The Influence of Competency and Compensation on Performance and Job Satisfaction as an Intervening Study in Construction Services Companies

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Abstract

The purpose of this study is to ascertain how job satisfaction among employees in construction services organizations influences performance in terms of competency and compensation. The participants in this research were workers of PT Adhi Karya (Persero) Tbk, one of Indonesia's state-owned enterprises providing construction services. The population of this study was 950, with a sample size of 255 people. Relying on a 5% percentage allowance, the calculation sample originates from the Isaac-Michael table. The research employs a quantitative methodology in conjunction with an explanatory strategy. The questionnaire used for data collection was given to 255 workers of PT Adhi Karya (Persero) Tbk who held manager-level positions. The Smart PLS (Partial Least Square Analysis) application is used in conjunction with the Structural Equation Model (SEM) analysis approach. According to the findings, competence, and compensation have a considerable yet beneficial impact on performance. Job satisfaction is positively yet significantly impacted by both competence and compensation. Although there is a slight but favorable influence of job satisfaction on performance. Additionally, there is a positive but non-significant influence of competence and compensation on performance as measured by the intervening variable of job satisfaction.

Keywords: Job satisfaction, employee performance, competency, and compensation

1. Introduction

The competencies and skills possessed by employees greatly influence employee performance. Employee work results can be achieved from these factors in completing tasks or work. Apart from competency, employee performance is influenced by compensation. Researchers interpret that compensation as an award for individuals where work results and loyalty in carrying out work are based on sincerity and responsibility where the individual will maintain the trust and mandate that has been given by producing high productivity and quality to fulfill business objectives.

There are additional aspects that effect employee performance, one of which is background. Scholars give instances, such as prior training and past employment. The company's efforts to identify workers with the knowledge and experience appropriate for the task they do increase employee performance.

The educational background of an employee is crucial since it can impact their performance. Employees who have received training relevant to their line of work are essential for improving employee performance.

Job satisfaction can be reflected through the feelings in the employee's heart about their work, which we can see from the employee's behavior work, and work environment. The employee does the work that he feels is following his wishes, it is hoped that he will feel satisfaction with the work he does.
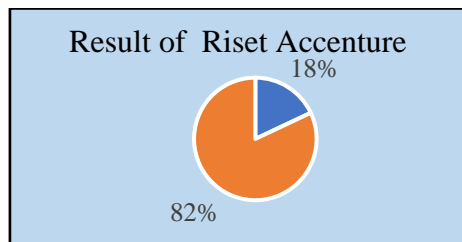
Figure 1.1: Accenture Research Findings
Source: Information that researchers have analyzed (2022)

According to data conducted by global survey companies Accenture and Gallup, out of the thirty nations questioned, employees in Indonesia are extremely unsatisfied with their jobs. Few Indonesian workers, according to Gallup, are genuinely happy in their careers. According to Accenture's research findings, out of 30 nations examined, Indonesia ranked lowest, with just 18% of employees indicating they were pleased with their employment. The other workers said that they were either unhappy or that they didn't need to work to make money. based on revenue generated by the company, the financial report methodology, and worker performance until 2021.

Table of Company Revenue Achievement Targets

No	Year	Targets	Actual
1	2019	23.640.000.000.000	15.307.860.000.000
2	2020	19.700.000.000.000	10.827.682.000.000
3	2021	15.300.000.000.000	11.530.472.000.000

Source: Construction Services Company

Table of Profit Achievement Per Year (in 1,000,000 rupiah)

Laba	2019	2020	2021
Actual	665.408	23.072	86.500
Deviation		642.336	578.908

Source: Construction Services Company

Table of Employee Performance Percentage Results

Tahun	Performance	Decrease
2019	95,20 %	0 %
2020	93,75 %	1,45 %
2021	94,15 %	1,05 %

Sumber : Perusahaan Jasa Konstruksi

2. Literature Review

The author identifies Grand Theory, Middle Theory and Applied Theory to be applied in this writing as follows:
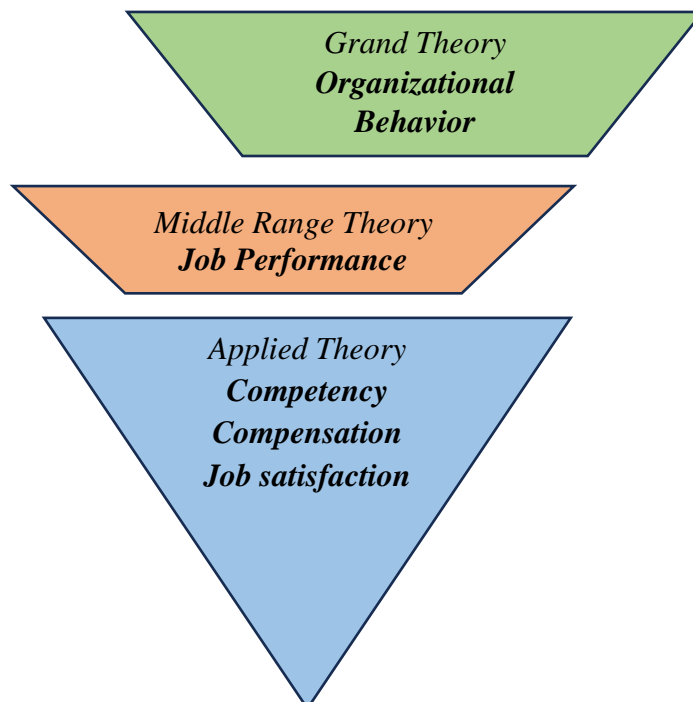

Figure 2.1 Diagram Grand Theory, Middle Theory and Applied Theory

Source: Dougherty&Pfaltzgraff ,(1990:10-11)

Conceptual description is the basis and basic framework for determining variables according to characteristics and mechanisms. Based on Grand Theory Analysis in the definition.

