

**Analysis Of Compensation, Workload, And Competency On Performance Moderated By Work Culture Variables (A Study On Permanent Employees At PT XYZ, Bandung City)**

**Analisis Kompensasi, Beban Kerja, Dan Kompetensi Terhadap Kinerja Yang Dimoderasi Oleh Variabel Budaya Kerja (Studi Pada Karyawan Tetap PT XYZ Kota Bandung)**

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**ABSTRACT**

*Employee performance in project-based creative manufacturing is shaped by the interaction of economic rewards, job demands, individual capabilities, and shared workplace values. This study examines the effects of compensation, workload, and competence on employee performance and tests work culture as a moderating variable at PT XYZ Bandung. A quantitative explanatory design was applied to the entire population of 40 permanent managerial/non-operator employees using saturated sampling. Data were collected through a five-point Likert questionnaire and analyzed with Partial Least Squares Structural Equation Modeling (PLS-SEM) in SmartPLS 4. Following measurement-model respecification, all constructs met convergent validity (AVE = 0.504–0.609), discriminant validity (HTMT < 0.90), and reliability requirements (Cronbach's alpha = 0.835–0.956; composite reliability = 0.849–0.959). The structural model explained 51.9% of the variance in employee performance ( $R^2 = 0.519$ ) and demonstrated predictive relevance ( $Q^2 = 0.195$ ). Compensation ( $\beta = 0.303$ ;  $p = 0.032$ ), competence ( $\beta = 0.287$ ;  $p = 0.035$ ), and work culture ( $\beta = 0.357$ ;  $p = 0.030$ ) had positive and significant direct effects on performance. Workload had a negative but nonsignificant effect ( $\beta = -0.083$ ;  $p = 0.587$ ). Work culture did not moderate the effects of compensation, workload, or competence on performance. These findings position work culture as a direct performance driver rather than a boundary condition and highlight compensation fairness and continuous competency development as practical priorities.*

**Keywords:** Compensation, Workload, Competence, Employee Performance, Work Culture

**ABSTRAK**

Penelitian ini menganalisis pengaruh kompensasi, beban kerja, dan kompetensi terhadap kinerja karyawan serta menguji budaya kerja sebagai variabel moderasi pada PT XYZ Kota Bandung. Penelitian menggunakan desain kuantitatif eksplanatori dengan melibatkan seluruh populasi sebanyak 40 karyawan tetap pada kelompok manajemen/nonoperator melalui teknik sampling jenuh. Data dikumpulkan menggunakan kuesioner skala Likert lima tingkat dan dianalisis dengan *Partial Least Squares Structural Equation Modeling* (PLS-SEM) melalui SmartPLS 4. Setelah respesifikasi model pengukuran, seluruh konstruk memenuhi validitas konvergen (AVE = 0,504–0,609), validitas diskriminan (HTMT < 0,90), dan reliabilitas (Cronbach's alpha = 0,835–0,956; *composite reliability* = 0,849–0,959). Model struktural mampu menjelaskan 51,9% variasi kinerja karyawan ( $R^2 = 0,519$ ) dan memiliki relevansi prediktif ( $Q^2 = 0,195$ ). Kompensasi ( $\beta = 0,303$ ;  $p = 0,032$ ), kompetensi ( $\beta = 0,287$ ;  $p = 0,035$ ), dan budaya kerja ( $\beta = 0,357$ ;  $p = 0,030$ ) berpengaruh positif dan signifikan terhadap kinerja. Beban kerja berpengaruh negatif tetapi tidak signifikan ( $\beta = -0,083$ ;  $p = 0,587$ ). Budaya kerja tidak terbukti memoderasi pengaruh kompensasi, beban kerja, maupun kompetensi terhadap kinerja. Temuan ini menunjukkan bahwa budaya kerja lebih berperan sebagai pendorong langsung kinerja daripada sebagai kondisi yang mengubah hubungan antarvariabel. Perusahaan perlu memprioritaskan keadilan kompensasi, pengembangan kompetensi berkelanjutan, dan penguatan nilai kerja yang disiplin, kolaboratif, serta berorientasi hasil.

**Kata Kunci:** kompensasi, beban kerja, kompetensi, kinerja karyawan, budaya kerja

**1. Introduction**

Human resources are a strategic asset because organizational goals are ultimately translated into results through employee behavior and performance. Technology, capital, and

operating systems provide the infrastructure for competition, but their value depends on employees who can execute work accurately, efficiently, and consistently. Employee performance therefore represents more than the completion of individual tasks; it reflects the quality and quantity of work, timeliness, and cooperation through which organizational targets are achieved (Dessler, 2020; Sedarmayanti, 2020). In an environment marked by rapid market shifts and demanding customers, organizations must identify the human-resource factors that have a meaningful effect on performance rather than relying on one-dimensional interventions.

This issue is particularly relevant in project-based creative manufacturing. PT XYZ Bandung operates in the premium craft industry and develops furniture, handicrafts, home decoration, customized interior elements, and corporate or diplomatic gifts. Its operating model combines traditional craftsmanship, contemporary design, and customized production for domestic and international customers. Work is coordinated across research and development, production management, finance, marketing, human resources, warehousing, logistics, and other support functions. Variations in order specifications, project schedules, and export volumes create changing demands on employees and make consistent performance difficult to maintain.

