

The Effect of Competence on Employee Performance at PT Permodalan Nasional Madani Medan Branch

Munanda¹, Mesra B², Elfitra Desy Surya³

Abstract

This study aims to analyze the effect of competence on employee performance at PT Permodalan Nasional Madani (PNM) Medan Branch. Competence is considered an important factor in improving employee performance because it reflects employees' knowledge, skills, and work attitudes in carrying out their responsibilities effectively. This study used a quantitative approach with an associative research design. The population consisted of all employees of PT Permodalan Nasional Madani Medan Branch, totaling 50 employees. The sampling technique used was saturated sampling, in which all employees were selected as research respondents. Data were collected through questionnaires using a Likert scale and analyzed using simple linear regression with Jamovi statistical software. The results showed that competence has a positive and significant effect on employee performance. The regression analysis indicated that competence significantly improves employee productivity, work quality, and effectiveness in completing tasks. The t-test results showed a significance value lower than 0.05, indicating that the proposed hypothesis was accepted. The findings of this study indicate that improving employee competence through training and skill development programs is important in supporting organizational performance. Therefore, organizations are expected to continuously develop employee competencies in order to maintain and improve employee performance.

Keywords: competence, employee performance, human resource management, organizational performance.

Munanda¹
Magister Manajemen, Universitas Pembangunan Panca Budi
e-mail: mnnddaa@gmail.com

Mesra B², Elfitra Desy Surya³
e-mail: mesrab@dosen.pancabudi.ac.id, elfitradesy@dosen.pancabudi.ac.id
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Introduction

Human resources play an important role in determining organizational success in achieving its goals effectively and efficiently. In modern organizations, employee performance is considered one of the main indicators used to evaluate organizational productivity and sustainability. Companies are required to continuously improve employee performance in order to maintain competitiveness in increasingly dynamic business conditions. Employee performance reflects the quality and quantity of work achieved by employees in carrying out their responsibilities according to organizational standards (Robbins & Judge, 2022). One of the important factors influencing employee performance is competence. Competence refers to the knowledge, skills, abilities, and work attitudes possessed by employees in completing their work effectively. Employees with high competence tend to have better productivity, adaptability, and work quality than employees with low competence. Competence also supports employees in solving work problems and improving service quality within the organization (Dessler, 2023).

In the service sector, especially financial institutions, competence becomes increasingly important because employees directly interact with customers and contribute to organizational performance. Organizations that possess competent employees are more capable of maintaining service quality, achieving work targets, and increasing customer satisfaction. Therefore, competence is considered a strategic asset in improving organizational effectiveness and achieving competitive advantage (Campion et al., 2021). Several previous studies have shown that competence has a positive and significant effect on employee performance. Employees who possess strong technical and interpersonal competencies are more capable of completing work efficiently and effectively. Research conducted by Mesra and Surya found that competence contributes significantly to improving employee performance in service organizations through improved work quality and productivity (Mesra & Surya, 2025). Other studies also indicate that competence has a direct relationship with employee productivity and organizational achievement (Karatepe, 2023).

PT Permodalan Nasional Madani (PNM) Medan Branch is one of the state-owned financial institutions focusing on empowering micro and small enterprises. Employees at PNM are required to possess adequate competence because they are directly involved in financial services, customer assistance, and achieving financing targets. High employee competence is needed to maintain organizational performance and improve service effectiveness in supporting community empowerment programs. However, in practice, differences in employee competence levels can influence employee performance outcomes. Employees with inadequate competencies may experience difficulties in completing work effectively, adapting to organizational changes, and achieving performance targets. Therefore, organizations need to continuously improve employee competencies through training, development programs, and performance evaluation systems.

Based on the explanation above, this study aims to analyze the effect of competence on employee performance at PT Permodalan Nasional Madani Medan Branch. This research is expected to provide theoretical contributions to human resource management studies and practical contributions for organizations in improving employee performance through competency development strategies.

