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# **Analysis of the Impact of Competence on Performance through Work Motivation of Employees of Medium-Scale Media Companies in Jakarta Indonesia**

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**Abstract** This study aimed to analyze the direct effect of competence on employee performance, competence on work motivation, work motivation on employee performance, and the indirect effect of competence through work motivation on employee performance. This research was conducted in Jakarta, Indonesia. This research was a descriptive study. The research sample amounted to 99 employees of the human resource department. The data analysis method utilized Structural Equation Modeling (SEM) with the Smart PLS application. The results showed that competence has a positive and insignificant effect on employee performance. Furthermore, competence has a positive and significant effect on work motivation. Work motivation has a positive and significant effect on employee performance. The results of the indirect effect test indicated that competence has a positive and significant effect on employee performance through work motivation. The implication of this research is that enhancing employee competence require support from the company by increasing work motivation. Activities that can be conducted is a training in accordance with the needs of the daily task.

**Keywords:** COMPETENCE, WORK MOTIVATION, EMPLOYEE PERFORMANCE, MEDIUM-SCALE MEDIA COMPANIES

## **1. Introduction**

Every public service activity and government organization requires competent human resources. This involves workforce readiness, workforce numbers, education, skills and professionalism. Education has an important role in developing the quality of human resources. Through education, it is believed that it will be able to change the mindset of the community and bring change and progress to a nation. (Gultom et al., 2022). Based on interviews with several human resource managers and observations of recruitment announcements in print or electronic media from medium-sized companies in Jakarta Indonesia, there are 493 companies (<https://www.inkindo-dki.org/anggota>) still seems to pay less attention to competencies for the company's employee recruitment requirements so that this really requires work motivation in an effort to improve employee performance in achieving company goals.

Competence is one of the things that must be owned by human resources because it relates to a person's ability to do a job. The high performance culture can be created through competence because it can help achieve organizational goals. Competence is the skills and knowledge possessed by someone characterized by professionalism in a particular field. Employee performance can be improved through the provision of work motivation which is the power a person has to achieve something desired. Employee work motivation can determine the size of a person's performance.

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Mangkunegara (2007) in (Aprilia et al., 2019) declared that a person's performance is influenced by competence and motivation factors. Adequate competence for certain positions can make it easier for employees to achieve the expected performance, while motivation is formed from the attitude of employees in dealing with work situations that can move employees to achieve company goals. When a new company is established, due to resource constraints, managers must make a conscious decision to develop certain competencies and not others. To have all the competencies needed to be successful, companies seek strategic alliances and leverage the competencies of their partner companies (Rajendran Pandian & McKiernan, 2005).

In accordance with the introduction above, the problem formulations in this study are:

1. How is the direct effect of competence on employee performance of medium-scale media companies in Jakarta Indonesia?
2. How is the direct effect of competence on work motivation of employees of medium-scale media companies in Jakarta Indonesia?
3. How is the direct effect of work motivation on employee performance of medium-scale media companies in Jakarta Indonesia?
4. How is the indirect effect of competence through work motivation on employee performance of medium-scale media companies in Jakarta Indonesia?

The objectives of this study were:

1. To analyze the direct effect of competence on employee performance of medium-scale media companies in Jakarta Indonesia.
2. To analyze the direct effect of competence on work motivation of employees of medium-scale media companies in Jakarta Indonesia.
3. To analyze the direct effect of work motivation on employee performance of medium-scale media companies in Jakarta Indonesia.
4. To analyze the indirect effect of competence through work motivation on employee performance of medium-sized companies in Jakarta Indonesia.

## **2. Literature Review**

### **2.1 Competency**

Spreitzer (1995) in (Chuang et al., 2019) reported that competence is equivalent to self-efficacy which means employees believe they have the ability to complete their tasks with skill. Bandura (1989) in (Chuang et al., 2019) establishes that competence is akin to confidence, mastery or anticipation of performance with effort. Competence according to Palan in (Fahmi, 2018) i.e. to fill a position, it is necessary to consider the basic characteristics that an individual has that are related to cause and effect. Competence consists of five types of characteristics, namely motives (consistent willingness and cause of action), innate factors (consistent character and response), self-concept (self-image), knowledge (information in a particular field) and skills (ability to carry out tasks). Competency indicators according to Romberg in (Hartanti, 2018) namely work experience, educational background, knowledge and skills.

