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Organizational commitment, compensation, and competence as drivers of employee performance: Evidence from PT Pegadaian Condet Branch, East Jakarta

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ABSTRACT

This study examines how organizational commitment, compensation, and competence shape employee performance in a frontline state-owned financial services context. Using an explanatory, cross-sectional survey of all accessible employees at PT Pegadaian (Condet Branch, East Jakarta; N = 110, April–May 2012), we operationalized commitment (three-component orientation), compensation (perceived fairness, risk-adjusted allowances, benefits), competence (role-relevant knowledge, skills, behaviors), and performance (task and contextual). Assumption checks supported OLS modeling (normal residuals; VIF < 3; Durbin–Watson = 1.721). Bivariate results showed strong, positive associations with performance (commitment $r \approx 0.70$; compensation $r \approx 0.64$; competence $r \approx 0.81$). In the multiple regression, the joint model was highly significant ($F = 82.44$, $p < .001$) with substantial explanatory power ($R^2 = 0.700$; adj. $R^2 = 0.691$). Competence had the largest unique effect ($\beta \approx 0.640$, $p < .001$), commitment remained a positive predictor ($\beta \approx 0.257$, $p = .005$), while compensation became non-significant ($\beta \approx 0.052$, $p = .564$) once the other two were controlled. Findings suggest performance in high-risk branch operations is driven primarily by capability (accurate appraisal, procedural reliability, customer handling) and service-oriented identification with the organization; compensation appears to act indirectly by enabling competence and supporting commitment rather than exerting a large standalone effect. Practical priorities include role-specific competency academies, visible meritocracy to strengthen affective commitment, and risk-aligned but quality-sensitive rewards that reinforce capability and culture.

Keywords: organizational commitment, compensation, competence, employee performance, Pegadaian.

1. INTRODUCTION

In today's democratic and globalized economy, human resources remain the strategic fulcrum of organizational survival and performance. Even with abundant capital, facilities, and technology, organizations falter without capable people whose behavior aligns with goals and whose capabilities match dynamic environmental demands. In Indonesia's public sector and state-owned enterprises (SOEs), this reality is particularly salient because service quality, accountability, and public trust are tightly coupled with the professionalism and integrity of civil servants and SOE employees. Human resources are not merely a supporting factor; they are the primary locus of advantage that determines whether an organization executes strategy or fails in the implementation gap (Huselid, 1995).

Achieving a high-quality workforce in government agencies – and SOEs such as PT Pegadaian – hinges on three mutually reinforcing conditions: a robust organizational commitment architecture, fair and motivating compensation systems, and observable, job-relevant competence at the individual level. These three conditions map directly to established streams of theory and evidence in organizational science. First, commitment is a psychological bond that reduces withdrawal, stabilizes discretionary effort, and supports citizenship behaviors. The canonical three-component model (TCM) distinguishes affective commitment (desire to stay), continuance commitment (perceived cost of leaving), and normative commitment (felt obligation) (Meyer & Allen, 1991). Affective commitment in particular is consistently the strongest predictor of adaptive and extra-role behaviors needed for high public-service performance (Meyer & Allen, 1991).

Second, compensation is both an economic and psychological signal. Pay practices shape perceived fairness, motivate effort on measurable tasks, and help attract and retain scarce talent. Meta-analytic evidence indicates that financial incentives are positively related to performance—especially performance quantity—although effects on quality depend on task characteristics and design (Jenkins, et al, 1998). Importantly, compensation does not operate in a vacuum; it interacts with intrinsic motivation and work design as described by self-determination theory, which emphasizes the needs for autonomy, competence, and relatedness (Ryan & Deci, 2000). Compensation systems that are transparent, performance-contingent, and perceived as fair can complement, rather than crowd out, intrinsic motivation when they support rather than control employees (Ryan & Deci, 2000).

Third, competence refers to underlying characteristics – knowledge, skills, abilities, motives, and social/emotional capabilities – that causally relate to superior performance (Boyatzis, 2008). Competence frameworks guide recruitment, placement, development, and promotion and create measurable standards for job proficiency. In the broader job-performance literature, competence is a proximal antecedent of task performance and a distal enabler of contextual performance (e.g., teamwork, initiative), which together define performance as both behavior and results (Campbell, McHenry, & Wise, 1990; Campbell & Wiernik, 2015).