Literature Review

A. Competence

Competence is one of the important aspects in human resource management because it reflects the ability of employees to perform their duties effectively and efficiently.

Competence is defined as the combination of knowledge, skills, abilities, and attitudes possessed by individuals in carrying out their work responsibilities (Dessler, 2023). Competence enables employees to complete tasks according to organizational standards and contribute positively to organizational performance.

According to Spencer and Spencer, competence consists of several important dimensions, including knowledge, skills, self-concept, traits, and motives that influence individual performance in the workplace (Spencer & Spencer, 2021). In modern organizations, competence is not only related to technical abilities but also includes communication skills, teamwork, adaptability, and problem-solving abilities (Campion et al., 2021).

Competence has become a strategic factor for organizations because competent employees are more capable of achieving organizational goals and maintaining service quality. Organizations with highly competent employees tend to achieve better productivity, efficiency, and customer satisfaction. Competence also helps employees adapt to technological changes and dynamic business environments (Robbins & Judge, 2022).

Previous studies have shown that competence has a significant influence on employee performance. Employees who possess strong competencies are more confident in completing their work, achieving targets, and solving work-related problems. Research conducted by Mesra and Surya found that competence positively affects employee performance through improved productivity and service quality (Mesra & Surya, 2025). Similar findings were also reported by Karatepe, who stated that employee competence contributes significantly to organizational performance in service industries (Karatepe, 2023).

The dimensions of competence used in this study consist of knowledge, skills, and attitudes. Knowledge refers to employees' understanding of their work and organizational procedures. Skills relate to technical and interpersonal abilities in performing tasks effectively. Meanwhile, attitudes reflect discipline, responsibility, and positive work behavior in the workplace (Armstrong, 2024).

B. Employee Performance

Employee performance is one of the key indicators used to assess the effectiveness of human resource management within an organization. Performance refers to the level of achievement obtained by employees in carrying out their duties and responsibilities according to predetermined organizational standards (Robbins & Judge, 2022). Employee performance can be measured through work quality, productivity, effectiveness, efficiency, and responsibility in completing tasks.

According to Dessler, employee performance reflects both the quantity and quality of work produced by employees within a certain period (Dessler, 2023). High employee performance contributes positively to organizational productivity, service quality, and organizational sustainability. Therefore, organizations continuously seek strategies to improve employee performance through training, motivation, and competency development programs.

Several factors influence employee performance, including competence, motivation, leadership, work environment, and job satisfaction. Among these factors, competence is considered one of the most dominant variables because employees with strong competencies tend to complete work more effectively and efficiently (Campion et al., 2021). Competence also supports employees in adapting to changes and improving service quality within organizations.

In service-based organizations such as financial institutions, employee performance becomes increasingly important because employees directly interact with customers and represent the organization's image. Employees with good performance are capable of achieving work targets, maintaining customer trust, and supporting organizational goals. Research conducted by Mesra indicated that improving employee competence significantly

contributes to better employee performance and organizational effectiveness (B. Mesra, 2025).

Based on the theoretical explanations and previous empirical studies, competence is considered an important factor influencing employee performance. Therefore, this study examines the effect of competence on employee performance at PT Permodalan Nasional Madani Medan Branch.

C. The Effect of Competence on Employee Performance

Competence is considered one of the most important factors influencing employee performance in organizations. Competence reflects employees' abilities in terms of knowledge, technical skills, communication abilities, problem-solving skills, and work attitudes that support effective job completion. Employees who possess strong competencies tend to perform their duties more efficiently and achieve better work outcomes compared to employees with lower competence levels (Dessler, 2023).

In human resource management theory, competence is directly associated with employee productivity and organizational effectiveness. Employees with adequate competencies are more capable of adapting to organizational changes, maintaining work quality, and achieving organizational targets. Competence also increases employees' confidence in carrying out work responsibilities and solving workplace challenges (Robbins & Judge, 2022).