### **2.2 Work Motivation**

Work motivation is defined as the desire to influence others, have influence, be powerful, and direct others (McClelland & Burnham, 1976) in (Dipboye, 2018). Mostly motivation is a state consisting of cognitive, behavioral, and emotional processes that mediate work situations and responses to these situations (Dipboye, 2018). According to (Fahmi, 2018) motivation is a driving force from within an individual to carry out certain activities in achieving a goal. Motivation is defined as a force that arises from within or outside a person and arouses enthusiasm and perseverance to achieve something desired. (Daft, 2010). Indicators to measure work motivation according to (Syahyuti, 2010) namely the drive to achieve goals, work enthusiasm, initiative, creativity and a sense of responsibility.

### **2.3 Employee Performance**

(Abdelwahed et al., 2022) states that performance is a regular identification of a person that leads to higher values in an organization. Moehariono (2012) in (Rambe et al., 2020) states that performance is a description of the level of achievement of the implementation of an activity or policy as outlined through the strategic planning of an organization to realize the goals, objectives, vision and mission of the organization. For an organization, excellent employee performance is the main goal. (Andriyanty et al., 2021). An employee's performance is always equated with task achievement, where employees at work must be in accordance with the organization's work program to show the level of organizational performance in achieving the organization's vision, mission and goals. According to (Bangun, 2012) said that there are several indicators that affect employee performance, namely the amount of work, quality of work, punctuality, attendance and cooperation skills.

The hypotheses proposed by this study are as follows:

H1: Competence has a positive and significant effect on employee performance.

H2: Competence has a positive and significant effect on work motivation.

H3: Work motivation has a positive and significant effect on employee performance.

H4: Competence has a positive and significant effect on employee performance through work motivation.

### 3. Research Method

The research was conducted in January 2023. The research was conducted in medium-sized companies in Jakarta Indonesia. This study uses Structural Equation Modeling (SEM) data analysis with the SmartPLS application. The population in this study were Human Resources managers who worked in medium-sized companies in Jakarta Indonesia with a sample of 99 respondents. The sampling technique used non-random sampling with purposive sampling method. The data collection method is through a questionnaire. The scale used in this study uses a Likert scale. The data was processed and analyzed using Microsoft Excel and Smart PLS.

### 4. Result and Discussion

Before analyzing the path model and hypothesis testing, validity and reliability tests were carried out on each question item using the Smart PLS software. According to (Wati, 2018) Individual reflexive measures are said to be valid if they have a loading value ( $\alpha$ ) with the latent variable to be measured  $\geq 0.5$ . In research, a variable is said to be sufficiently reliable if the variable has a construct reliability greater than 0.6.

### 5. Validity Test

**Table 1. Validity test result**

Variables	Indicator	Loading	T-statistics			Decision
			Competency	Work Motivation	Employee Performance	
Competency	X1.1	0.719	6.972			Valid
	X1.2	0.737	9.779			Valid
	X1.3	0.881	17.318			Valid
	X1.4	0.770	21.312			Valid
Work Motivation	X2.1	0.609		7.068		Valid
	X2.2	0.794		16.174		Valid
	X2.3	0.905		39.787		Valid
	X2.4	0.726		7.872		Valid
	X2.5	0.882		32.991		Valid
Employee Performance	Y.1	0.879			22.943	Valid
	Y.2	0.884			22.503	Valid
	Y.3	0.898			28.468	Valid
	Y.4	0.727			11.882	Valid
	Y.5	0.888			23.511	Valid

Source: Primary data processed, 2023

Based on the output results above, factor loading has met convergent validity, namely the indicator value is above 0.5.

### 6. Reliability Test

**Table 2. Reliability test result**

Variables	AVE	Composite Reliability	Cronbach's Alpha
Competency	0.607	0.860	0.786
Work Motivation	0.625	0.891	0.844
Employee Performance	0.736	0.933	0.909

Source: Primary data processed, 2023

Based on the output results above, it can be concluded that the competency, work motivation and employee performance variables have a composite reliability above 0.8 and Cronbach's alpha above 0.7 so it can be concluded that the indicators used by each variable have good reliability or are able to measure their constructs. The Average Variance Extracted

(AVE) value of the competency, work motivation and employee performance variables is above 0.5, so the three variables have high discriminant validity.