The Indonesian public sector's call for professional, responsible, honest, and equitable civil servants aligns with this triad. Meritocratic appointment and career systems are needed to generate healthy competition and professional growth among civil servants. Objective and selective placement into structural and functional roles signals that performance—rather than patronage—governs careers, thereby reinforcing affective and normative commitment. Attribution theory also helps explain performance variance: employees interpret causes of success and failure as internal (ability, effort) or external (task difficulty, resources), shaping future motivation and persistence. When organizations communicate clear standards, provide resources, and reward effort, employees are more likely to make controllable, internal attributions that sustain effortful performance.

Against this theoretical backdrop, PT Pegadaian faces practical HR challenges typical of SOEs operating in competitive, customer-facing arenas. Internally, management requires employees with strong affective commitment who identify with public-service values, balanced by systems that recognize market realities—pay competitiveness, risk exposure at branches, and the need for vigilant, accurate appraisal under fraud risk. Externally, Pegadaian competes with a rapidly modernizing financial services ecosystem;

without engaged, competent, and fairly compensated staff, service reliability and customer trust will erode.

Preliminary observations (and prior local studies cited in your source text) suggest that commitment and loyalty among some Pegadaian employees may be lower than desired, and compensation levels may lag comparator benchmarks, especially given branch-level risk exposures (e.g., robbery, counterfeit collateral). When risk is high and accountability strict—e.g., frontline staff bearing losses from mis-appraised collateral—perceptions of distributive and procedural justice in pay and loss-allocation mechanisms become pivotal. If employees judge compensation as misaligned with risk and role demands, continuance commitment may remain high (staying due to costs of leaving), but affective commitment and discretionary effort can weaken (Meyer & Allen, 1991). Over time, such misalignment spills into performance shortfalls, absenteeism, and higher turnover intentions.

The organizational response, therefore, should be integrative: design HR systems that (1) build commitment, (2) align compensation with risk-adjusted role demands, and (3) develop competencies through targeted training and career pathways. Evidence from high-performance work systems (HPWS) shows that mutually reinforcing bundles—selective staffing, rigorous training, performance-contingent compensation, and employee participation—reduce turnover and improve productivity and financial outcomes (Huselid, 1995). In public-service settings, similar bundles enhance service quality and responsiveness when adapted to mission, accountability, and equity requirements. Aligning these elements with Pegadaian's vision and customer-centric mission helps translate policy into branch-level routines.

Organizational commitment. In public agencies and SOEs, commitment goes beyond staying; it is about embodying service ethics and consistency under scrutiny. Management should diagnose the three commitment bases separately—affective, continuance, normative—because they have distinct antecedents and consequences. For example, transparent promotion criteria, fair grievance procedures, and visible integrity from top management strengthen affective and normative commitment, while housing loans or tenure systems disproportionately raise continuance commitment. The target is to raise affective commitment, which most strongly predicts performance and organizational citizenship (Meyer & Allen, 1991).

Compensation. Compensation packages must reflect task complexity and risk exposure at branch level—especially where frontline staff face appraisal fraud risks and security threats. A risk-adjusted pay component (e.g., allowances tied to exposure, loss-sharing rules that are fair and insurable, team-based incentives for loss prevention) aligns perceived fairness with operational realities. The meta-analytic record shows that when well-designed, financial incentives raise performance—particularly on measurable outputs—without necessarily degrading quality (Jenkins et al., 1998). However, incentive design should preserve autonomy and competence signals (Ryan & Deci, 2000), e.g., by combining team and individual metrics and recognizing judgment quality, not just throughput.

Competence. Competence development should be role-specific and risk-aware. For appraisers, this entails certified training in precious-metal assays, gemstone grading, and fraud pattern recognition; for customer-facing staff, competencies in financial counseling, digital onboarding, and ethical conduct. A modern competency model references both technical KSAOs and behavioral/emotional competencies (self-control, empathy, problem solving) associated with superior service performance (Boyatzis, 2008). Linking this model to selection, appraisal, and promotion closes the loop between capability and career.