The idea of "organizational behavior" was introduced by Colquitt, Lepine, and Wesson (2013). The figure below represents the conceptual variables that will be explored.
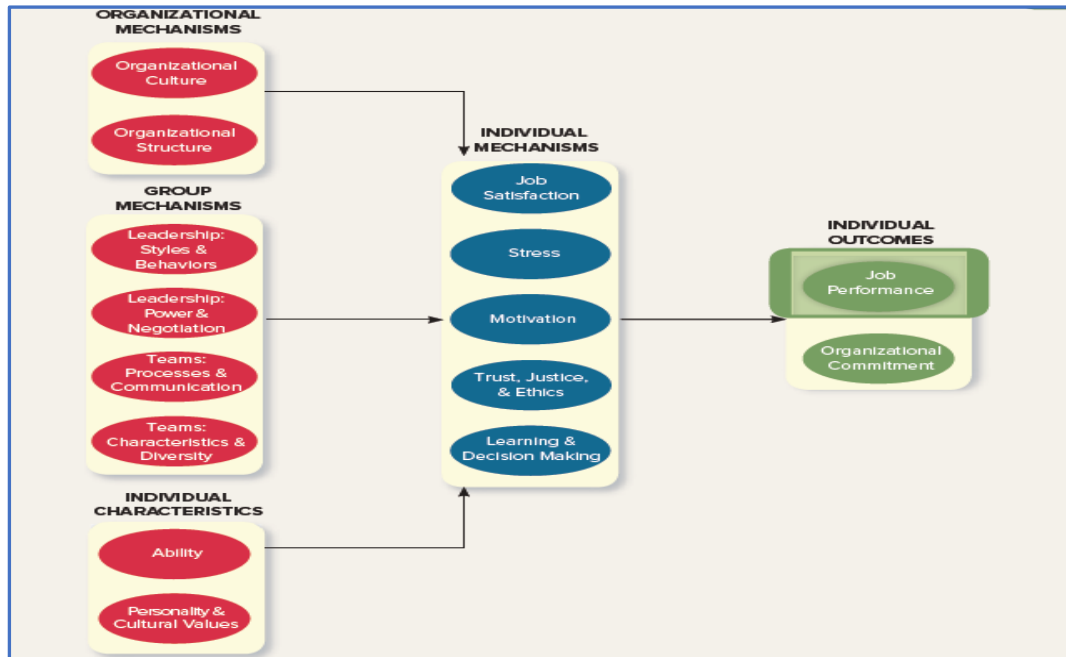
Figure 2.2 Conceptual Variable Diagram
Source: Colquit, Lepine and Wesson (2013)

2.1 Performance

Performance is the ability of an individual or group of individuals to complete a task and perfect it in line with their duties with the anticipated outcomes (Veithzal and Basri, 2008), almost the same as stated in the definition of performance according to Stephen Robbins (1994:237-238), namely"performance is the result evaluation of the work carried out by employees compared to previously established criteria"It is feasible to conclude that performance is what happens when workers put in a lot of effort and do their best to accomplish business objectives while also adding value to their job. A further theory.

It was stated that, following Gibson (1995), individual performance is the cornerstone of organizational performance, which is heavily influenced by individual character, awards, and management-conducted assessments. Additionally, Colquitt, Lepine, and Wesson (2013) stated that employee behaviors have a value as a collection that can either positively or negatively impact the achievement of organizational goals on a physical and mental level. Alternative perspectives Experts Mathis and Jackson (2006:65) state that "performance is basically what employees do or don't do".

The conclusion drawn from expert opinion is that performance, which includes both organizational and human performance components, is a collection of actions that play a significant role in an organization.

2.2 Competence

Competence is another term that is also often used. This term describes the tasks that are elements of a job. This term comes from the Management Charter Initiative, England (UK) in 1988.

(Michael Zwell, 2000: 218) differentiates competence according to position and according to work level and function, while work level and function are further differentiated between superior and non-superior and between partner and superior, almost the same according to (Dessler, Gary., 2006), Competence is the set of traits that a person may exhibit; these traits include conduct, knowledge, and skills that lead to performance and success. In any organization, the foundation of the performance management process is well-measured competencies, abilities, and knowledge. Moreover, conduct may be categorized into the following categories when it comes to competence (Armstrong and Baron, 1998:298):

1. Recognize the necessary actions in terms of strategic thinking, business acumen, and critical reasoning.
2. Approach tasks with a mindset of accomplishment, initiative, self-assurance, control, adaptability, and concern for persuasion, influence, and efficacy.
3. Include those who are driven, have good people skills, are interested in outcomes, can persuade, and have influence.

According to a different viewpoint (Rampesad, Hubert K., 2006), job-oriented competencies are aptitudes, traits, or proficiencies that have been shown to contribute to or forecast better performance in a certain role.

According to theory (Spencer & Spencer, 1993:9–11), competency is made up of the following traits or components: (1) Knowledge: Knowledge is the information a person possesses about particular subjects; (2) Skills: expertise or skill is the capacity to carry out a particular task involving the use of one's physical, mental, or verbal abilities; and (3) Motives: Motives are the thoughts or desires that a person has regularly that lead him to act. High accomplishment-motivated individuals constantly establish difficult objectives or work targets for themselves, take ownership of reaching them, and use the feedback they obtain to improve their performance. (4) Traits (unique personal qualities or attributes, both physical and emotional, such as consistent responses to events and information), (5) Self Concept (a person's attitudes, values, and self-image), and (6) Social Role (a person's behavior that is supported by a social group or organization.

Out of the many and we need to examine various expert opinions, what is essentially competence has a horizontal relationship with employee performance and is also related to job satisfaction.

Out of the numerous, and we need to look at different expert viewpoints, the essence of competence is tied to both job happiness and employee performance horizontally.

2.2.1 Dimensions-Indicators Competency

According to Spencer and Spencer (1993: 11), there are several degrees at which each skill manifests itself to different people. An iceberg serves as an illustration of the qualities of competence., where some are visible on the surface but some are not visible on the surface floating in the ocean as in picture 2.3 below:
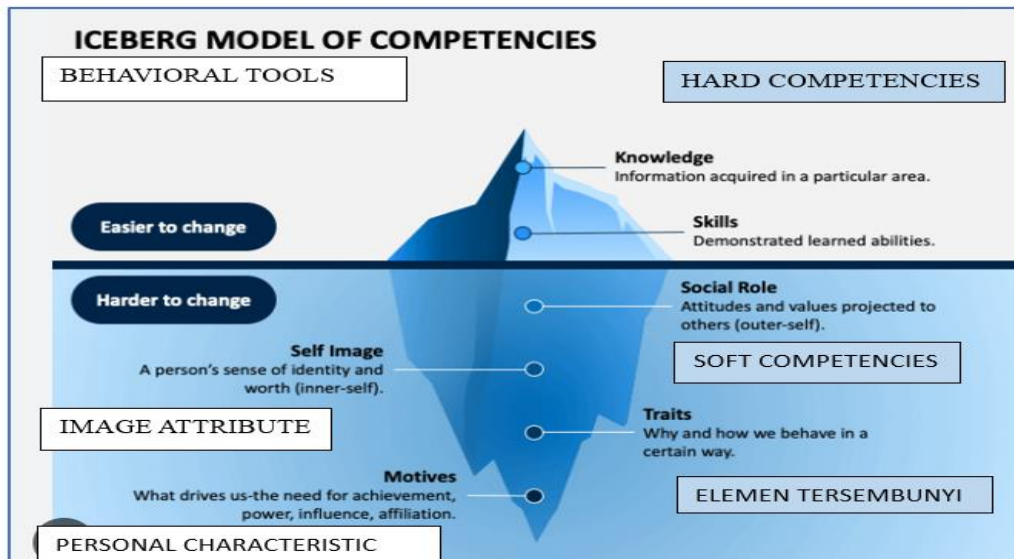
Showing Competence as an Iceberg Image
Source: Competence at Work, Signe M. Spencer and Lyle M. Spencer, Jr., 1993:11

2.3 Compensation

Compensation serves as a check on the labor force's energy or service use. Compensation is the whole package that a company gives its employees in exchange for using its labor force. Werther and Davis (1996: 379) describe remuneration as the benefits that employees get in return for their contributions to the company. There is a system of incentives in compensation that connects pay to output. According to Werther and Davis (1996), remuneration is given to employees based on their performance rather than their seniority or the amount of hours they have worked.