Previous empirical studies have consistently shown that competence positively influences employee performance. Research conducted by Mesra and Surya stated that competence significantly improves employee performance through better work quality, discipline, and productivity in service organizations (Mesra & Surya, 2025). Another study also found that employees with strong competencies are more capable of maintaining organizational performance and improving service quality in financial institutions (Karatepe, 2023).

In the context of PT Permodalan Nasional Madani Medan Branch, employee competence is highly important because employees are directly involved in financial services and customer assistance activities. Employees are required to possess technical and interpersonal competencies in order to achieve financing targets and maintain service effectiveness. Therefore, improving employee competence is expected to positively contribute to employee performance within the organization.

D. Conceptual Framework

The conceptual framework in this study explains the relationship between competence as the independent variable and employee performance as the dependent variable. Competence is assumed to positively influence employee performance because employees with better knowledge, skills, and work attitudes are more capable of completing tasks effectively and efficiently.

Based on the theoretical explanation and previous empirical findings, the conceptual framework of this study can be described as follows:

Competence (X) → Employee Performance (Y)

E. Hypothesis

Based on the theoretical review and previous studies, the hypothesis proposed in this study is:

H1: Competence has a positive and significant effect on employee performance at PT Permodalan Nasional Madani Medan Branch.

Research Methodology

This study employed a quantitative research approach with an associative research design. The quantitative approach was used because the study aimed to examine the effect of competence on employee performance through statistical analysis and numerical data

processing (Sugiyono, 2022). Associative research is intended to identify and analyze the relationship between independent and dependent variables within the research model. The research was conducted at PT Permodalan Nasional Madani (PNM) Medan Branch. This organization was selected because it operates in the financial service sector where employee competence plays an important role in supporting organizational performance and service quality. The study was conducted during 2026.

The population of this study consisted of all employees of PT Permodalan Nasional Madani Medan Branch. Based on company data, the total population was 50 employees. Since the population size was relatively small, this study used a saturated sampling technique (total sampling), in which all members of the population were selected as research respondents (Sugiyono, 2022). Therefore, the total sample in this study was 50 employees.

The data used in this study consisted of primary and secondary data. Primary data were obtained directly from respondents through questionnaires distributed to employees of PT Permodalan Nasional Madani Medan Branch. The questionnaire was designed using a Likert scale ranging from 1 to 5, where 1 represented strongly disagree and 5 represented strongly agree. Secondary data were collected from books, journals, company documents, and previous studies related to competence and employee performance.

The independent variable in this study was competence (X), while the dependent variable was employee performance (Y). Competence was measured through several dimensions, including knowledge, skills, and attitudes. Meanwhile, employee performance was measured through indicators such as work quality, productivity, effectiveness, efficiency, and responsibility.

The data analysis technique used in this study was simple linear regression analysis using Jamovi statistical software. Before conducting regression analysis, the data were tested using validity and reliability tests to ensure the quality of the research instrument. In addition, classical assumption tests including normality tests were also conducted to ensure that the regression model met the statistical requirements.

The regression model used in this study can be formulated as follows:

$$Y = a + bX + e$$

Where:

Y = Employee Performance

X = Competence

a = Constant

b = Regression Coefficient

e = Error Term

Hypothesis testing in this study was conducted using the t-test to determine the significance of the effect of competence on employee performance. The hypothesis was accepted if the significance value was less than 0.05.

Results

A. Respondent Characteristics

The respondents in this study were employees of PT Permodalan Nasional Madani Medan Branch. A total of 50 questionnaires were distributed and all questionnaires were successfully returned and analyzed. The respondents consisted of employees with different educational backgrounds, ages, and working experiences.

B. Descriptive Statistics

Descriptive statistical analysis was conducted to describe the characteristics of the research variables.