Internal production records illustrate this challenge. Although aggregate output exceeded annual or period targets, monthly achievement was uneven. In 2024, only five of twelve-monthly targets were achieved; in 2025, eight of twelve were achieved; and during January–May 2026, four of five were achieved. Large export orders caused several months to substantially exceed target, masking shortfalls in other months. The pattern indicates that high aggregate production does not necessarily mean stable employee performance across periods.

**Table 1. Production Target Achievement at PT XYZ Bandung**

| Period          | Total Target<br>(units) | Total Realization<br>(units) | Aggregate<br>Achievement | Months<br>Achieved | Months Not<br>Achieved |
|-----------------|-------------------------|------------------------------|--------------------------|--------------------|------------------------|
| 2024            | 20,400                  | 26,272                       | 128.8%                   | 5                  | 7                      |
| 2025            | 27,600                  | 34,249                       | 124.1%                   | 8                  | 4                      |
| Jan–May<br>2026 | 15,000                  | 22,535                       | 150.2%                   | 4                  | 1                      |

*Source: PT XYZ internal data, compiled by the author (2026)*

One factor expected to influence performance is compensation. Compensation encompasses the direct, indirect, financial, and nonfinancial rewards received by employees in return for their contribution to the organization (Gerhart et al., 2020). A system perceived as fair, appropriate, and competitive can strengthen motivation, satisfaction, loyalty, and the willingness to contribute additional effort. Conversely, a perceived mismatch between rewards, responsibilities, and individual contribution may reduce motivation and performance. Compensation design is thus not merely an administrative matter but a strategic signal of how the organization values employee contribution (Dessler & Chhinzer, 2020).

Workload is a second relevant factor. It represents the interaction between task demands, time constraints, job complexity, physical requirements, mental pressure, and an employee's capacity to respond (Munandar et al., 2021; Dachlan et al., 2020). Excessive workload can produce stress, fatigue, reduced concentration, and errors, while insufficient workload can lower stimulation and productive engagement. The relationship may not be linear, because experienced employees can adapt to high demands when tasks are clearly distributed and adequate resources are available. Evidence remains mixed: some studies report that workload influences performance, whereas others identify a weak or nonsignificant relationship under supportive organizational conditions (Neksen et al., 2021; Situmorang et al., 2024).

Competence provides an internal capability perspective. It includes the knowledge, skills, and attitudes required to perform a job effectively (Rumawas, 2021). Employees with

strong competence can understand procedures, use work tools, solve problems, communicate information, and adjust to changing requirements. Competence is especially important in customized creative manufacturing, where work quality depends on both technical mastery and cross-functional coordination. Continuous competency development can therefore improve the accuracy, speed, and consistency of work outcomes (Trisdiana et al., 2023).

Compensation, workload, and competence do not operate in a social vacuum. Shared values and habitual ways of working can influence how rewards, demands, and capabilities are translated into results. Work culture includes attitudes toward work, behavior while working, and work discipline that have become collective norms within the organization (Widodo, 2020; Sumual et al., 2025). A strong culture can promote responsibility, collaboration, initiative, professionalism, and effective use of time. Prior research has commonly treated work culture as a direct antecedent of performance (Fatimah & Frinaldi, 2020; Hasi et al., 2020). Fewer studies have examined whether it changes the strength of the relationships between compensation, workload, competence, and performance.

Previous empirical findings also show inconsistencies. Compensation has been found to improve performance in several settings (Perkasa & Febrian, 2023), while other research reports no significant effect (Purwanto et al., 2023). Workload may reduce performance when demands exceed capacity, but it may have no significant effect when employees are experienced and workload distribution is manageable (Situmorang et al., 2024). Competence generally supports performance, yet the strength of the relationship varies across organizational contexts. These differences suggest the need to test an integrated model that combines economic, operational, individual, and cultural dimensions.

This study addresses the gap by simultaneously examining the direct effects of compensation, workload, competence, and work culture on employee performance and the moderating role of work culture in a project-based creative manufacturing company. The study uses PLS-SEM because it can assess a multiconstruct predictive model, evaluate measurement quality, and estimate interaction effects in a single analytical framework. The objectives are to determine: (1) the effect of compensation on performance; (2) the effect of workload on performance; (3) the effect of competence on performance; (4) the direct effect of work culture on performance; and (5) whether work culture moderates the effects of compensation, workload, and competence on performance.

## **2. Literature Review**

### **Employee Performance**

Employee performance is the result achieved by an individual in carrying out assigned duties according to organizational responsibilities and standards. It includes the amount of work completed, the quality and accuracy of output, the ability to meet deadlines, and the capacity to cooperate with others (Dessler, 2020). Performance is both an outcome and a behavioral manifestation of how employees apply resources, abilities, and effort. In a project-based organization, performance must be sustained despite changes in order volume, specifications, and time pressure. The present study measures performance through four dimensions: work quantity, work quality, timeliness, and teamwork.

