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The Effects of Transformational Leadership, Competence, and Compensation On Employee Performance: The Mediating Role of Self-Efficacy

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Abstract

Employee performance is an important factor in improving hospital service quality. Organizational factors such as transformational leadership, competence, and compensation are believed to influence employee performance. In addition, self-efficacy, defined as employees' belief in their abilities, is considered an important mediating variable. This study aimed to analyze the effect of transformational leadership, competence, and compensation on employee performance through self-efficacy at RSUD Dr. H. Mohamad Rabain Muara Enim. This quantitative descriptive study involved 271 employees selected using stratified random sampling. Data were collected through questionnaires distributed via Google Forms and analyzed using Structural Equation Modeling-Partial Least Squares (SEM-PLS). The results showed that transformational leadership positively affected employee performance (β=0.078; T=1.975; P=0.001), as did competence (β=0.295; T=4.698; P=0.000). Compensation had no significant direct effect on performance (β=-0.05; P=0.052). Transformational leadership (β=0.162; P=0.000), competence (β=0.295; P=0.000), and compensation (β=0.112; P=0.001) significantly influenced self-efficacy. Self-efficacy also significantly affected employee performance (β=0.630; T=10.404; P=0.000). Furthermore, self-efficacy mediated the effects of transformational leadership (β=0.102; P=0.035), competence (β=0.439; P=0.000), and compensation (β=0.071; P=0.002) on employee performance. These results indicate that improving employee performance depends not only on organizational factors, but also on individual confidence in their ability to carry out tasks. This research is expected to provide theoretical contributions to the development of human resource management, especially in healthcare organizations, as well as become a practical consideration for hospital management in formulating policies to improve employee performance sustainably.

Keywords: *Transformational Leadership; Competence; Compensation; Self-Efficacy; Performance.*

INTRODUCTION

Improving the quality of healthcare services requires hospitals to ensure optimal employee performance. In healthcare organizations, performance is not only about achieving work targets, but also relates to patient safety, the accuracy of clinical procedures, speed of response, and the effectiveness of interprofessional collaboration. According to [1], performance is the result of employee work, reviewed in terms of quality and quantity, in accordance with assigned responsibilities. Therefore, improving employee performance is a fundamental aspect in maintaining the sustainability and quality of hospital services.

In human resource management studies, transformational leadership, competence, and compensation are often identified as key factors influencing performance. Transformational leadership, according to [2] vemphasizes the leader's ability to inspire, provide intellectual stimulation, demonstrate individualized attention, and serve as a role model for employees. Meanwhile, competence, defined by [3] as a basic characteristic related to superior performance, serves as the foundation for employee professionalism in carrying out their duties. On the other hand, a fair and competitive compensation system, as proposed by [4], serves as a strategic tool to increase motivation and retain a competent workforce.

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Although conceptually, these three factors are related to performance, in organizational practice, this relationship does not always show a consistent pattern. Improved leadership style, competency development programs, or improvements to the compensation system do not automatically result in significant performance improvements. This demonstrates the limitations of an approach that emphasizes only the structural aspects of the organization. In other words, it is possible that the influence of these factors on performance is influenced by internal individual variables that have not been fully accommodated in previous models.

Within the framework of social cognitive theory, [5] it is asserted that *self-efficacy* , namely an individual's belief in their ability to complete tasks and achieve certain results, plays a crucial role in shaping behavior and work performance. Individuals with high levels of *self-efficacy* tend to be more confident, able to manage work pressure, and have persistence in facing work challenges. Therefore, *self-efficacy* can be a psychological mechanism that bridges the relationship between transformational leadership, competence, and compensation with employee performance.

This phenomenon is relevant to Dr. H. Mohamad Rabain Regional General Hospital, Muara Enim, as a regional referral hospital facing increasing service burdens, limited resources, and increasingly high demands for quality standards. Initial observations indicate that Dr. H. Mohamad Rabain Regional General Hospital has implemented a transformational leadership style, reflected in the management's vision and commitment to driving change, innovation, and improving the quality of healthcare services. However, its implementation has not been comprehensive and consistent across all organizational units. Meanwhile, the initial survey results show that approximately 30% of employees have not yet received training, thus concluding that employee competency is not optimal. Meanwhile, the results of the 2023 employee satisfaction survey at Dr. H. Mohamad Rabain Regional General Hospital showed that 45% of employees felt that the compensation provided was not commensurate with the workload. Initial observations of employee *self-efficacy* at Dr. H. Mohamad Rabain Regional General Hospital, Muara Enim, indicate that the level of employee confidence in completing work tasks still varies between individuals and between work units **.**