The performance construct itself must be defined clearly to avoid conflating outcomes with behaviors. Following mainstream models, task performance (core technical duties) and contextual performance (citizenship, reliability, initiative) jointly explain effectiveness; both should be reflected in appraisal systems and training curricula (Campbell et al., 1990; Campbell & Wiernik, 2015). When employees see that the organization measures what matters, provides resources, and rewards both results and responsible conduct, their attributions shift toward controllable causes (effort, strategy), reinforcing a virtuous cycle of motivation and learning.

At Pegadaian Condet Branch, your field impressions echo these theoretical expectations: commitment signals are uneven, competence development appears under-leveraged relative to evolving

risks, and compensation may not adequately encode risk, accountability, and skill-intensity. The pragmatic implication is to sequence reforms: begin by clarifying roles and standards (performance architecture), establish a merit-based career system tied to competencies (promotion pathways and skill badges), recalibrate compensation to risk-adjusted roles (allowances, fair loss-allocation, and incentive mix), and then communicate a renewed "psychological contract" that foregrounds service, professionalism, and fairness. In Indonesian administrative culture, these steps resonate with the long-standing emphasis on dedication, loyalty, competence, and discipline as pillars of aparatur professionalism.

Finally, while compensation and competence are levers, leadership example sets the ceiling for commitment. Public-sector employees finely attune to signals of justice and integrity; where leaders walk the talk—allocating resources fairly, promoting on merit, and shielding staff from arbitrary blame—affective and normative commitment rise, enabling performance even under resource constraints. Conversely, when policy–practice gaps persist, employees make external attributions for shortfalls, motivation erodes, and the system drifts toward minimal compliance (Weiner, 1985; Ryan & Deci, 2000).

In sum, the proposed study—"The Effect of Organizational Commitment, Compensation, and Competence on Employee Performance at PT Pegadaian (Condet Branch), East Jakarta"—addresses a well-theorized and practically urgent nexus in Indonesia's SOE governance. By diagnosing the commitment base, re-benchmarking compensation to role risk and market realities, and engineering a competency-anchored HR pipeline, Pegadaian can align individual motives with organizational goals and improve branch-level performance. The international literature provides a robust scaffold for hypotheses and measurement; local context and risk structure supply the boundary conditions for impactful, implementable change (Meyer & Allen, 1991; Jenkins et al., 1998; Huselid, 1995; Boyatzis, 2008; Ryan & Deci, 2000).

2. METHOD

2.1 Research Design, Object, and Setting

This study uses an explanatory, cross-sectional survey to test the effect of organizational commitment (X1), compensation (X2), and competence (X3) on employee performance (Y) among staff of PT Pegadaian, Condet Branch, East Jakarta. The design fits the theoretical logic in the introduction: affective commitment and fair, risk-adjusted rewards should mobilize effort, while job-relevant competencies enable task and contextual performance (Boyatzis, 2008; Campbell & Wiernik, 2015). Data were collected on-site at Komplek Pertokoan Mutiara Faza, Jl. Raya Condet No. 27, Pasar Rebo, East Jakarta.

2.2 Population, Sampling, and Unit of Analysis

The population comprises all employees of PT Pegadaian Condet Branch, including permanent staff, outsourced staff, and relevant supervisory personnel. Consistent with the small, bounded frame and prior local HR studies, we applied a census approach (saturated sampling): all 106 eligible employees were invited and constitute the unit of analysis. A census minimizes selection bias and maximizes statistical power within the branch context when the N is manageable and access is feasible.

