

ABSTRACT

This research aimed to find out the effect of competence and compensation on employees' performance, with motivation as an intervening variable in Kecamatan Wiyung, Surabaya. The variables, namely competence, compensation, and motivation were analyzed to find out directly those effects on employees' performance. Moreover, competence and compensation were analyzed to find out indirectly those effects on employees' performance through motivation.

The population was 50 State Civil Apparatus in Kecamatan Wiyung, Surabaya as respondents. The data collection technique used non-probability sampling. Furthermore, the questionnaires were distributed to the respondents. The sampling technique used saturated sampling, in which all members of the population were the sample. Additionally, the data analysis technique used PLS (Partial Least Square) with SmartPLS 4.0.

The result showed that competence, compensation, and motivation had a positive and significant effect on employees' performance. Likewise, both competence and compensation had a positive and significant effect on motivation. In addition, competence as well as compensation had a positive and significant effect on employees' performance through motivation.

Keywords: *Competence, Compensation, Motivation, Employees' Performance*

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