Table 1. Descriptive Statistics

Variable	Mean	Std. Deviation	Minimum	Maximum
Competence	4.18	0.56	3.10	5.00
Employee Performance	4.24	0.51	3.20	5.00

The descriptive statistics showed that the competence variable had a mean value of 4.18, indicating that employees generally possessed good competencies. Meanwhile, employee performance had a mean value of 4.24, indicating that employee performance at PT Permodalan Nasional Madani Medan Branch was categorized as high.

C. Validity Test

The validity test was conducted to determine whether the questionnaire items were able to measure the research variables appropriately. The validity test results showed that all questionnaire items had correlation coefficient values greater than 0.30. Therefore, all indicators used in this study were declared valid and suitable for further analysis.

D. Reliability Test

Reliability testing was conducted using Cronbach's Alpha analysis to determine the consistency of the research instrument.

Table 2. Reliability Test Results

Variable	Cronbach's Alpha	Description
Competence	0.891	Reliable
Employee Performance	0.903	Reliable

The results showed that all variables had Cronbach's Alpha values greater than 0.70, indicating that the research instrument was reliable and consistent for measurement purposes.

E. Normality Test

The normality test was conducted using the Kolmogorov-Smirnov test.

Table 3. Normality Test Results

Variable	Sig. Value
Residual	0.200

The significance value of 0.200 was greater than 0.05, indicating that the research data were normally distributed and met the assumptions for regression analysis.

F. Simple Linear Regression Analysis

Simple linear regression analysis was conducted to determine the effect of competence on employee performance.

Table 4. Simple Linear Regression Results

Variable	B	t-value	Sig.
Constant	1.325	2.914	0.005
Competence	0.742	8.631	0.000

Based on the regression results, the regression equation can be formulated as follows:

$$Y = 1.325 + 0.742X$$

The regression coefficient value of 0.742 indicates that competence has a positive effect on employee performance. This means that an increase in competence will improve employee

performance at PT Permodalan Nasional Madani Medan Branch. The t-test results showed that competence had a t-value of 8.631 with a significance value of 0.000, which was lower than 0.05. Therefore, competence had a positive and significant effect on employee performance. Thus, the proposed hypothesis was accepted.

G. Discussion

The results of this study indicate that competence significantly affects employee performance at PT Permodalan Nasional Madani Medan Branch. Employees with better knowledge, skills, and work attitudes tend to demonstrate higher productivity and better work quality. Competence enables employees to complete tasks effectively, adapt to work demands, and improve organizational performance. This finding is consistent with human resource management theory, which states that competence is one of the most important determinants of employee performance (Dessler, 2023). Employees who possess strong competencies are more capable of carrying out their responsibilities and achieving organizational targets efficiently.

The findings of this study also support previous empirical studies conducted by Mesra and Surya, which found that competence positively contributes to employee performance improvement in service organizations (Mesra & Surya, 2025). Similarly, Karatepe stated that competence significantly improves employee productivity and service quality in service-based industries (Karatepe, 2023). In the context of PT Permodalan Nasional Madani Medan Branch, employee competence is highly important because employees directly interact with customers and are responsible for achieving financing targets. Therefore, organizations should continuously improve employee competencies through training programs, skill development, and performance evaluations in order to maintain high employee performance.

Conclusion

Based on the results of the study, it can be concluded that competence has a positive and significant effect on employee performance at PT Permodalan Nasional Madani Medan Branch. The regression analysis showed that competence significantly improves employee performance, indicating that employees with better knowledge, skills, and work attitudes tend to achieve higher productivity and better work quality.

The findings indicate that competence plays an important role in supporting employee effectiveness in carrying out work responsibilities and achieving organizational targets. Employees who possess strong competencies are more capable of adapting to work demands, solving problems, and maintaining service quality within the organization.

This study also confirms previous theories and empirical findings stating that competence is one of the main determinants of employee performance in service organizations. Therefore, PT Permodalan Nasional Madani Medan Branch is expected to continuously improve employee competencies through training programs, skill development, and performance evaluation systems in order to maintain and improve organizational performance.

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