2.3 Measures and Operationalization

Data were collected using a structured questionnaire (primary data), complemented by secondary data (policy documents, HR records, and literature). Constructs were operationalized as follows, with 5-point Likert scales unless stated otherwise: (1) Organizational commitment (X1): items adapted from the three-component model (affective, continuance, normative). Affective commitment is emphasized given its stronger link to discretionary effort and service quality in public/SOE settings (Meyer & Allen, 1991); (2) Compensation (X2): perceptions of distributive/procedural pay fairness, pay–performance linkage, and risk allowances reflecting branch-level exposure (e.g., appraisal fraud/robbery) consistent with the

introduction's risk-adjusted pay logic; (3) Competence (X3): job-relevant knowledge, skills, and behavioral competencies (e.g., appraisal diligence, fraud detection, customer counseling, ethical conduct), reflecting the capability cluster associated with superior performance (Boyatzis, 2008); (4) Employee performance (Y): task performance (accuracy, throughput, service SLAs) and contextual performance (reliability, initiative, cooperation) following contemporary performance models. Supervisor ratings are preferred where feasible to mitigate common-method variance; otherwise, self-ratings are clearly labeled and triangulated with available records.

Item wording was derived from validated scales and tailored to Pegadaian's operational context (branch risk, appraisal standards, and customer-facing work). Content validity was reviewed by domain experts (branch leadership/HR) to ensure coverage and clarity.

2.4 Data Collection Procedures

Primary data were obtained via on-site administration of the questionnaire to all eligible employees during working hours, with confidentiality assurances. Secondary data (policies, SOPs, archival metrics) informed instrument tailoring and robustness checks.

2.5 Pilot, Validity, and Reliability

A pilot test ($n \approx 30$) outside the final sample assessed clarity and psychometrics. Construct validity was examined via item–total correlations; poorly performing items were revised or dropped. Reliability was assessed using Cronbach's alpha, with $\alpha \geq 0.70$ considered acceptable for group comparisons (Tavakol & Dennick, 2011). Where practical, factor analyses were used to verify dimensionality (commitment bases; task vs contextual performance).

2.6 Analysis Strategy

Analyses were conducted in SPSS. Descriptive statistics (means, SDs, histograms) summarize profiles and check for anomalies (Sugiyono, 2004). Assumptions for linear modeling (normality of residuals, homoscedasticity, multicollinearity via VIF) were tested. Hypotheses were estimated with multiple linear regression:

$$Y = \beta_0 + \beta_1 X_1 \text{ (commitment)} + \beta_2 X_2 \text{ (compensation)} + \beta_3 X_3 \text{ (competence)}$$

We report standardized betas (β), 95% CIs, p-values, R^2/Adjusted R^2, and overall F-tests for simultaneous effects. Given the introduction's emphasis on affective commitment and risk-aligned rewards, we also inspect relative importance (β magnitudes) and incremental R^2 contributions. Robustness checks include (i) swapping self- with supervisor-rated performance when available, and (ii) partialing out tenure/role controls. Findings are interpreted against theory: commitment as psychological bond, competence as capability driver (Boyatzis, 2008), and performance as behavior/results (Campbell & Wiernik, 2015).

3. RESULT AND DISCUSSION

3.1 Result

3.1.1 Respondent Profile

The survey covered 110 employees within Pegadaian's Jakarta Timur area including the Condet Branch and related supervisory units. By gender, respondents were roughly balanced: 56 men (50.91%), 52 women (47.27%), and 2 not stated (0.82%). Age spanned 23 to 55 years, as detailed in Table 4.2 of the thesis, showing a mix of early-career and seasoned staff. Rank composition was dominated by non-

echelon employees, with smaller proportions from Echelon IV and III, consistent with frontline operational staffing. Highest education levels clustered at S-1 (undergraduate) 46.36%, followed by SLTA (senior high) 28.18%, S-2 (master's) 14.55%, and Diploma 10.91%—an academically capable workforce for customer-facing financial services. Tenure varied widely from under 1 year to over 30 years, indicating both institutional memory and new entrants coexisting in the branch network.

This profile matters because the introduction's premise—that high service quality and risk-aware operations at Pegadaian require affective commitment, fair compensation, and role-specific competencies—depends on employee heterogeneity across age, rank, schooling, and tenure. The spread we observe is compatible with the idea that HR levers (commitment architecture, risk-adjusted pay, competency pathways) will not affect all subgroups identically; some effects may be stronger among newer or less-senior staff while others hinge on supervisory roles.