Based on the description, this study aims to analyze the influence of transformational leadership, competence, and compensation on employee performance and examine the role of *self-efficacy* as a mediating variable. By integrating organizational and psychological factors in one conceptual model, this study is expected to provide theoretical contributions to the development of human resource management studies in the health sector while offering practical recommendations for improving employee performance sustainably. Through an integrated analysis of the influence of transformational leadership, competence, and compensation on employee performance through *self-efficacy* as a mediating variable in a regional hospital environment that has never been found in previous studies.

METHOD

This research is a quantitative approach. The population in this study was all employees at Dr. H. Mohamad Rabain Muara Enim Regional General Hospital, including medical personnel, nursing staff, other health workers, and non-health workers, totaling 838 respondents. Sampling in this study used the *probability sampling method* with a *stratified sampling technique. random sampling* so that the sample represents all types of human resources or employees in the Hospital . The total sample size is 271 respondents based on the Slovin formula with a 5% error rate, while the distribution of sample strata is based on formula [6] , namely 27 medical personnel, 116 nursing personnel, 56 other health personnel, and 72 non-health personnel.

Data collection in this study was conducted using a questionnaire as the main instrument. The questionnaire instrument was compiled based on the indicators of each research variable, namely transformational leadership, competence, compensation, *self-efficacy* , and employee performance. Each question item was compiled in the form of a closed statement using a five-point Likert scale, starting from a score of 1 strongly disagree, a score of 2 disagree, a score of 3 undecided, a score of 4 agree, to a score of 5 strongly agree. The questionnaire was made in the form of *a google form* distributed directly to the employees of Dr. H. Mohamad Rabain Muara Enim Regional General Hospital. In the questionnaire, there are 8 statements in each variable which are coded KT 1 to 8 for questions 1 to 8 transformational leadership variables, KOMP 1 to 8 for questions 1 to 8 competency variables, KP 1 to 8 for questions 1 to 8 on compensation variables, SE 1 to 8 for questions 1 to 8 for *Self-Efficacy variables* and KIN 1 to 8 for questions 1 to 8 performance variables.

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The data analysis technique in this study uses a quantitative approach with *the Structural Equation Modeling* (SEM) method based on *Partial Least Squares* (PLS) which is processed using SmartPLS software version 4. This method was chosen because it is able to analyze the relationship between complex latent variables, including the influence of mediation , predictive, flexible and suitable for use even though the number of samples is not too large and the data does not fully meet the assumption of multivariate normality and is suitable for HR research in hospitals.

According to [7] The data analysis process is carried out in two main stages, namely the evaluation of the measurement model (*outer model*) and the evaluation of the structural model (*inner model*) . The first stage, *the Outer Model* (measurement model) , is used to assess the quality of the research instrument by ensuring that each indicator is able to measure the construct accurately. *The Outer Model evaluation* includes testing convergent validity, discriminant validity and construct reliability. While the second stage is *the Inner Model* (structural model) , namely the evaluation of the causal relationship between latent constructs according to the research hypothesis. This model aims to test the relationship between latent constructs, both direct and indirect relationships (mediation). The evaluation of *the inner model* includes the R-Square (R2) test , significance test, and F-Square (F2) test . The following is the rule of thumb for *the outer model* and *inner model* in this study:

Table 1. *Rule of Thumb Outer Model* and *Inner Model*

Stages	Criteria	Indicator	Limitations/ *Rule of Thumb*
Outer Model	Convergent Validity	*Outer Loading*	≥ 0.70
		AVE (*Average Variance Extracted*)	≥ 0.50
	Discriminant Validity	*Fornell-Larcker*	√AVE > correlation with other constructs
		Cross Loading	The highest loading should be on the original construct
	Construct Reliability	*Cronbach's Alpha*	≥ 0.70
		Composite Reliability (CR)	≥ 0.70
Inner Model	Coefficient of Determination	R-Square (R^2)	≥ 0.50
	Path significance test	*Path Coefficient*	T-statistic > 1.96 and P-value < 0.05
	Effect Size	F-Square (f^2)	< 0.02 small effect 0.02 – 0.15 moderate effect < 0.35 big effect