### **Compensation and Employee Performance**

Compensation consists of all rewards arising from the employment relationship, including salary, incentives, facilities, welfare benefits, career-related recognition, and other forms of appreciation (Gerhart et al., 2020). Its motivational value depends not only on the absolute amount but also on perceived fairness, appropriateness, and alignment with responsibility. When employees regard compensation as equitable, they are more likely to reciprocate with higher effort and stronger commitment. A transparent and performance-linked

reward system can also clarify organizational expectations and reinforce productive behavior (Dessler & Chhinzer, 2020).

Empirical studies generally support a positive relationship between compensation and performance. Perkasa and Febrian (2023) found that compensation contributes to employee performance alongside competence. Sutrisno et al. (2022) similarly concluded that compensation, motivation, and job satisfaction are important performance drivers. However, Purwanto et al. (2023) reported that the effect can be nonsignificant, indicating that organizational context and reward design matter. Based on the dominant theoretical expectation, the first hypothesis is:

*H1: Compensation has a significant positive effect on employee performance.*

### **Workload and Employee Performance**

Workload refers to task volume, target difficulty, work complexity, time pressure, mental demand, and physical demand experienced by employees. The consequences of workload depend on its alignment with individual capacity and the resources available to complete the work. Balanced workload can focus effort and improve productivity, while overload can cause fatigue, stress, and lower work quality (Munandar et al., 2021; Dachlan et al., 2020; Alfian & Guswinta, 2023).

Prior results are mixed. Neksen et al. (2021) found a significant relationship between workload, working hours, and employee performance. Noverina et al. (2020) showed that workload interacts with work-related organizational conditions in explaining discipline and performance. In contrast, Situmorang et al. (2024) reported a negative but nonsignificant workload effect, suggesting that experience, task distribution, and organizational support may enable employees to absorb work demands. Because an increase in demanding workload is expected to reduce performance when it exceeds employee capacity, the second hypothesis is:

*H2: Workload has a significant effect on employee performance.*

### **Competence and Employee Performance**

Competence is the combination of knowledge, skills, and attitudes that enables an individual to perform effectively (Rumawas, 2021). Knowledge supports understanding of procedures and policies; skills enable employees to use tools, solve problems, and communicate; and attitudes shape responsibility, discipline, learning orientation, and collaboration. In customized manufacturing, competence is essential because employees must translate unique customer needs into feasible designs, coordinated production, and timely delivery.

Competent employees are more capable of identifying problems, choosing appropriate solutions, minimizing errors, and adapting to new requirements. Trisdiana et al. (2023) found that competence and discipline contribute to employee performance, while Irmayanti et al. (2020) linked competence and work culture with better work outcomes. Accordingly:

*H3: Competence has a significant positive effect on employee performance.*

### **Work Culture and Employee Performance**

Work culture represents shared values, beliefs, norms, and work habits that guide how organizational members interpret and perform their roles. It is visible in attitudes toward work, behavior during work, discipline, responsibility, collaboration, initiative, and professionalism (Luthans et al., 2021; Sumual et al., 2025). Culture can reduce ambiguity by establishing expected patterns of behavior and can strengthen performance when those patterns support organizational objectives.

A strong culture encourages employees to complete tasks without continuous supervision because desired behaviors have been internalized. Schein and Schein (2021) emphasize that shared assumptions develop through collective learning and become accepted

ways of responding to organizational problems. Empirical studies show that work culture has a positive association with employee performance (Fatimah & Frinaldi, 2020; Hasi et al., 2020; Ridwan et al., 2023). Therefore:

*H4: Work culture has a significant positive effect on employee performance.*

### The Moderating Role of Work Culture

A moderating variable changes the direction or strength of the relationship between an independent and a dependent variable (Sugiyono & Lestari, 2021). In this study, work culture is expected to shape how compensation, workload, and competence are converted into performance. A fair reward may have a stronger effect in a culture that values achievement; the negative implications of workload may be reduced in a cooperative and disciplined culture; and competence may generate greater performance when initiative and knowledge sharing are encouraged.

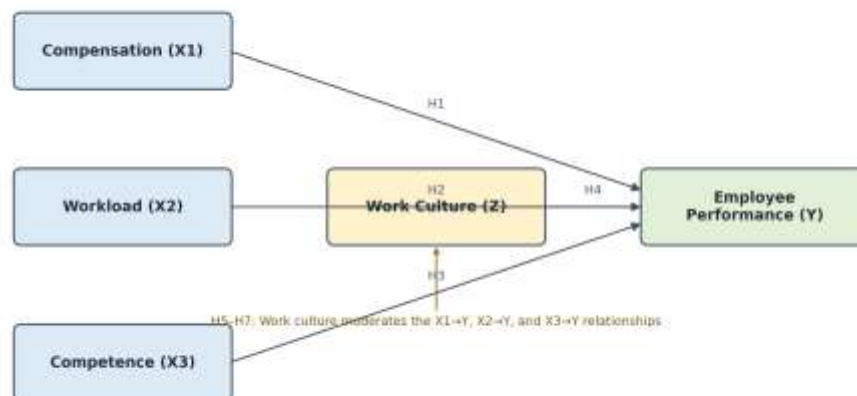
Theoretically, these mechanisms support a contextual role for work culture. Nevertheless, direct and moderating roles must be distinguished. Culture may improve performance directly without necessarily changing the effect of other predictors. This distinction is important because managerial action differs: a significant moderator calls for integrated interventions, whereas a direct-only effect suggests that culture and the other human-resource policies should be managed as separate performance levers. The moderation hypotheses are:

*H5: Work culture moderates the effect of compensation on employee performance.*

*H6: Work culture moderates the effect of workload on employee performance.*

*H7: Work culture moderates the effect of competence on employee performance.*

### Conceptual Framework



**Figure 1. Conceptual Framework**  
 Source: Developed by the author (2026)

### 3. Research Methods

This study employed a quantitative explanatory design to test causal relationships among compensation, workload, competence, work culture, and employee performance. The research site was PT XYZ Bandung, a premium craft and customized manufacturing company. The company name is anonymized to protect organizational confidentiality.

The unit of analysis comprised all 40 permanent employees in managerial and non-operator roles. They represented production management, research and development, finance,

marketing, human resources, warehousing/logistics, and other support functions. Because the eligible population was limited and accessible, saturated sampling was used; all 40 population members were selected as respondents. All distributed questionnaires were returned and usable, producing a 100% response rate.

Primary data were collected using a structured questionnaire with a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Items were developed from the dimensions and indicators summarized in Table 2. Secondary data were obtained from internal company records, including employee composition and production achievement, as well as relevant books and scholarly literature.

**Table 2. Operationalization of Research Variables**

| Construct                | Role                | Main Dimensions                                                                                            | Number of Initial Items | Main Reference         |
|--------------------------|---------------------|------------------------------------------------------------------------------------------------------------|-------------------------|------------------------|
| Compensation (X1)        | Exogenous           | Direct compensation; indirect compensation; compensation fairness; compensation adequacy; work recognition | 13                      | Gerhart et al. (2020)  |
| Workload (X2)            | Exogenous           | Work targets; job conditions; working time; mental demand; physical demand                                 | 15                      | Munandar et al. (2021) |
| Competence (X3)          | Exogenous           | Knowledge; skills; attitudes                                                                               | 12                      | Rumawas (2021)         |
| Employee Performance (Y) | Endogenous          | Work quantity; work quality; timeliness; teamwork                                                          | 13                      | Dessler (2020)         |
| Work Culture (Z)         | Exogenous/Moderator | Attitude toward work; behavior at work; work discipline                                                    | 12                      | Sumual et al. (2025)   |

*Source: Compiled by the author (2026)*

The analysis was conducted using PLS-SEM in SmartPLS 4. PLS-SEM was selected because the model contains several latent variables and interaction terms, the sample is relatively small, and the research emphasizes prediction. Analysis proceeded in two main stages. First, the measurement model was evaluated using indicator loadings, average variance extracted (AVE), Heterotrait-Monotrait ratio (HTMT), Cronbach's alpha, and composite reliability. AVE values of at least 0.50 indicated convergent validity; HTMT values below 0.90 supported discriminant validity; and reliability coefficients of at least 0.70 indicated internal consistency. Indicators with weak loadings were evaluated and removed only when their deletion improved construct validity without eliminating essential conceptual coverage.

Second, the structural model was evaluated using the variance inflation factor (VIF), coefficient of determination ( $R^2$ ), effect size ( $f^2$ ), predictive relevance ( $Q^2$ ), path coefficients, t-statistics, and p-values. VIF values below 3.30 were interpreted as indicating no critical multicollinearity. Hypotheses were assessed through bootstrapping at a 5% significance level: a relationship was considered significant when  $t > 1.96$  and  $p < 0.05$ . Moderation was tested using interaction terms  $X1 \times Z$ ,  $X2 \times Z$ , and  $X3 \times Z$ .

## 4. Results and Discussions

### Respondent Profile

The respondents represented the full population of permanent managerial/non-operator employees. Men constituted 65% of the sample, and women 35%. The largest age group was 26–35 years (45%), followed by 36–45 years (25%). Most respondents had completed senior high school/vocational education (45%) or a bachelor's degree (32.5%). In terms of tenure, 42.5% had worked for 5–10 years, indicating that a large share of respondents had sufficient experience to understand the company's reward system, workload distribution, competency requirements, performance standards, and work culture.

**Table 3. Respondent Profile**

| Characteristic | Category | Frequency | Percentage |
|----------------|----------|-----------|------------|
| Gender         | Male     | 26        | 65.0%      |
|                | Female   | 14        | 35.0%      |

| Characteristic | Category                      | Frequency | Percentage |
|----------------|-------------------------------|-----------|------------|
| Age            | ≤25 years                     | 6         | 15.0%      |
|                | 26–35 years                   | 18        | 45.0%      |
|                | 36–45 years                   | 10        | 25.0%      |
|                | >45 years                     | 6         | 15.0%      |
| Education      | Senior high/vocational school | 18        | 45.0%      |
|                | Diploma                       | 8         | 20.0%      |
|                | Bachelor                      | 13        | 32.5%      |
|                | Postgraduate                  | 1         | 2.5%       |
| Tenure         | <5 years                      | 8         | 20.0%      |
|                | 5–10 years                    | 17        | 42.5%      |
|                | 11–15 years                   | 10        | 25.0%      |
|                | >15 years                     | 5         | 12.5%      |

*Source: Primary data, compiled by the author (2026)*

### Descriptive Analysis

Table 4 presents the mean score for each construct. Compensation received a mean of 4.05, indicating favorable perceptions of direct rewards, indirect benefits, fairness, adequacy, and recognition. The highest compensation dimension was adequacy (4.07), while indirect compensation was relatively lowest (3.97), suggesting that welfare benefits and supporting facilities still offer room for improvement.