According to Martoyo (2007), compensation is the total plan for giving employers and employees payment, either directly (financially) or indirectly (non-financially) in the form of money. In a similar vein, Hasibuan (2012) defines compensation as all income in the form of money, direct or indirect goods received by employees as compensation for services provided to the company. Sastrohadiwiryo (2015) stated that compensation is compensation for services or remuneration provided by an organization to its workers because these workers have contributed energy and thoughts to the progress of the organization to achieve the goals that have been set.

Employee compensation may take many forms, including cash or other items like salary, wages, bonuses, incentives, awards, or prizes, as well as benefits like health, holiday, food, and leave allowances. Employee remuneration may take the form of cash or other benefits like salaries, wages, bonuses, incentives, prizes, or allowances. Additionally, as per Mathis and

Jackson (2009: 419), defining compensation is a crucial element that impacts the reasons and methods by which individuals choose to work in a particular organization over another "so compensation is given to employees as a reward for the work and responsibilities given by the company."Another theory states that "employee compensation is every form of payment or reward given to employees and arises from employing the employee" (Garry Dessler, 2013: 185). Therefore, compensation is defined as any income received by employees in the form of cash or indirect goods in exchange for the services rendered by the company.

Of the many, we must look into the many expert viewpoints that state that job happiness and remuneration are correlated with each other and with employee performance in a horizontal manner.

2.3.1 Dimensions-Indicators Compensation

When they fall under the purview of financial compensation, the dimensions and indications of compensation take the shape of salaries, bonuses, and wages and comply with the rules. In addition to the monetary form, there are non-monetary forms as well, such as insurance, allowances, and so on. Every business uses a distinct set of criteria for paying its workers. Veitzal Rivai (2011:357) asserts that compensation has two (two) aspects, namely:

1. Direct monetary compensation in the following forms:
   a. Wages
      Pay is compensation in the form of money that an employee receives for his efforts and ideas toward accomplishing company objectives. It can also be understood as a set amount of money that an individual receives as part of their employment with the company.
   b. Bonus
      A bonus is an upfront payment made in exchange for exceeding work objectives or, if a target is not met, money paid as compensation for the job completed. An employee who receives a bonus is additionally compensated above their base pay. Bonuses can also be given as a way to express gratitude for the accomplishments the company has set goals.
   c. Incentive
      Employees receive incentives when their performance meets or surpasses certain benchmarks. Beyond wages and salaries, which are set compensation, incentives are another type of direct payment; this type of compensation is known as performance-based compensation (pay for performance plan).   Rewards called incentives are assigned to members of a group based on how differently they do their tasks.

2. Indirect financial compensation
      To increase employee well-being, additional remuneration is given depending on corporate policy toward all employees. Extra pay consists of:
      a. Insurances (BPJS Health or Private Health Insurance)
      b. Allowances (transportation allowance, housing allowance, etc.)
      c. Retirement Benefits (BPJS Pension and Severance Pay)
      d. Benefits for the birth of a child
      e. Benefits for Death and Work Accidents
      f. Etc

2.4 Job Satisfaction

Since job satisfaction has a significant impact on organizational outcomes including employee performance and productivity, absenteeism, and turnover, it is one of the top issues for businesses (Onukwube, 2012). Because they are content, the majority of employees are proud of the variety of their employment. When their company meets their requirements, even workers exhibit high levels of job satisfaction and minimal inclinations to leave (Bright, 2008).

According to Steve M. Jex (2004), "the level of positive affection an employee has towards work and work situations" is the definition of job satisfaction. An employee's attitude toward his work is always correlated with his level of job satisfaction. This mindset manifests in both behavioral and cognitive domains. An employee's views about their work and working conditions make up the cognitive component of job satisfaction. According to Weihrich and Koontz (1994), the feeling and pleasure one experiences after achieving his goals is referred to as satisfaction. In Sinambela (2012), Mitchell and Larson state that there are at least two reasons to be aware of pleasure and its effects, specifically:

1. Sourced from organizational factors, satisfaction is something that can influence work behavior, work inactivity, absenteeism, and employee turnover
2. Sourced from resources and causes of satisfaction, because satisfaction is very important for improving individual performance.

Meanwhile, to better understand job satisfaction more comprehensively, here are several expert opinions as follows:

a. According to Robbins (2003), job satisfaction is a general attitude toward one's work that demonstrates the discrepancy between the quantity of admiration received and what is appropriate.
b. Job satisfaction is described by Barbara A. Fritzsche and Tifanny J. Parrish (2005) as an emotional variable that is the outcome of an individual's work experience.
c. A person's attitude toward their work can either be favorable or negative depending on their level of job satisfaction (Greenberg and Baron, 2003).
d. An individual's ideas, feelings, and inclinations toward action that are related to their work constitute their job satisfaction (Vecchio in Sinambela, 2012).
e. According to Kreitner and Kinicki (2001), job satisfaction is an effective or emotional reaction to many aspects of employment.
f. A worker's sense of support or lack thereof regarding their situation or place of employment is referred to as job satisfaction (Mangkunegara, 2001).
g. According to Davis and Newstrom (1998), job satisfaction is a collection of workers' perceptions of how pleasurable their employment is or is not. These emotions and the other two components of employee attitude differ significantly from one another.

In addition to pay, several other factors affect how satisfied employees are with their jobs. These factors include the work environment, supervisors' attitudes and actions toward their subordinates, placement in skill-based departments, and the challenges of the job itself (Harlyanti, 2009).