RESULTS and DISCUSSION

Results

In this study, 271 respondents were employees of Dr. H. Mohamad Rabain Regional General Hospital, including medical personnel, nursing staff, other health workers, and non-health workers. Respondent characteristics were grouped by gender, age, education level, and profession. Data on respondent characteristics were presented in the form of frequency distribution tables and percentages for ease of understanding. The following table shows the distribution of respondent characteristics in this study:

Table 2. Respondent Characteristics

No	Characteristics	Amount	Percentage
1	**Gender**		
	Man	63	23.3%
	Woman	208	76.7%
2	**Age**		
	<21 years	5	1.85%
	21-30 years old	81	29.89%
	31-40 years	117	43.17%
	41-50 years	57	21.03%
	>51 years	11	4.06%
3	**Education**		
	SENIOR HIGH SCHOOL	26	9.59%

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	DIII	74	27.31%
	DIV	12	4.43%
	S1	62	22.88%
	Profession	81	29.89%
	S2	16	5.90%
4	**Profession**		
	Medical	27	9.9%
	Nursing	116	42.8%
	Other Health Workers	56	20.7%
	Non-healthcare workers	72	26.6%

Source: Primary Data processed 2025

Outer Model Evaluation

Convergent Validity

Outer Loading

The outer loading estimation results is measured by the correlation between the indicator (instrument) score and its construct (variable). Indicators are considered valid if they have a correlation value of ≥ 0.70. Any indicators that do not meet this requirement must be discarded. The results of the first stage of convergent validity in this study can be seen in the following table:

Table 3. *Outer Loading Results* of Stage 1 Convergent Validity Test

Statement	Transformational Leadership	Competence	Compensation	*Self-Efficacy*	Performance	Note
KT1	0.863					Valid
KT2	0.878					Valid
KT3	0.898					Valid
KT4	**0.632**					Invalid
KT5	0.828					Valid
KT6	0.873					Valid
KT7	0.87					Valid
KT8	0.905					Valid
COMP1		0.811				Valid
COMP2		0.866				Valid
COMP3		0.908				Valid
COMP4		0.867				Valid
COMP5		0.875				Valid
COMP6		0.887				Valid
COMP7		0.894				Valid
COMP8		0.852				Valid
KP1			0.795			Valid
KP2			0.849			Valid
KP3			0.838			Valid
KP4			0.884			Valid
KP5			0.818			Valid
KP6			0.834			Valid
KP7			0.862			Valid
KP8			0.864			Valid
KIN1					0.904	Valid
KIN2					0.9	Valid
KIN3					0.894	Valid
KIN4					0.893	Valid
KIN5					0.902	Valid
KIN6					0.888	Valid
KIN7					0.901	Valid
KIN8					0.899	Valid
SE1				0.855		Valid
SE2				0.904		Valid
SE3				0.888		Valid

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SE4	0.82	Valid
SE5	0.855	Valid
SE6	0.874	Valid
SE7	0.867	Valid
SE8	0.874	Valid

Source: Primary Data processed 2025

Outer loading value output for the transformational leadership variable contained one statement with a value of 0.632, so statements with *outer loading values* less than 0.70 had to be removed and retested. The following table presents the *outer loading test* stage 2:

Table 4. *Outer Loading Results* of Convergent Validity Test Stage 2

Statement	Transformational Leadership	Competence	Compensation	*Self-Efficacy*	Performance	Note
KT1	0.863					Valid
KT2	0.878					Valid
KT3	0.898					Valid
KT5	0.828					Valid
KT6	0.873					Valid
KT7	0.87					Valid
KT8	0.905					Valid
COMP1		0.811				Valid
COMP2		0.866				Valid
COMP3		0.908				Valid
COMP4		0.867				Valid
COMP5		0.875				Valid
COMP6		0.887				Valid
COMP7		0.894				Valid
COMP8		0.852				Valid
KP1			0.795			Valid
KP2			0.849			Valid
KP3			0.838			Valid
KP4			0.884			Valid
KP5			0.818			Valid
KP6			0.834			Valid
KP7			0.862			Valid
KP8			0.864			Valid
KIN1					0.904	Valid
KIN2					0.9	Valid
KIN3					0.894	Valid
KIN4					0.893	Valid
KIN5					0.902	Valid
KIN6					0.888	Valid
KIN7					0.901	Valid
KIN8					0.899	Valid
SE1				0.855		Valid
SE2				0.904		Valid
SE3				0.888		Valid
SE4				0.82		Valid
SE5				0.855		Valid
SE6				0.874		Valid
SE7				0.867		Valid
SE8				0.874		Valid

Source: Primary Data processed 2025

Outer loading values from this second stage of testing showed that all statements in the transformational leadership, competency, compensation, performance, and *self-efficacy variables* had values above 0.70, indicating that all statements were valid. This indicates that the indicators or statements used successfully measured the correlation between the indicator/statement scores and their constructs/variables, thus supporting the construct validity of the measurement model.