Workload recorded a mean of 2.65 and was categorized as moderate. Mental demands were relatively lower (2.60), while physical demands were the highest workload dimension (2.70). This pattern is reasonable in a craft and manufacturing context, although the study covered managerial/non-operator employees rather than production operators. Competence had a high mean of 3.97, with attitude (4.00) scoring slightly higher than knowledge and skills. Performance was also high (3.91), led by timeliness (3.94). Work culture recorded the highest construct mean (4.04), indicating strong attitudes toward work and discipline, although day-to-day work behavior (3.99) could be further strengthened.

**Table 4. Descriptive Statistics of Research Constructs**

| Construct               | Lowest Dimension<br>Mean | Highest Dimension<br>Mean | Overall<br>Mean | Category |
|-------------------------|--------------------------|---------------------------|-----------------|----------|
| Compensation            | 3.97                     | 4.07                      | 4.05            | High     |
| Workload                | 2.60                     | 2.70                      | 2.65            | Moderate |
| Competence              | 3.95                     | 4.00                      | 3.97            | High     |
| Employee<br>Performance | 3.87                     | 3.94                      | 3.91            | High     |
| Work Culture            | 3.99                     | 4.06                      | 4.04            | High     |

*Source: Primary data, compiled by the author (2026)*

The descriptive findings reveal a noteworthy configuration: performance was rated high even though workload remained moderate and production achievement fluctuated by month. This suggests that employee performance at PT XYZ may depend more strongly on positive reward perceptions, competence, and established work values than on workload variation alone. The structural analysis tests this interpretation.

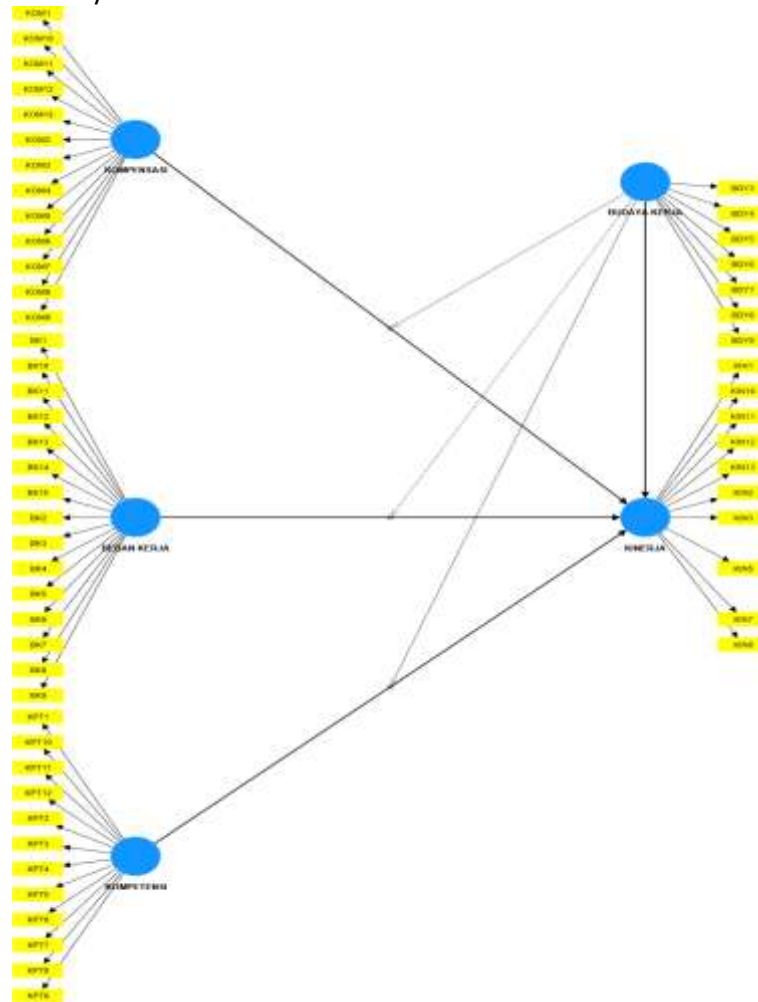
### Measurement Model Evaluation

The initial measurement model contained 65 indicators. Several constructs initially produced AVE values below 0.50, and indicators with low loadings were therefore evaluated. Respecification removed three performance indicators (Y4, Y6, and Y9) and five work-culture



indicators (Z1, Z2, Z10, Z11, and Z12). The retained indicators continued to represent the required conceptual dimensions, while model validity improved.