Based on a multitude of expert viewpoints and prior research, it can be inferred that at its core, work satisfaction is a set of activities that play a significant role in an organization, contributing to both organizational and individual satisfaction.
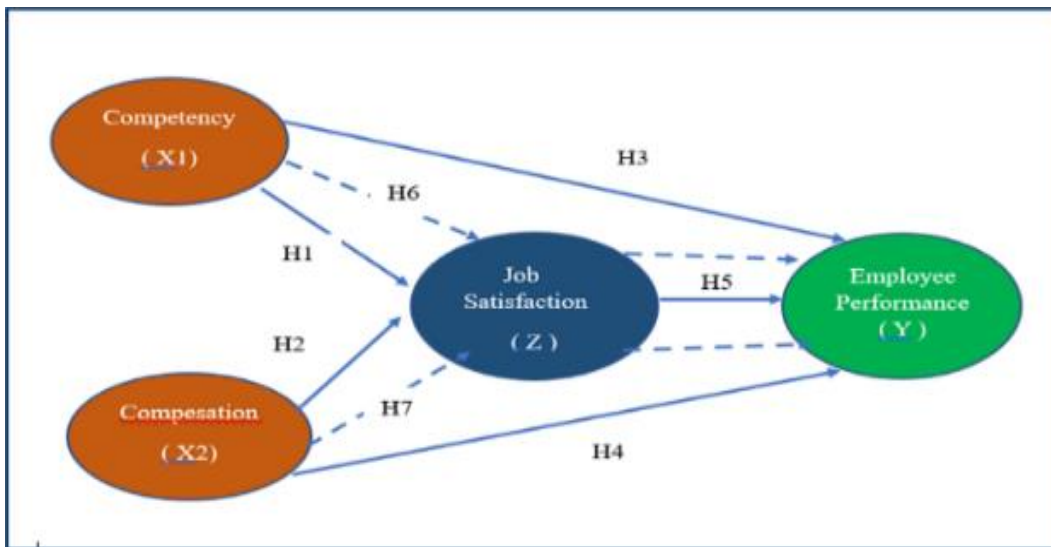
2.5 Research Model

Figure 2.4 Research model

Remarks :

X1: stands for independent variable.

X2: The independent variable

Y: stands for dependent variable.

Z: Intervening Variable (Job Satisfaction)

→ : The impact of variable X on variables Z and Y

--→ : The impact of variable Z acting as an intermediary between variables X and

   Y

2.5.1 Research Hypothesis

H1: Job satisfaction is positively correlated with competence.

H2: Job satisfaction is positively correlated with compensation.

H3: Employee performance is positively correlated with competence.

H4: Employee performance is positively correlated with compensation.

H5: Performance of employees is positively correlated with job Satisfaction.

H6: Job satisfaction functions as an intervening variable to mediate the

   positive relationship between competence and employee performance.

H7: Job satisfaction functions as an intervening variable to mediate the

   positive relationship between compensation and employee performance

3. Material and Method

Unit of Analysis and Scope of Research. As a general illustration of what will be carried out in this research, the object and target are employees with a certain level of position as Manager as listed in the table below:

Table 3.1 Composition of Target Employee Population Based on Position Level

Position	Tahun 2023
General Manager	27
Manager Operasional	9
Kordinator Proyek	33
Specialist Procurement Construction	14
Project Manager	205
Project Construction, Project Commercial, Project Engineering Project Finance (Level-2 Proyek)	672
Senior Staff3.1	210
Officer/Supervisor, Surveyor, Peralatan, Project Control, Drafter Bim Modeller, Construction Engineer, Quantity Surveyor, Cost Control Scheduler, Quality Control,Akutansi, Pajak, Keuangan, Personalia (Level-3 Proyek)	699
Junior Officer /Adminitrasi Proyek (Level-4 Proyek)	12
Jumlah/ Total	1881

Source: HRD construction services company

3.1 Design Study

This study is categorized as survey research based on the research strategy. Furthermore, this study design uses a survey to gather quantitative data.

3.1.1 Population

Sugiyono (2010: 80) states that the population in a study is a generalized region composed of objects or individuals with certain characteristics and qualities found in the research, enabling them to be analyzed and conclusions drawn. This reasoning leads one to the conclusion that the 950 manager-level project employees of PT Adhi Karya (Persero) Tbk Jakarta are the population determined for this research. These personnel will thereafter become research correspondents.

3.1.2 Sample

Sugiyono (2002) asserts that as the sample is a representation of the size and makeup of the population, it needs to be accurately representative. According to the table Isaac and Michael below, sample size is the number of samples that will be obtained from a population:

Table with Error Rates of 1%, 5%, and 10% to Determine the Number of Samples from a Specific Population

N	Siginifikasi			N	Siginifikasi		
	1%	5%	10%		1%	5%	10%
10	10	10	10	280	197	155	138
15	15	14	14	290	202	158	140
20	19	19	19	300	207	161	143
25	24	23	23	320	216	167	147
30	29	28	28	340	225	172	151
35	33	32	32	360	234	177	155
40	38	36	36	380	242	182	158
45	42	40	39	400	250	186	162
50	47	44	42	420	257	191	165
55	51	48	46	440	265	195	168
60	55	51	49	460	272	198	171
65	59	55	53	480	279	202	173
70	63	58	56	500	285	205	176
75	67	62	59	550	301	213	182
80	71	65	62	600	315	221	187
85	75	68	65	650	329	227	191
90	79	72	68	700	341	233	195
95	83	75	71	750	352	238	199
100	87	78	73	800	363	243	202
110	94	84	78	850	373	247	205
120	102	89	83	900	382	251	208
130	109	95	88	950	391	255	211
140	116	100	92				213
150	122	105	97	1100	414	265	217
160	129	110	101	1200	427	270	221
170	135	114	105	1300	440	275	224
180	142	119	108	1400	450	279	227
190	148	123	112	1500	460	283	229
200	154	127	115	1600	469	286	232
210	160	131	118	1700	477	289	234
220	165	135	122	1800	485	292	235
230	171	139	125	1900	492	294	237
240	176	142	127	2000	498	297	238
250	182	146	130	2200	510	301	241
260	187	149	133	2400	520	304	243
270	192	152	135	2600	529	307	245

Source : Sugiyono (2012)

Based on the data from Isaac and Michael's table, where the population is 950, with an error rate of 5%, the research sample size is 255 samples.