Frequency distributions show exceptionally favorable perceptions. Across eight commitment statements, "Agree" and "Strongly Agree" responses exceed 90% overall—specifically 91.35%—indicating that employees largely report high motivation, loyalty, and a felt bond with the organization. The narrative summary in the thesis concludes that average commitment is already "good to very good," consistent with a workforce that sees itself as engaged in serving customers and caring for company assets.

3.1.2 Compensation

Perceived compensation is also strong. Ten items covering wages, bonuses, allowances (including housing and telephony), holiday benefits, health insurance, life insurance, and work conditions received predominantly positive ratings. The combined "Agree/Strongly Agree" share is ~91.08%, with "Agree" slightly higher than "Strongly Agree" on average. The thesis notes that such responses imply the package is broadly acceptable against employee expectations, though the discussion will revisit whether "acceptable" necessarily translates into incremental performance when modeled alongside commitment and competence.

3.1.3 Competence

Competence indicators—communication, teamwork, customer service, ability to explain pawn processes, decision speed/accuracy, IT operation, bookkeeping, and meticulous handling/appraisal—also skew positive. For this construct, "Agree" averages ~61 responses and "Strongly Agree" ~28.2 (per 110 cases), with "Agree/Strongly Agree" shares totaling ~82.09% overall. The item specifics (e.g., careful storage of pledged goods and accurate appraisal) align with Pegadaian's risk profile and reinforce the introduction's argument that competence is the proximal enabler of both task and contextual performance.

3.1.4 Employee Performance

Performance indicators—task compliance, procedural accuracy, timeliness, attendance, rule adherence, responsibility under loss, customer asset safeguarding, and accountability—show "Agree/Strongly Agree" exceeding 50% on average; the thesis reports ~69.63% for the combined top-two categories across ten items. Notably, some items (e.g., procedural errors or bearing losses) attracted more mid-scale or disagree responses, hinting at stress points where operational risks and accountability practices intersect with morale.

3.1.5 Assumption Checks

Before inferential testing, the thesis documents standard diagnostics: normality (bell-shaped histogram; Normal P-Plot close to diagonal), no multicollinearity (tolerance > 0.10; all VIFs < 3), no

heteroskedasticity (scatter points randomly dispersed), and no autocorrelation (Durbin–Watson = 1.721, well within −2 to +2). These clear the path for valid OLS estimation.

3.1.6 Bivariate Correlations

The correlation matrix shows that commitment, compensation, and competence are each positively and significantly correlated with performance at $p < 0.01$ (two-tailed). The thesis reports coefficients around 0.696 (commitment–performance), 0.643 (compensation–performance), and 0.806 (competence–performance), indicating strong to very strong associations under its interpretive rubric. The three predictors are also intercorrelated, suggesting that supportive HR conditions tend to co-occur: greater commitment aligns with better compensation perceptions and higher competence, and vice-versa.

3.1.7 Simple Regressions (Each Predictor → Performance)

To clarify unique contributions, the thesis estimates three simple regressions: First, Commitment → Performance: ($Y = 24.999 + 0.688\ X_1$), $t = 10.083$, $p < 0.001$, with R and R^2 reported in the thesis' model summary (commitment shows substantial explanatory power). Second, Compensation → Performance: ($Y = 27.830 + 0.647\ X_2$), $t = 8.723$, $p < 0.001$, $R = 0.643$, $R^2 = 0.413$—a solid positive effect in the bivariate frame. Third, Competence → Performance: ($Y = 10.620 + 0.856\ X_3$), $t = 14.160$, $p < 0.001$, $R = 0.806$, $R^2 = 0.650$—the strongest single-predictor link among the three.

Taken together, these models confirm the theoretical sequence proposed in the introduction: commitment, fair compensation, and (especially) competence all align positively with the performance construct that combines task and contextual elements.

3.1.8 Multiple Regression (All Predictors → Performance)

The joint model is: [$Y = 5.018 + 0.257\ X_1 + 0.052\ X_2 + 0.640\ X_3$]. Estimated with $N = 110$ and validated by model-assumption checks. The overall F-test is highly significant ($F = 82.440$, $p < 0.001$), and the model explains 70% of variance in performance ($R = 0.837$; $R^2 = 0.700$; Adjusted $R^2 = 0.691$) .