After respecification, all AVE values exceeded 0.50, ranging from 0.504 for work culture to 0.609 for workload. HTMT values ranged from 0.191 to 0.564, well below the 0.90 threshold, supporting discriminant validity. Cronbach's alpha ranged from 0.835 to 0.956, and composite reliability ranged from 0.849 to 0.959. The results indicate that the final measurement model was valid and internally consistent.



**Figure 2. PLS Algorithm Estimation Results (Final Respecified Model)**

*Source: SmartPLS 4 output, processed by the author (2026)*

Figure 2 presents the PLS algorithm estimation for the final model after measurement-model respecification. This final model provides the basis for the convergent-validity, discriminant-validity, reliability, and structural-model results reported in the following tables.

**Table 5. Measurement Model Evaluation**

| Construct    | Retained Items | AVE   | Cronbach's Alpha | Composite Reliability | Conclusion         |
|--------------|----------------|-------|------------------|-----------------------|--------------------|
| Compensation | 13             | 0.557 | 0.935            | 0.942                 | Valid and reliable |
| Workload     | 15             | 0.609 | 0.956            | 0.959                 | Valid and reliable |
| Competence   | 12             | 0.505 | 0.911            | 0.924                 | Valid and reliable |



| Construct            | Retained Items | AVE   | Cronbach's Alpha | Composite Reliability | Conclusion         |
|----------------------|----------------|-------|------------------|-----------------------|--------------------|
| Employee Performance | 10             | 0.516 | 0.894            | 0.906                 | Valid and reliable |
| Work Culture         | 7              | 0.504 | 0.835            | 0.849                 | Valid and reliable |

*Source: SmartPLS 4 output, compiled by the author (2026)*

The respecification must be interpreted with appropriate caution. It improves statistical adequacy, but item removal can narrow construct coverage. The very high reliability of workload (alpha = 0.956) may also suggest some redundancy among indicators. Future studies should reassess the instrument in a larger sample and consider refining rather than simply retaining all highly correlated workload items.

### Structural Model Evaluation

The inner VIF values ranged from 1.075 to 1.260, demonstrating that the direct predictors and interaction terms did not create problematic multicollinearity. The model produced  $R^2 = 0.519$  and adjusted  $R^2 = 0.414$  for employee performance. Thus, compensation, workload, competence, work culture, and the three interaction terms collectively explained 51.9% of the variance in performance. The remaining 48.1% may be associated with factors not included in the model, such as leadership, motivation, job satisfaction, engagement, organizational commitment, or the work environment.

The  $Q^2$  value of 0.195 was above zero and indicated moderate predictive relevance. Effect-size analysis showed a large contribution for compensation ( $f^2 = 0.432$ ), medium contributions for workload ( $f^2 = 0.301$ ), competence ( $f^2 = 0.264$ ), and work culture ( $f^2 = 0.174$ ), and very small contributions for the three interaction terms ( $f^2 = 0.010$ – $0.017$ ). Because effect size and statistical significance answer different questions, workload's medium  $f^2$  should not be interpreted as a statistically supported direct effect; its path remained nonsignificant in the bootstrap test.

**Table 6. Structural Model Quality**

| Criterion                    | Result      | Interpretation                  |
|------------------------------|-------------|---------------------------------|
| Inner VIF range              | 1.075–1.260 | No critical multicollinearity   |
| $R^2$ , Employee Performance | 0.519       | Moderate explanatory power      |
| Adjusted $R^2$               | 0.414       | Moderate, conservative estimate |
| $Q^2$ , Employee Performance | 0.195       | Predictive relevance            |
| $f^2$ , Compensation         | 0.432       | Large                           |
| $f^2$ , Workload             | 0.301       | Medium                          |
| $f^2$ , Competence           | 0.264       | Medium                          |
| $f^2$ , Work Culture         | 0.174       | Medium                          |
| $f^2$ , Interaction terms    | 0.010–0.017 | Very small                      |

*Source: SmartPLS 4 output, compiled by the author (2026)*

### Hypothesis Testing

The bootstrapping results are summarized in Table 7. Compensation, competence, and work culture had positive significant direct effects on performance. Workload and all three interaction terms were nonsignificant.

**Table 7. Hypothesis Testing Results**

| Hypothesis | Relationship               | Path Coefficient | t-statistic | p-value | Decision  |
|------------|----------------------------|------------------|-------------|---------|-----------|
| H1         | Compensation → Performance | 0.303            | 2.150       | 0.032   | Supported |

| Hypothesis | Relationship                              | Path Coefficient | t-statistic | p-value | Decision      |
|------------|-------------------------------------------|------------------|-------------|---------|---------------|
| H2         | Workload → Performance                    | -0.083           | 0.543       | 0.587   | Not supported |
| H3         | Competence → Performance                  | 0.287            | 2.114       | 0.035   | Supported     |
| H4         | Work Culture → Performance                | 0.357            | 2.175       | 0.030   | Supported     |
| H5         | Compensation × Work Culture → Performance | -0.327           | 1.535       | 0.125   | Not supported |
| H6         | Workload × Work Culture → Performance     | 0.131            | 0.703       | 0.482   | Not supported |
| H7         | Competence × Work Culture → Performance   | -0.025           | 0.134       | 0.894   | Not supported |

Source: SmartPLS 4 output, compiled by the author (2026)

### The Effect of Compensation on Employee Performance

Compensation had a positive and significant effect on performance ( $\beta = 0.303$ ;  $t = 2.150$ ;  $p = 0.032$ ), supporting H1. Employees who perceived salary, incentives, facilities, welfare benefits, fairness, adequacy, and recognition more positively also reported higher performance. The result is consistent with the logic that rewards communicate the value assigned to employee contribution and motivate individuals to maintain or increase effort. It supports findings by Perkasa and Febrian (2023) and the broader review by Sutrisno et al. (2022), which identify compensation as an important performance mechanism.