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***Average Variance Extracted* (AVE)**

Average variance extracted (AVE) value is ≥ 0.5. The estimated *average variance extracted (AVE)* output can be seen in the following table:

Table 5. Results of *the Average Variance Extracted (* AVE) Convergent Validity Test

Variables	*Average Variance Extracted* (AVE)	Information
Transformational Leadership	0.768	Valid
Competence	0.758	Valid
Compensation	0.711	Valid
Performance	0.806	Valid
Self-Efficacy	0.752	Valid

Source: Primary Data processed 2025

The AVE values for each variable are transformational leadership at 0.768, competence at 0.758, compensation at 0.711, performance at 0.806, and *self-efficacy* at 0.752. These five variables have an AVE value ≥ 0.5, meaning they can be categorized as valid.

Discriminant Validity

Cross Loading

An indicator or statement is declared valid if its relationship with its construct or variable (*cross-loading value*) is higher than its relationship with other constructs. The following table shows the results of data processing with *cross-loading results* :

Table 6. *Cross Loading Results* of Discriminant Validity Test

Statement	Transformational Leadership	Performance	Compensation	Competence	*Self-Efficacy*	Note
KT1	**0.865**	0.67	0.509	0.637	0.697	Valid
KT2	**0.883**	0.64	0.475	0.658	0.633	Valid
KT3	**0.902**	0.664	0.51	0.665	0.658	Valid
KT5	**0.83**	0.561	0.545	0.582	0.579	Valid
KT6	**0.872**	0.604	0.484	0.585	0.601	Valid
KT7	**0.87**	0.615	0.483	0.612	0.622	Valid
KT8	**0.909**	0.649	0.549	0.654	0.662	Valid
KIN1	0.687	**0.904**	0.471	0.792	0.832	Valid
KIN2	0.655	**0.9**	0.444	0.791	0.824	Valid
KIN3	0.643	**0.894**	0.428	0.788	0.841	Valid
KIN4	0.648	**0.893**	0.428	0.768	0.793	Valid
KIN5	0.595	**0.902**	0.367	0.754	0.83	Valid
KIN6	0.651	**0.888**	0.392	0.838	0.81	Valid
KIN7	0.673	**0.901**	0.439	0.779	0.824	Valid
KIN8	0.617	**0.899**	0.407	0.764	0.824	Valid
KP1	0.412	0.344	**0.795**	0.301	0.385	Valid
KP2	0.447	0.368	**0.849**	0.361	0.436	Valid
KP3	0.47	0.34	**0.838**	0.301	0.397	Valid
KP4	0.555	0.445	**0.884**	0.43	0.484	Valid
KP5	0.478	0.422	**0.818**	0.433	0.494	Valid
KP6	0.504	0.395	**0.834**	0.413	0.443	Valid
KP7	0.49	0.38	**0.862**	0.391	0.434	Valid
KP8	0.531	0.451	**0.864**	0.494	0.5	Valid
COMP1	0.524	0.667	0.368	**0.811**	0.653	Valid
COMP2	0.573	0.729	0.393	**0.866**	0.725	Valid
COMP3	0.587	0.762	0.422	**0.908**	0.767	Valid
COMP4	0.62	0.756	0.44	**0.867**	0.751	Valid
COMP5	0.645	0.78	0.389	**0.875**	0.765	Valid
COMP6	0.66	0.791	0.412	**0.887**	0.793	Valid
COMP7	0.68	0.813	0.41	**0.894**	0.791	Valid
COMP8	0.692	0.775	0.43	**0.852**	0.777	Valid
SE1	0.593	0.784	0.475	0.761	**0.855**	Valid
SE2	0.654	0.835	0.429	0.827	**0.904**	Valid
SE3	0.647	0.834	0.431	0.777	**0.888**	Valid

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SE4	0.624	0.721	0.504	0.689	**0.82**	Valid
SE5	0.609	0.8	0.516	0.734	**0.855**	Valid
SE6	0.67	0.796	0.464	0.749	**0.874**	Valid
SE7	0.61	0.781	0.444	0.724	**0.866**	Valid
SE8	0.643	0.799	0.447	0.745	**0.874**	Valid

Source: Primary Data processed 2025

Cross-loading values for transformational leadership, competence, compensation, *self-efficacy* , and performance variables have a correlation value between the indicators (instruments) and their constructs (variables) that is greater than the indicators (instruments) in other constructs (variables). The results of the convergent validity and discriminant validity tests show consistent figures, with all indicators declared valid. This indicates that the model used has a good fit and is able to differentiate between different constructs effectively. Therefore, it can be concluded that the measuring instrument used in this study is valid.