### **Inner Model (Goodness of Fit Model) ( $R^2$ )**

Evaluation of Goodness of Fit Model is measured using the predictive relevance value ( $Q^2$ ). The  $Q^2$  value is calculated using the following formula:

$$\begin{aligned} Q^2 &= 1 - (1 - R^2_1)(1 - R^2_2) \\ &= 1 - (1 - 0.497)(1 - 0.725) \\ &= 1 - (0.503)(0.275) \\ &= 1 - 0.138 \\ &= 0.862 \end{aligned}$$

**Table 3. R Square results**

Variables	R Square
Work Motivation	0.497
Employee Performance	0.725
Predictive Relevance ( $Q^2$ )	0.862

Source: Primary data processed, 2023

Based on the research model above, the value ( $R^2$ ) of the work motivation variable is 0.497, which means that this value indicates that work motivation can be explained by the competency variable by 49.7% while the remaining 50.3% is influenced by other variables not contained in the study and the employee performance variable is 0.725, which means that this value indicates that variations in employee performance can be explained by competency and work motivation variables by 72.5% while the remaining 27.5% is influenced by other variables not contained in the research model. While the predictive relevance value for the structure model in this study is 0.862 or 86.2%, meaning that the model is able to explain the phenomenon of employee performance associated with several variables, namely competence and work motivation. Therefore the model can be said to be very good or the model has very good predictive value. In the end, the model can be used for hypothesis testing.

## **7. Hypothesis Testing**

**Table 4. Hypothesis testing**

Path	Parameter Coefficients	T Statistic	P Value	Decision
Competency => Employee Performance	0.133	1.721	0.088	insignificant
Competency => Work Motivation	0.705	10.813	0.000	Significant
Work Motivation => Employee Performance	0.753	12.673	0.000	Significant
Competency => Employee Performance mediated by Work Motivation	0.530	9.688	0.000	Significant

Source: Primary data processed, 2023

The effect of the relationship between variables in the table above can be explained as follows:

1. The path parameter coefficient obtained from the effect of competency variables on employee performance is 0.133 with a t-statistic value of  $1.721 < 1.96$  at the significance level  $\alpha = 0.05$  (5%) which states that there is a positive and insignificant influence between competence on employee performance. The value of 0.133 in the parameter coefficient means that the better the competence, the more employee performance will increase but the effect is not significant. The results of this study do not support the first research hypothesis, where there is a positive and insignificant influence between competence on employee performance. In practice, managers and organizations should invest more resources to develop employees' work competencies. For example, organizations can conduct training programs that focus on employee job skills to improve employees' ability to solve problems at work. When employees encounter difficult tasks that they solve. In addition, leaders or managers can praise subordinates in some practical aspects of their performance. thus strengthening their work competence.
2. The path parameter coefficient obtained from the effect of competency variables on work motivation is 0.705 with a t-statistic value of  $10.813 > 1.96$  at the significance level  $\alpha = 0.05$  (5%) which states that there is a positive and significant influence between competence on work motivation. The value of 0.705 in the parameter coefficient

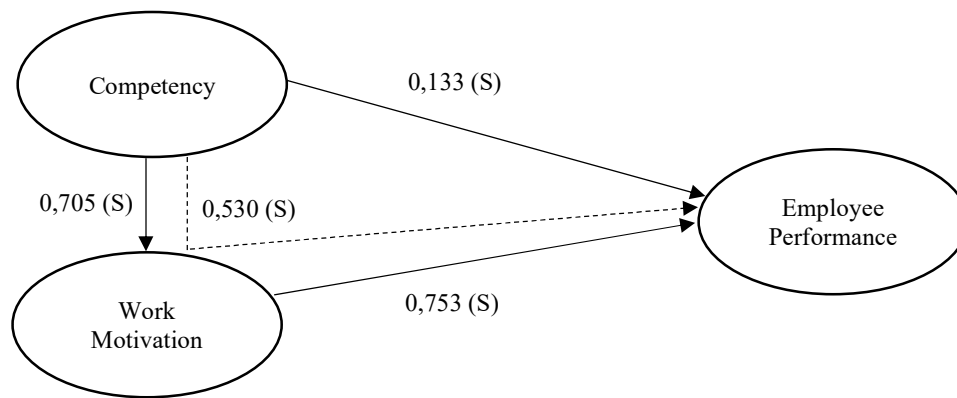
means that the better the competence, the more work motivation will increase and this supports the second research hypothesis, where there is a positive and significant influence between competence on work motivation.