The descriptive results strengthen this interpretation. Compensation was rated high (4.05), and performance was also high (3.91). The strongest compensation dimension was adequacy (4.07), indicating that employees generally considered the reward level appropriate to responsibilities and prevailing standards. However, indirect compensation was the lowest dimension (3.97). Management should therefore preserve the fairness and performance orientation of direct rewards while improving welfare benefits, supporting facilities, and development-related recognition.

Although work culture had the largest direct path coefficient, compensation had the largest  $f^2$ . This distinction indicates that compensation makes a substantial unique contribution to the model's explanatory power, even though the standardized direct path for culture is numerically higher. Managerial prioritization should therefore consider both the size of the direct coefficient and the loss of explained variance when a predictor is removed.

### The Effect of Workload on Employee Performance

Workload had a negative but nonsignificant effect on performance ( $\beta = -0.083$ ;  $t = 0.543$ ;  $p = 0.587$ ), so H2 was not supported. The negative coefficient is directionally consistent with the expectation that heavier demands can lower performance, but the evidence is insufficient to conclude that workload determines performance in this population.

Several contextual explanations are plausible. First, workload was rated moderate rather than high, suggesting that job demands had not exceeded the adaptive capacity of most respondents. Second, the majority had at least five years of tenure and were familiar with work procedures, order cycles, and cross-functional coordination. Third, the unit of analysis comprised permanent managerial/non-operator employees, who may have greater control over task planning than production operators. These conditions can buffer the immediate performance consequences of workload.

The finding aligns with Situmorang et al. (2024), who reported a negative but nonsignificant workload effect under conditions where experience and task management helped employees maintain performance. It differs from studies that found significant workload

effects (Neksen et al., 2021). The contrast reinforces the view that workload is context-dependent. A nonsignificant coefficient does not imply that workload should be ignored. Periodic workload mapping remains necessary because order surges, project complexity, and time pressure can accumulate into fatigue or burnout even when current performance is maintained.

#### **The Effect of Competence on Employee Performance**

Competence had a positive and significant effect on performance ( $\beta = 0.287$ ;  $t = 2.114$ ;  $p = 0.035$ ), supporting H3. Knowledge, skills, and work attitudes enable employees to understand procedures, solve problems, use tools, coordinate information, and complete work according to quality and time requirements. This finding is consistent with Rumawas (2021) and Trisdiana et al. (2023), who position competence as a core determinant of work effectiveness.

Competence was rated high (3.97), with attitude receiving the highest dimension mean (4.00). Skills recorded the lowest competence dimension mean (3.95), although it remained high. In a company that combines craftsmanship, customized design, and project coordination, relatively small differences in technical and problem-solving skills may affect output quality and delivery. Training should therefore be based on competency gaps and project requirements rather than offered as a generic annual program. Appropriate interventions include technical certification, cross-functional assignments, coaching, mentoring, and structured knowledge sharing between experienced and newer employees.

#### **The Effect of Work Culture on Employee Performance**

Work culture had a positive and significant effect on performance ( $\beta = 0.357$ ;  $t = 2.175$ ;  $p = 0.030$ ), supporting H4. It had the largest direct path coefficient among the predictors, indicating that responsibility, discipline, cooperation, initiative, professionalism, and effective use of work time are central to performance at PT XYZ. The result supports earlier findings that shared work values and habits can strengthen employee outcomes (Fatimah & Frinaldi, 2020; Hasi et al., 2020; Ridwan et al., 2023).

Work culture also had the highest descriptive mean (4.04). Attitude toward work and work discipline each reached 4.06, while behavior during work was slightly lower at 3.99. This suggests that employees identify strongly with responsibility and discipline but that daily collaborative practices, initiative, and procedural consistency can still improve. Managers should make desired behaviors observable through leadership example, team routines, feedback, recognition, and consistent enforcement of standards.

The findings also clarify the role of culture. Culture should not be described only as an abstract set of organizational slogans. Its value lies in repeated work practices that help employees coordinate and deliver results. In the present model, culture is a meaningful independent driver of performance, but its interaction with other predictors is not significant.

#### **The Moderating Role of Work Culture**

The compensation  $\times$  work culture interaction was negative and nonsignificant ( $\beta = -0.327$ ;  $p = 0.125$ ), so H5 was not supported. Compensation influenced performance directly, but the strength of that relationship did not systematically differ across levels of work culture. Employees may perceive compensation as an individual economic exchange that remains relevant regardless of cultural strength. Accordingly, a strong culture cannot substitute for an equitable, competitive, and performance-linked reward system.