Partial effects (t-tests): commitment and competence remain significant positive predictors, while compensation turns non-significant once the other two are controlled. The thesis' coefficient table and t-test summary report $t = 2.858$, $p = 0.005$ for commitment; $t = 8.226$, $p < 0.001$ for competence; and $t = 0.579$, $p = 0.564$ for compensation.

Interpretation is competence exhibits the largest standardized contribution; commitment contributes modestly but significantly; compensation's unique effect disappears when modeled alongside the other two. This pattern is consistent with the idea that perceived pay practices raise performance primarily through their effects on commitment (identification, fairness signals) and competence (attraction/retention of capable staff, enabling development), rather than exerting a large, independent push on performance once capability and bonds are accounted for.

3.2 Discussion

3.2.1 What the Findings Mean for Pegadaian (Condet)

The results support your three-pillar theory of performance—commitment, compensation, competence—with important nuance. First, competence is the proximate driver. Competence shows the strongest bivariate and multivariate relationship with performance. The operational items (accurate, careful appraisal; bookkeeping; IT use; process explanation to customers) map directly to Pegadaian's core risk and service activities. When staff possess and enact these competencies, both task performance (accurate, timely processing; compliance with procedures) and contextual performance (initiative, reliability, customer-friendly behavior) rise. The strong correlation (r

≈ 0.806) and large standalone R^2 (0.650) reinforce competence as the primary engine of results in this domain—an intuitive outcome for a high-stakes frontline finance setting.

Second, commitment matters, especially affective commitment. Commitment significantly predicts performance even with competence in the model ($t = 2.858$; $p = 0.005$). In the introduction you emphasized the three-component commitment view (affective, continuance, normative). Although this survey aggregates commitment indicators, the positive partial effect implies that employees who identify with Pegadaian's mission (customer service, integrity, thrift) likely exert discretionary effort: following rules without supervision, safeguarding customer assets, stepping in where procedures are ambiguous, and supporting colleagues. These are precisely the behaviors behind high ratings on punctuality, accountability, and safeguarding items (see the performance distribution).

Third, compensation works indirectly and conditionally. Compensation correlates well with performance in isolation ($r \approx 0.643$, $R^2 = 0.413$), but its unique explanatory power fades once competence and commitment are in the model ($t = 0.579$, ns). Several interpretations are plausible: (1) Shared variance: Perceived fairness and adequacy of pay likely co-vary with commitment ("this place treats us fairly, so we give more") and with competence (better pay attracts/retains better talent); (2) Measurement frame: The compensation instrument emphasized perceptions (e.g., wage sufficiency, allowances, health insurance). Such perceptions may shape motivation and retention more than incremental daily performance once competence and commitment are known; (3) Design specifics: In branch operations where performance quality (e.g., appraisal accuracy) is critical and risky, capability plus values can dominate aggregate performance metrics; pay still matters, but mostly as scaffolding for those two.

These three points explain why the joint model reaches a high $R^2 = 0.700$ while leaving compensation's partial effect small. The compensation system at Pegadaian may already meet a sufficiency threshold (reflected in the high "Agree/Strongly Agree" distribution), so marginal gains now depend more on development (competence) and culture/leadership (commitment).

3.2.2 Fit with Assumption Checks and Data Quality

The statistical prerequisites were satisfied: normality and homoscedasticity looked fine; VIFs well below 10 argue against multicollinearity; and Durbin–Watson = 1.721 indicates no autocorrelation. As a result, the interpretation of regression weights is not compromised by basic violations.

Two caveats matter for generalization: (1) The design is cross-sectional; we cannot infer causality even though the theory is directional; and (2) Measures rely primarily on self-report (with some triangulation), which can inflate correlations via shared method variance. However, the pattern—compensation significant in bivariate but not in multivariate—works against the idea that a common rater simply pushed all predictors upward equally.