From the test results it was found that competence has an influence on employee work motivation, based on this condition the company needs to pay attention to the suitability of employee competence to be comfortable to carry out the assigned work tasks and realize employee work motivation.

3. The path parameter coefficient obtained from the effect of work motivation variables on employee performance is 0.753 with a t-statistic value of 12.673 > 1.96 at the significance level  $\alpha = 0.05$  (5%) which states that there is a positive and significant influence between work motivation on employee performance. The value of 0.753 in the parameter coefficient means that the better the work motivation, the more employee performance will increase and this supports the third research hypothesis, where there is a positive and significant influence between work motivation on employee performance.

These results show that the role of motivation is a supporting factor in an organization or company to improve employee performance.

4. The path parameter coefficient obtained from the effect of competency variables on employee performance through work motivation is 0.530 with a t-statistic value of 9.688 > 1.96 at the significance level  $\alpha = 0.05$  (5%) which states that there is a positive and significant influence between competence on employee performance through work motivation. The value of 0.530 in the parameter coefficient means that the better the competence, the more employee performance will increase through work motivation and this supports the fourth research hypothesis, where there is a positive and significant influence between competence on employee performance through work motivation.



**Figure 1. Research Path Diagram Model**

Source: Primary data processed, 2023

Based on the research path diagram above, it is then translated into the following equation:

$$WM = 0.705 C + e$$

$$EP = 0.133 C + 0.753 WM + 0.530 CWM + e$$

Note:

C : Competency

WM : Work Motivation

EP : Employee Performance

CWM : Intervening Work Motivation

e : Error

In the research model, the effect of competence on employee performance has a smaller coefficient value when compared to the coefficient of work motivation parameters, meaning that work motivation has more effect on employee performance than competence.

## 8. SEM-PLS Mediation Testing with VAF method

Variance Accounted for (VAF) is a measure of how much the mediating variable is able to absorb the previously significant direct effect of the model without mediation. If the VAF value is above 80%, it indicates the role of the mediating variable as full mediation. If the VAF is between 20%-80%, it can be categorized as partial mediation. However, if the VAF is less than 20%, the researcher can conclude that there is almost no mediation effect. (Hair *et. al.*, 2011 in (Wati, 2018)).

$$VAF = \text{Indirect effect}$$

$$\text{VAF} = \frac{\text{Total effect}}{0.530 + 0.133}$$

$$\text{VAF} = 0.799$$

Based on the above calculations, the VAF value for work motivation variables as a mediator between competence and employee performance is 0.799 or 79.9%. Based on the VAF value, it can be interpreted that work motivation is needed as a partial mediator between competence and employee performance for medium-sized companies in Jakarta Indonesia.

## 9. Conclusion and Recommendation

### Conclusions

Based on the results of research and discussion conducted by the author, the following conclusions can be drawn:

1. The path parameter coefficient of the effect of competency variables on employee performance is 0.133 with a t-statistic value of  $1.721 < 1.96$ , meaning that there is a positive and insignificant influence between competences on employee performance.
2. The path parameter coefficient of the effect of competency variables on work motivation is 0.705 with a t-statistic value of  $10.813 > 1.96$ , meaning that there is a positive and significant influence between competences on work motivation.
3. The path parameter coefficient of work motivation variables on employee performance is 0.753 with a t-statistic value of  $12.673 > 1.96$ , meaning that there is a positive and significant influence between work motivations on employee performance.
4. The path parameter coefficient of the effect of competency variables on employee performance through work motivation is 0.530 with a t-statistic value of  $9.688 > 1.96$ , meaning that there is a positive and significant influence between competences on employee performance through work motivation.
5. The results of the VAF calculation for work motivation variables as a mediator between competence and employee performance amounted to 0.799 or 79.9%, meaning that work motivation variables can be categorized as partial mediation.

### 10. Recommendations

Based on the discussion and conclusions of the research results above, the authors have suggestions that can be taken into consideration by the companies, namely:

1. The competence of prospective employees for medium-sized companies in Jakarta Indonesia is a concern in recruiting employees and is adjusted to competency needs in an effort to improve employee performance to achieve company goals.
2. Currently, work motivation is needed for companies to develop human resources such as training according to the field of work for employees so that there is an increase in skills in completing job tasks assigned to employees.

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