The workload  $\times$  work culture interaction was positive and nonsignificant ( $\beta = 0.131$ ;  $p = 0.482$ ), so H6 was not supported. Although a cooperative and disciplined culture might theoretically help employees cope with demands, the interaction effect was too weak to demonstrate that culture changed the workload–performance relationship. Workload should

therefore be addressed through job design, capacity planning, scheduling, staffing, and task distribution rather than assuming that positive values will absorb excessive demands.

The competence  $\times$  work culture interaction was close to zero and nonsignificant ( $\beta = -0.025$ ;  $p = 0.894$ ), so H7 was not supported. Competence appears to improve performance directly and independently of variations in work culture. One possible explanation is that competence and culture were both rated high and relatively homogeneous among permanent employees, reducing the variation needed to detect an interaction. The small sample also limits statistical power for moderation analysis, which typically requires more observations than direct-effect testing.

Taken together, the moderation results show that work culture is a direct predictor rather than a boundary condition in this study. This is an important theoretical and practical distinction. Culture improves performance, but it does not amplify compensation or competence effects and does not neutralize workload. Consequently, management should not treat culture as a universal mechanism that automatically makes all human-resource policies more effective. Compensation, workload, competence, and culture require specific interventions aligned with their own mechanisms.

### Managerial Implications

The findings establish a practical order of action. First, PT XYZ should maintain compensation fairness and adequacy while improving indirect benefits and recognition. A transparent reward architecture should link responsibility, contribution, and measurable results without relying exclusively on short-term output. Second, competency development should be continuous and project-relevant, with priority given to technical skills, problem solving, communication, and cross-functional coordination. Third, work culture should be strengthened as an independent performance system through leadership role modeling, shared routines, accountability, initiative, and recognition of collaborative behavior.

Fourth, workload must remain under active review even though its direct coefficient was not significant. Monthly production volatility means that aggregate annual achievement can conceal periods of overload and underutilization. Management should use workload mapping by function and project, monitor overtime and error patterns, and redistribute tasks before pressure becomes chronic. Finally, because none of the interaction effects was significant, management should avoid expecting cultural programs to compensate for weak reward design, insufficient competence, or poor staffing. Each performance lever should have a dedicated policy and evaluation indicator.

**Table 8. Managerial Priorities**

| Priority                          | Evidence                                                         | Recommended Action                                                                                  |
|-----------------------------------|------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| Strengthen work culture           | Largest significant direct coefficient ( $\beta = 0.357$ )       | Reinforce discipline, accountability, collaboration, initiative, and leader role modeling           |
| Maintain and improve compensation | Significant effect ( $\beta = 0.303$ ) and largest $f^2$ (0.432) | Preserve fairness and adequacy; strengthen indirect benefits and performance recognition            |
| Develop competence                | Significant effect ( $\beta = 0.287$ )                           | Use competency-gap analysis, technical training, coaching, mentoring, and cross-functional learning |
| Monitor workload                  | Negative but nonsignificant effect ( $\beta = -0.083$ )          | Map task volume and project peaks; monitor overtime, fatigue, and error rates                       |
| Manage predictors independently   | All moderation hypotheses unsupported                            | Do not rely on culture to repair reward, workload, or competency-policy weaknesses                  |

*Source: Developed from the study findings (2026)*

### 5. Conclusion

This study demonstrates that employee performance at PT XYZ Bandung is directly shaped by compensation, competence, and work culture. Compensation had a positive

significant effect, confirming that fair, adequate, and performance-related rewards support higher performance. Competence also had a positive significant effect, showing that knowledge, skills, and attitudes remain fundamental to the effective completion of customized and cross-functional work. Work culture produced the largest direct path coefficient and therefore represents an important organizational performance driver.

Workload showed a negative but nonsignificant relationship with performance. The result suggests that current workload variation has not yet become a decisive performance factor among permanent managerial/non-operator employees, possibly because workload is moderate and employees are experienced. Nevertheless, production volatility means that workload should continue to be monitored. Most importantly, work culture did not moderate the effects of compensation, workload, or competence. Culture should therefore be understood as an independent driver of performance rather than a factor that changes the operation of other predictors.

The model explained 51.9% of employee-performance variance and showed predictive relevance. This provides moderate empirical support for an integrated human-resource model combining economic rewards, job demands, individual capability, and shared work values. For PT XYZ, performance improvement is likely to be most effective when compensation, competence development, work culture, and workload management are treated as coordinated but distinct policy areas.

The study is limited by its cross-sectional design, small sample, single-company setting, and reliance on self-reported perceptions. The sample represents permanent managerial/non-operator employees and should not be generalized to production operators or contract workers. Measurement-model respecification also requires replication in a larger sample. Future research should involve multiple companies, larger and more diverse employee groups, longitudinal or mixed-method designs, and additional predictors such as leadership, motivation, job satisfaction, engagement, organizational commitment, work environment, and work-life balance. Work culture may also be retested as an independent or mediating variable rather than a moderator.

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