3.1.3 Method used to acquire data

The present study employed research surveys and field studies as means of data collecting. Specifically, questionnaires were distributed to eligible respondents to conduct direct research. Following the theoretical frameworks of Kotler (2019) and Wheelen (2020), the following steps were taken in the preparation of the questionnaire:
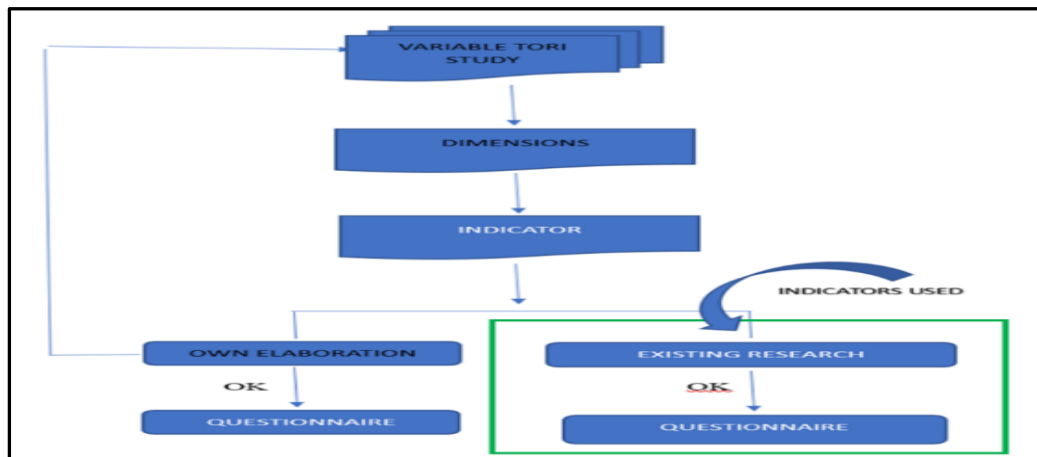

Image of Flow Chart Diagram of Stages of Preparing a Questionnaire
Source: Kotler (2019) dan Wheelen (2020)

3.2 Data Analysis

3.2.1 Measurement Scale

Level of Agreement	
Level 1	*Strikingly disagree*
Level 2	*Not in agreement*
Level 3	*Neither concur nor disagree*
Level 4	*Accepted*

| Level 5 | *Strongly concur* |

Source : Skala Likert Vaglas (2006)

3.2.2 Test of Validity

According to Ghizali (2006), a validity test gauges whether the items in the questionnaire can truly measure the things that are supposed to be measured. Comparing the overall score of the construct (indicator) or variable with the score of the question items is one way to measure validity. In conclusion, the following factors serve as the foundation for determining the validity of test results:

a. Convergent validity. Convergent validity is the value that results from factor loading on the latent variable along with its indicators. The value projected is higher than 0.7.

b. Discriminatory legitimacy. This figure, which represents the factor cross-loading value may be used to compare the loading value with another construct to the targeted construct, which must have a greater loading value to establish if the construct has a suitable discriminant.

3.2.3 Test of Reliability

The degree to which measurement findings hold when taken twice or more for the same symptom with the same measuring device is determined by reliability testing. When respondents' responses to a questionnaire remain constant or steady throughout time, it is considered dependable (Ghozali, 2006:41). In this study, the Cronbach's Alpha test was used for reliability assessment (using the Smart PLSv3.3 program). In this study, items are deemed dependable if their Alpha Cronbach value is greater than the r table.

The table r value used as a limit is 0.7 where:

a. Conbach's Alpha > 0.7 indicates that the item is deemed credible.

b. Conbach's Alpha <0.7 indicates that the item is deemed untrustworthy.

3.2.4 Structural Equation Modelling (SEM)

The responses to surveys that participants complete and provide to researchers will serve as primary data, which will then be analyzed using SmartPLS software and the Structural Equation Modeling (SEM) approach. Using a method called partial least squares (PLS) regression, one may run least squares regression on a subset of uncorrelated components, as opposed to the original data, after reducing the number of predictors to a lower number. If a variable has more predictors than data, or if predictors are very collinear, and ordinary least squares regression yields coefficients with large standard errors or fails, PLS regression can be quite helpful.

PLS analysis is a multivariate statistical method that enables comparisons between several explanatory and response variables. Often referred to as structural equation modeling or SEM, PLS is one of several covariance-based statistical techniques. Sukwika & Frasisca (2021) reiterated from Herman Wold's 1985 writings that the PLS analysis approach is regarded as a potent technique that necessitates few presumptions or criteria. Among the Partial Least Square (PLS) analytical method's significant features are the following:

a. Apart from functioning for designing models, PLS is also useful for confirming theories.

b. In contrast to SEM, PLS does not require many requirements or assumptions.

c. PLS models are divided into two categories: inner models and outer models. The degree of effect that one variable has on another is measured by the inner model for regression-related variables. Meanwhile, validity and reliability are examined using the outer model.

d. PLS uses two measurement criteria to determine whether a model is suitable: (a) outer model suitability, which takes into account the formative and reflective latent variables' validity and reliability, and (b) inner fit (inner model), which takes into account explanatory measurements of the variance of the endogenous latent variable.

3.2.5 Reasons Researchers Use SEM-PLS

The following justifies the researcher's usage of the Partial Least Square (PLS) software tool in conjunction with SEM analysis, according to the reasoning provided above:

1) The multivariate statistical approach known as PLS analysis is in line with the goals of this study area and enables you to compare multiple answer variables with multiple explanatory factors (Explanatory).
2) The PLS path analysis model is a model that can describe and involve intermediary variables, where in this research there are intervening variables, namely the job satisfaction variable.
3) Making predictions is the aim of PLS utilization. This prediction can the connections between the constructions.
4) The PLS model can also help accommodate both formative and reflective construct variables.
5) A variant-based structural equation model, the Partial Least Square (PLS) technique may explain latent variables (not directly quantifiable) and be assessed using indicators (manifest variables), which jointly entail error levels.

3.2.6 Structural Model Analysis

Three steps make up PLS analysis: 1) analysis of the outer model, 2) analysis of the inner model, and 3) testing of the hypothesis.

3.2.6.1 Outer Model Analysis

This Outer Model Analysis outlines how latent variables and their indicators relate to one another. Alternatively, it may be stated that each indicator's relationship to its hidden variable is defined by the outer model. Tests performed on the external model:

a) Validity Convergence.
   The factor loading value on the latent variable with its indications is the convergent validity value. The value anticipated is greater than 0.7
b) Validity that discriminates.
   This number, which is a factor cross-loading value can be used to compare the loading value on the targeted construct which needs to be higher than the loading value with other constructs to determine whether the construct has sufficient discriminants.

c) Composite Reliability. Data with a composite reliability of more than 0.7 are considered very reliable.
d) The extracted average variance (AVE). A value of > 0.5 is expected for AVE.
e) Alpha Cronbach. The use of Cronbach's Alpha strengthens the reliability test. For every construct, the predicted value is more than 0.7 (Ghozali, 2016). The test that was performed above looks for reflected signs on the outside model.
f) There is no multicollinearity issue because each of the VIF values in the aforementioned has an average VIF value of less than 5. Furthermore, multicollinearity issues will arise if the VIF value is greater than 5, according to the hypothesis previously mentioned.

3.2.6.2 Analysis of the Inner Model

A structural model's accuracy and robustness are checked by inner model analysis, also known as structural model analysis. Various signs indicate the inner model's evaluation, and they include: First, the Goodness of Fit Index (GoF), followed by the Coefficient of Determination (R^2) and Predictive Relevance (Q^2).

