of Motivation analysis (X3) on Employee Performance (Y) based on the results of partial hypothesis testing research shows that the value of t calculate the

variable Motivation (X3) on Employee Performance (Y) of t count 8.188 > t table 1.984 or Sig value $0.000 < 0.05$ then H_0 is rejected and H_a is accepted meaning that there is a positive and significant influence between Motivation (X3) on Employee Performance (Y). The coefficient of determination (r^2) between Motivation (X3) and employee performance (Y) of 0.523 means that the analysis of Motivation (X3) contributes or contributes to employee performance (Y) by 52.3%, the remaining 47.7% is influenced by other factors that are not studied.

This means that higher motivation has a positive impact on employee performance. In other words, when employees feel more motivated, they tend to work better and be more productive. Employees also benefit from these results. Increasing their motivation can help them achieve their career and work goals as well as increase job satisfaction. These results confirm the importance of motivation as an important factor in improving employee performance. Organizations that can devise effective motivational strategies will likely have employees who are more motivated, productive, and contribute positively to the organization's success.

The Effect of Competence, Compensation and Motivation on Employee Performance

There is a simultaneous influence of competence (X1), compensation (X2) and motivation (X3) on employee performance (Y). This is shown by the value of $F_{\text{calculate}} 97.546 > F_{\text{table}} 2.96$ and Sig $\alpha 0.000 < 0.05$, then H_0 is rejected and H_a is accepted (significant), it can be concluded that, there is a simultaneous positive and significant influence between Competency (X1), Compensation (X2), and Motivation (X3) on Employee Performance (Y). Obtained an R value of 0.675 shows that the correlation between the level of simultaneous relationship between the variables Competency (X1), Compensation (X2), and Motivation (X3) on Employee Performance (Y) has a very strong relationship with an R value of 0.675. And the contribution of the three independent variables R^2 amounted to 67.5% to Employee Performance (Y) and the remaining 32.5% was influenced by other factors that were not studied.

This means that when competence, compensation, and motivation are combined together, there is a strong positive influence on employee performance. All these three factors work in tandem to improve performance. The significant influence suggests that these results were found with a high degree of confidence and not just by chance. The

relationship between employee competence, compensation, motivation, and performance did not arise by chance. These results suggest that combining competence, compensation, and motivation can be a highly effective approach to improving employee performance. Organizations that can strike the right balance between these three factors will likely have employees who are more productive and contribute positively to organizational success.

CONCLUSION

The conclusion from the results of this study is that employee competence has a positive and significant influence on employee performance by 63.1%. That is, a higher level of competence in employees contributes 63.1% to a better level of performance. These results underscore the importance of developing employee competencies in order to improve their performance in an organizational context. By improving competencies through employee education, training, and development, organizations can achieve better performance and more successful goal achievement.

There was a positive and significant effect of compensation on employee performance by 68.1%. These results indicate that better or greater compensation rates contributed 68.1% to improved employee performance. This affirms the importance of providing fair and adequate compensation as motivation for employees to work better and more productively. Organizations that pay attention to good compensation will likely have more motivated and high-performing employees, which can ultimately contribute to the overall success of the organization.

The positive and significant influence of motivation on employee performance was 52.3%. It showed that higher levels of motivation in employees contributed by 52.3% to their improved performance. These results underscore the importance of designing effective motivational strategies in the context of human resource management. By increasing employee motivation through various means, such as recognition, incentives, training, and supportive approaches, organizations can encourage employees to achieve better performance and contribute to the company's success.

The results of this study show that there is a positive and significant influence of competence, compensation, and motivation together on employee performance by

67.5%. This shows that the combination of high competence, good compensation, and strong motivation has a significant positive impact on employee performance. These results underscore the importance of understanding that employee competency development, fair compensation, and effective motivation strategies are interrelated factors in improving employee performance.

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