3.2.3 Practical Implications: What to Do Next

First, double-down on competencies that directly reduce operational risk. The largest unique effect belongs to competence ($\beta \approx 0.640$ in the joint model; $t = 8.226$, $p < 0.001$) . Prioritize role-specific academies for appraisers (precious metals testing, gemstone grading, counterfeit recognition), process coaches for customer onboarding, and judgment training for ambiguous cases. Link these to skill badges that show progression and gate promotions.

Second, nurture affective commitment via visible meritocracy and integrity. Commitment's unique positive effect ($t = 2.858$, $p = 0.005$) suggests that how leaders behave—fair rotations, transparent promotions, and consistent protection from arbitrary blame—will measurably move performance. Use branch-level town-halls to clarify standards; recognize citizenship behaviors (e.g., helping colleagues resolve complex appraisals) to reinforce identity with Pegadaian's ethos.

Third, recalibrate compensation as an enabler, not a silver bullet. Maintain the baseline adequacy that employees already rate favorably (wages, allowances, insurance), while targeting elements that amplify competence and commitment: e.g., team-based loss-prevention bonuses, risk-exposure allowances that feel fair to frontline staff, and recognition awards tied to quality (low error rates, excellent

customer safeguarding) rather than mere throughput. Because compensation's partial effect was non-significant, expect diminishing direct returns; the indirect (commitment/competence) pathways are the likely payoff.

Fourth, institutionalize diagnostic monitoring. Repeat the survey annually with supervisor-rated performance as the primary outcome (where feasible) to reduce common-method bias. Track branch heterogeneity: do effects differ by tenure or rank? If non-echelon staff show the strongest competence–performance slope, channel development budgets accordingly.

3.2.4 Reconciling "High Means" with "Differential Predictors"

A recurring question with favorable distributions is: "If commitment, compensation, and competence are all rated high, why do only two predict performance uniquely?" The explanation lies in variance partitioning. Even if means are high, the remaining between-person variance can still be meaningful. Here, competence captures the closest-to-task variance; commitment captures motivational/identity variance; compensation captures context that overlaps with both. When all three enter together, the overlap falls to commitment and competence. This is a healthy profile for public-facing financial services: paying fairly is necessary but insufficient; capability and service ethos ultimately differentiate branch-level performance.

4. CONCLUSION

Competence is the proximate performance engine. The strongest effects come from role-relevant knowledge, judgment, and meticulous execution (e.g., appraisal accuracy, custody of pledged goods, system discipline). Investing in structured skills pathways—assay and grading certification, fraud pattern recognition, customer counseling, and error-prevention routines—should deliver the largest, most reliable performance gains.

Affective commitment multiplies returns from competence. Even after accounting for capability, employees who identify with Pegadaian's mission and values contribute meaningful discretionary effort (rule adherence without supervision, safeguarding customer assets, peer support). Leadership behaviors that signal integrity, fairness in promotion, and consistent due process will raise this commitment base and, in turn, performance.

Compensation is necessary but not sufficient. Pay and benefits correlate with performance in isolation, but their unique effect diminishes when competence and commitment are known. The implication is design compensation as an enabler—risk-adjusted allowances, team-based loss-prevention incentives, and recognition for quality (low error rates, reliable custody)—to support capability building and signal justice, rather than expecting pay alone to move outcomes.

The architecture matters more than single levers. The 70% variance explained by the joint model indicates that a coherent HR bundle—competency-anchored selection and development, visible meritocracy, and rewards aligned to risk and service quality—outperforms piecemeal interventions. Align measurement (task + contextual performance) and feedback loops with this architecture.

Operationalize a learning cycle. Institutionalize annual diagnostics (with supervisor ratings and objective KPIs such as appraisal error rates and SLA compliance) to reduce method bias and identify subgroup asymmetries (e.g., by tenure or role). Use these data to target training budgets and refine incentive design.

Boundary conditions and next steps. Cross-sectional timing limits causal inference; future work should test mediation (e.g., Compensation → Commitment/Competence → Performance) and explore commitment's components separately (affective vs continuance vs normative). Replication on current cohorts will verify durability as Pegadaian's digital systems and risk profile evolve.

Ethical Approval
Not Applicable

Informed Consent Statement
Not Applicable

Disclosure Statement
The Authors declare that they have no conflict of interest

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