3.2.6.3 Testing of Hypotheses

The t statistic and the probability value are examined throughout the hypothesis testing process. For probability values, the p-value with an alpha of 5% is less than 0.05. 1.96 is the t-table value at 5% alpha. Therefore, when the t-statistic $>$ t-table, the hypothesis is accepted.

Testing of Theories PLS is frequently employed in the approach to explanatory research techniques. This is so because a step in this procedure is hypothesis testing. According to Wijayanto (2008), the probability value and t-statistic value may be used to determine the results of hypothesis testing. Using statistical data, the t-statistic value for alpha 5% is 1.96 to test the hypothesis. Therefore, when the t-statistic is greater than 1.96, H1 is accepted and H0 is rejected, depending on the criterion for accepting or rejecting the hypothesis. Using probability to reject or accept the hypothesis, H1 is accepted if the p-value is less than 0.05.

4. Result

The steps in the analysis involve testing the data, which includes the following: descriptive analysis, hypothesis testing, inner model testing (coefficient of determination, predictive relevance, goodness of fit index), and outer model testing (convergent validity, discriminant validity, construct reliability and validity, unidimensionality, and Colinearity Statistics).

4.1 Analysis Unit Description

Table 4.1 Descriptive Statistics of Respondent Demographics

Skale of Nominal	Description	Frekwensi	
		Absolut	%
Male		208	81,6
Female	Gender	47	18,4

Skale of Nominal	Description	Frekwensi	
		Absolut	**%**
Service of Construction & Manager	Type of Company & Position	240	94,1
Non-Service of Construction & Non Manager		15	5,9
Permanent Employee	Staff /Non Staff	167	65,5
Non Permanent Employee		88	34,5
26-30	Years Old	44	17,3
31-35		42	16,5
36-40		29	11,4
41-45		39	15,3
46-50		39	15,3
50-55		62	24,3
SMA / SMK	Education	37	14,5
D1-D3		29	11,4
D4-S1		151	59,2
S2-S3		38	14,9
0-1 year	Time of Work	11	4,3
1-3 year		34	13,3
>3 year		210	82,4

Sumber : Hasil Pengelolahan Data (2023)

4.2 Outer Model Analysis (Reflective Indicators)

Table 4.2: Construct Validity and Reliability Results

Variable	Cronbach's Alpha CA	Rho_A	Composite Reliability CR	Average Variance Extracted AVE
X1_ Competency	0.970	0.970	0.972	0.661
X2_ Compensation	0.951	0.952	0.957	0.650

Y_Performance_Employee	0.936	0.942	0.946	0.636
Z_ Job Satisfaction	0.932	0.933	0.943	0.648

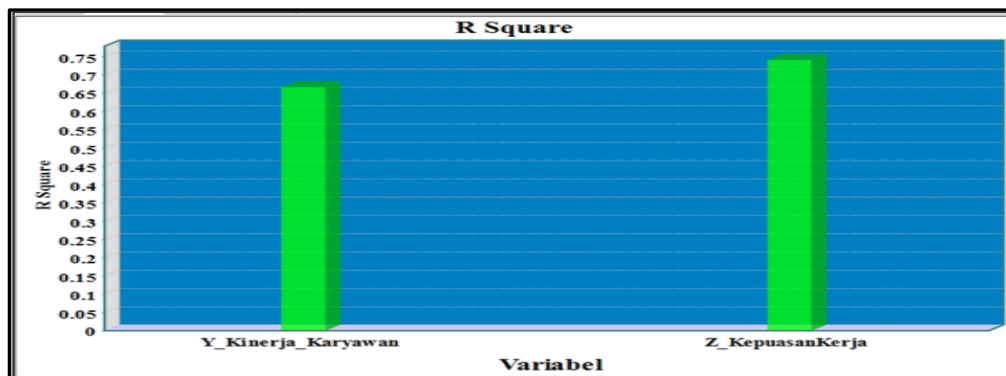Source: Data that researchers have analyzed (2023)

a. Combined Reliability. High-reliability data have a composite reliability of more than 0.7. (Table 4.2)

b. The Extracted Average Variance (AVE). A value of >0.5 is anticipated for AVE. (Table 4.2)

c. Cronbach Alpha. Cronbach's Alpha is used to reinforce the dependability test. Expected value >0.7 for every construct. (Table 4.2)

d. Unidimensionality of the model. The purpose of the unidimensionality test is to confirm that the measurement is error-free. Cronbach's alpha and composite reliability indicators were used in the unidimensionality test. The cut-value for these two indicators is 0.7.

4.3 Inner Model Analysis

1. Coefficient of Determination (R^2)

The predicted range for the coefficient of determination (R Square) value is 0 to 1. According to Sarstedt et al. (2017), the model is strong since the R Square value is between 0.67 and 0.75.

R^2

Figure Bar chart of R^2
Source: Data that researchers have analyzed (2023)

F^2

The effect size, also known as F Square, represents the strength of the relationship between variables (Wong, 2013). F Square values larger than or equal to 0.35 are classified as big, larger than or equal to 0.02 is classified as small, and medium is defined as more than or equal to 0.15. Values below 0.02 can be disregarded or thought to be insignificant (Stastedt et al, 2017).

Table 4.3 Result of F Square

	X1_ Competency	X2_ Compensation	Y_Performance_Employee	Z_ Job Satisfaction
X1_ Competency			0.499	0.234
X1_ Competency _			0.039	0.836
Y_Performance_Employee				
Z_ Job Satisfaction			0.005	

Source: Data that researchers have analyzed (2023)

Direct Effect

Table 4.4: Path Coefficient Results

	X1_ Competency	X2_ Compensation	Y_Performance_Employee	Z_ Job Satisfaction
X1_ Competency			0.598	0.324
X1_ Competency _			0.203	0.614
Y_Performance_Employee				
Z_ Job Satisfaction			0.084	

Source: Data that researchers have analyzed (2023)

Indirect Effect

Table 4.5: Indirect Effect Outcome

	X1_ Competency	X2_ Compensation	Y_Performance_Employee	Z_ Job Satisfaction
X1_ Competency			0.027	
X1_ Competency _			0.052	
Y_Performance_Employee				
Z_ Job Satisfaction				

Source: Data that researchers have analyzed (2023)

Total Effect

Table 4.6: Overall Effect Results

	X1_ Competency	X2_ Compensation	Y_Performance_Employee	Z_ Job Satisfaction
X1_ Competency			0.626	0.324
X1_ Competency			0.255	0.614
Y_Performance_Employee				
Z_ Job Satisfaction			0.084	

Source: Data that researchers have analyzed (2023)

2. Predictive Relevance (Q^2) Smart PLS Blind Folding

Table 4.7 Result of Q^2

	SSO	SSE	Q² (=1-SSE/SSO)
X1_ Competency	4590	4590	
X1_ Competency _	3060	3060	
Y_Performance_Employee	2550	1505.294	0.410
Z_ Job Satisfaction	2295	1210.661	0.472

Source: Data that researchers have analyzed (2023)

All Q2 values > 0, which indicates that the observation values were good, were discovered based on the data processing findings.

3. Goodness of Fit Index (GoF)

Table 4.8 Result of GoF

	Saturated Model	Estimated Model	Result	Remark
SRMR	0.061	0.061	< 0.08	accepted
d_ULS	4.575	4.575		
d_G	2.742	2.742		
Chi-Square	3446.995	3446.995		
NFI	0.740	0.740	> 0.9	Not accepted

Rms Theta		0.125	Equivalent 0	accepted

4. Collinearity Statistics (VIF)

Table 4.9 Result of GoF

	X1_ Competency	X2_ Compensation	Y_Performance_Employee	Z_ Job Satisfaction
X1_ Competency			2.148	1.741
X1_ Competency _			3.197	1.741
Y_Performance_Employee				
Z_ Job Satisfaction			3.867	

Source: Data that researchers have analyzed (2023)

There is no multicollinearity issue because each of the VIF values in the aforementioned table has an average VIF value of less than 5. Furthermore, multicollinearity issues will arise if the VIF value is greater than 5, according to the hypothesis previously mentioned.

4.4 Hypothesis Test
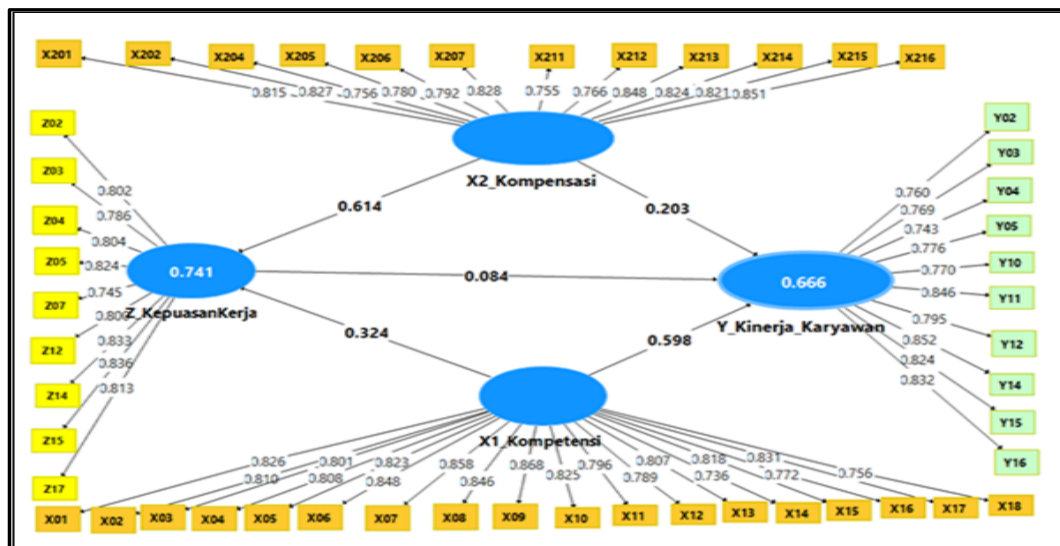
Figure Diagram Model of Data Processing Results with Smartpls
Source: Data that researchers have analyzed (2023)

A. Analysis of Results from Hypothesis Testing (Bootstrapping)

Table 4.10 Summary of Hypothesis Testing Results (Path Coefficients) using Boottrapting

No	Hypothesis	Original Sample (O)	Standard Deviation (STDEV)	T Statistics (IO/STDEV	P Values	Result	Conclusion
A	Competency→Job Satisfaction (H1)	0.324	0.051	6.329	0.000	Significant	H1: Accepted H0: Not Accepted
B	Compensation→Job Satisfaction (H2)	0.614	0.046	13.430	0.000	Significant	H1: Accepted H0: Not Accepted
C	Competency→ Performance of Employee (H3)	0.598	0.053	11.227	0.000	Significant	H1: Accepted H0: Not Accepted
D	Compensation→ Performance of Employee (H4)	0.203	0.076	2.665	0.008	Significant	H1: Accepted H0: Not Accepted
E	Jobsatisfaction→ Performance of Employee (H5)	0.084	0.106	0.791	0.430	Not Significant	H1: Not Accepted H0: Accepted

Source: Data that researchers have analyzed (2023)

H1: Job Satisfaction is positively correlated with Competence

The analysis's findings using clever PLS software According to **Table 4.10 (A),** the original sample coefficient is 0.324 (positive) directly with a t stat value = 6.329> t table = 1.96 and a prob.value/2 = 0.000 <0.05. This indicates that there is a significant relationship between competency and job satisfaction, with competence having a positive effect of 32.4% on job satisfaction. Therefore, it is possible to adopt the alternative hypothesis, which claims that competence positively affects job satisfaction.

H2: Job satisfaction is positively correlated with compensation.

There is a significant relationship between compensation and job satisfaction, as evidenced by **Table 4.10 (B)**, which presents the analysis using smart PLS software. The original sample coefficient is 0.614 (positive) directly, with a t stat value = 13.430 > t table = 1.96 and a prob.value/2 = 0.000> 0.05. This means that compensation has a positive effect on job satisfaction of 61.4%. Consequently, it is possible to adopt the alternative hypothesis, which claims that compensation positively affects job satisfaction.

H3: Employee performance is positively correlated with competence

The analysis's outcomes using the smartPLS program There is a significant relationship between employee competence and performance, as demonstrated by **Table 4.10 (C)**, which shows that the original sample coefficient is 0.598 (positive) directly with a t stat value = 11.227 > t table = 1.96 and a prob.value/2 = 0.000 <0.05. This means that competence has a positive effect on job satisfaction of 59.8%. The alternative theory, according to which competence improves employee performance, can thus be adopted.

H4: Employee performance is positively correlated with compensation

The analysis's findings using the smartPLS program **Table 4.10 (D)** indicate that the original sample coefficient is 0.203 (positive), directly with a t stat value = 2.665 > t table = 1.96 and a prob.value/2 = 0.008 < 0.05. This means that there is a significant influence between employee performance and compensation, with compensation having a positive effect of 20.3% on employee performance. Therefore, it is possible to adopt the alternative hypothesis, which claims that employee performance is positively impacted by compensation.

H5: The performance of employees is positively correlated with job satisfaction

The analysis's findings using smartPLS software According to **Table 4.10 (E)**, the original sample coefficient is 0.084 (positive) directly, indicating no significant impact, with a t stat value of 0.791 < t table = 1.9764 and a prob.value/2 = 0.430 > 0.05 value. Therefore, it is not possible to adopt the alternative hypothesis, which claims that job satisfaction improves employee performance.

B. Analysis of Hypothesis Testing Results (Bootstrapping) For Intervening Variable

Table 4.11 Results of Total Indirect Effect on Intervening Variables using Bootstrapping

No	Hypothesis	Original Sample (O)	Standard Deviation (STDEV)	T Statistics (IO/STDEV	P Values	Result	Conclusion
F	Kompetensi→ Kinerja karyawan (H6)	0.027	0.036	0.768	0.443	Not Significant	H1: Not Accepted H0: Accepted
G	Kompensasi→ Kinerja	0.052	0.066	0.768	0.443	Not	H1: Not Accepted

No	Hypothesis	Original Sample (O)	Standard Deviation (STDEV)	T Statistics (IO/STDEV	P Values	Result	Conclusion
	Karyawan (H7)					Significant	H0: Accepted

H6: Employee job satisfaction functions as an intervening variable to mediate the

positive relationship between competence and employee performance

The analysis using the smartPLS software's findings A t stat value of 0.768 < t table = 1.9764 and a prob.value/2 = 0.443 > 0.05 value indicate that the original sample coefficient is 0.027 (positive) directly, indicating that no significant impact is present. This information is shown in **Table 4.11 (F)**. Because job satisfaction acts as an intervening variable, the alternative hypothesis which claims that competence has a positive impact on employee performance cannot be accepted.

H7: Employee job satisfaction functions as an intervening variable to mediate the

positive relationship between compensation and employee performance

The analysis's outcomes using the smartPLS program With a t stat value = 0.784 < t table = 1.9764 and a prob.value/2 = 0.433 > 0.05 value, **Table 4.11 (G)** demonstrates that the original sample coefficient is 0.052 (positive) directly, indicating that there is no significant impact. Therefore, the alternative hypothesis which holds that job satisfaction serves as an intermediary variable and that compensation influences employee performance favorably cannot be adopted.

5. Discussion

In this study, the measurement model analysis results demonstrate that every variable satisfies the validity and reliability criteria. Meanwhile, the structural model analysis reveals that the first hypothesis (H1➔ t stat value = 6.329>t table = 1.96 and prob.value/2 = 0.000 <0.05) holds. This indicates that higher employee competence will lead to higher customer satisfaction figures in annual results. And this directly affects the income results (Revenue), which will increase. This statement was expressed by Armstrong (1994) in explaining that competence is the behavioral dimension of a behavioral role that is required for a person to carry out work satisfactorily with good competence, so these responsibilities can be resolved.

The second hypothesis (H2➔ t stat value = 13,430 > t table = 1.96 and prob.value/2=0.000>0.05) claims the following. This demonstrates that PT employees' job satisfaction increases with higher and more appropriate compensation. Adhi Karya (Pesero) Inc. Additionally, this has a direct impact on workers' rising well-being. In addition, Wayne (Mangkuprawira, 2002) states that incentives to encourage hard work among staff members to attain high productivity and elevated customer happiness are included, along with direct monetary rewards and indirect payments in the form of employee perks.

(H3→ t stat value = 11.227 > t table = 1.96 and prob.value/2=0.000<0.05) states the third hypothesis. This demonstrates that employee performance metrics will rise in proportion to the better and more relevant abilities that people possess. And this has a direct impact on work outcomes to raise and meet goals. Another supporting theory was also proposed by Spencer & Spencer (1993), who defined competence as the fundamental qualities of a person that have a causal relationship or act as a cause and effect with the specified criteria. Competence is also related to an individual's effectiveness in performing his or her work. utilized as a model for efficient, outstanding, or exceptional performance in the workplace or under particular circumstances.

The fourth hypothesis (H4→ t stat value = 2.665 > t table = 1.96 and prob.value/2 = 0.008 < 0.05) is also included. This demonstrates that higher employee performance is correlated with more suitable employee compensation. Additionally, this has a direct impact on better employment outcomes and well-being. (Yuniarsih, 2009: 127) asserts that there is a favorable correlation between employee performance and compensation.

The fifth hypothesis (H5→ t stat value = 0.791 < t table = 1.9764 and prob.value/2 = 0.430 > 0.05) is being considered. This demonstrates that the metrics for job satisfaction are insufficient to account for their impact on worker productivity. It is evident from this that staff members believe that managers are satisfied with how well their staff members have performed. The findings of Windayanti (2018) indicate that employee performance factors are significantly impacted by motivation and leadership, but not by the job satisfaction variable.

Hypothesis (H6: t stat value = 0.768 < t table = 1.9764 and prob.value/2 = 0.443 > 0.05) This demonstrates how the impact on employee performance, which is mediated by work happiness, cannot be explained by the competency metrics. This demonstrates how workers believe their managers have recognized their good performance-related ability. Based on study findings, Atika Fitri (2021) demonstrates that job satisfaction acts as a mediator between competency and employee performance, with the former having no influence and the latter being irrelevant.

Furthermore, the hypothesis (H7→ t stat value = 0.784 < t table = 1.9764 and prob.value/2 = 0.433 > 0.05) is supported. This proves that the compensation measurements are unable to account for the influence on worker performance, which is mediated by job satisfaction. This shows that employees think the CEO has fairly rewarded their performance. According to Andre Kurniawan Kristi (2017), job satisfaction does not directly correlate with compensation in terms of performance.

6. Conclusion, Implication, and Recommendation

The organization's goal of increasing employee performance will be achieved by requiring proper synchronization with increasing compensation for employees. This will provide an increase in employee performance. Regarding this, executives who decide how much to pay their staff members must consider their competency. The performance of a company may be enhanced by managing people's skills in line with their job descriptions. Concerning this, leaders in efforts to provide high-quality, competent employees, and organizations with an interest in coaching and training employees must follow the job description of each employee.

Competency and compensation play an employee role in influencing how well the organization operates to meet the desires and interests of stakeholders in improving employee performance and company performance without harming employees.

1. Competence must make organizational benchmarks a priority in implementing, improving, and effectively implementing organizational performance upholding fairness in the appropriateness of rewards and reflecting the code of ethics and regulations.
2. Organizations in the construction services sector must make companies that are different in terms of competence and compensation an initial priority in competing and succeeding in the market in their field.
3. The organization must maintain balance and be precise in the application of compensation within the Company, to make employees more loyal, increase performance, and customer satisfaction and become trustworthy.

7. Limitation

Only one state-owned business, PT Adhi Karya (Persero) Tbk, which provides construction services, was the site of this study. And it is possible that if the scope were expanded to more construction service companies in both the government and private sectors, the results would be different.

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