Fornell-Larcker

The Fornell-Larcker test is effectively used to check whether constructs in a PLS model have good discriminant properties. If √AVE is greater than the correlation value in the same row, then the statement is valid. Conversely, if √AVE is not greater than the correlation value in the same row, then the statement is invalid. This indicates that the measurement model is valid in distinguishing between different constructs. *The Fornell-Larcker table* in this study is as follows:

Table 7. Results of *the Fornell-Larcker* Discriminant Validity Test

Variables	Transformational Leadership	Performance	Compensation	Competence	*Self-Efficacy*	Note
Transformational Leadership	**0.876**					Valid
Performance	0.72	**0.898**				Valid
Compensation	0.579	0.47	**0.843**			Valid
Competence	0.718	0.870	0.469	**0.871**		Valid
Self-Efficacy	0.728	0.816	0.534	0.857	**0.867**	Valid

Source: Primary Data processed 2025

From the *Fornell-Larcker table* it can be concluded:

1. The value in the transformational leadership row, namely √AVE, is 0.876, while the correlation values with other variables, namely performance, are 0.72, compensation is 0.579, and competence is 0.718. and *self-efficacy* of 0.728. Thus, the √AVE value has a greater value than the correlation with other constructs, so it is said to be valid.
2. The value in the performance row √AVE is 0.898, while the correlation value with other variables, namely transformational leadership, is 0.72, compensation is 0.47, competence is 0.870, and *self-efficacy* is 0.816. Thus, the √AVE value has a greater value than the correlation with other constructs, so it is said to be valid.
3. The value in the compensation row √AVE is 0.843, while the correlation value with other variables, namely transformational leadership, is 0.579, performance is 0.47, competence is 0.469, and *self-efficacy* is 0.534. Thus, the √AVE value has a greater value than the correlation with other constructs, so it is said to be valid.
4. The value in the competency row √AVE is 0.871, while the correlation value with other variables, namely transformational leadership, is 0.718, performance is 0.870, compensation is 0.469, and *self-efficacy* is 0.857. Thus, the √AVE value has a greater value than the correlation with other constructs, so it is said to be valid.
5. In the *self-efficacy row* , √AVE is 0.867, while the correlation value with other variables, namely transformational leadership, is 0.728, performance is 0.816, compensation is 0.534, and competence is 0.857. Thus, the √AVE value has a greater value than the correlation with other constructs, so it is said to be valid.

Construct Reliability

Cronbach's Alpha

A Cronbach's alpha value greater than 0.70 indicates that the construct/variable is being measured well and consistently for measurement validity. Conversely, a low *Cronbach's alpha value*

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indicates that the indicator/statement used is not reliable enough and needs to be revised or replaced. The following table shows *the Cronbach's alpha values* in this study:

Table 8. *Cronbach's Alpha Results* of Construct Reliability Test

Variables	Cronbach's alpha	Information
Transformational Leadership	0.949	Reliable
Competence	0.954	Reliable
Compensation	0.942	Reliable
Performance	0.966	Reliable
Self-Efficacy	0.953	Reliable

Source: Primary Data processed 2025

From the table above, it can be concluded that *the Cronbach's alpha* value for each transformational leadership construct/variable is 0.949, competence is 0.954, compensation is 0.942, performance is 0.966, and *self-efficacy* is 0.953. *The Cronbach's alpha value* for all variables is above 0.70, indicating good reliability.

Composite Reliability (CR)

Composite reliability (CR) is used to ensure the internal consistency of the indicators that make up the latent variable. *A composite reliability* (CR) value meets the standard if it is greater than 0.70. The following table shows *the composite reliability* (CR) values in this study:

Table 9. Results of *Composite Reliability* (CR) Values of the Construct Reliability Test

Variables	*Composite Reliability* (CR)	Information
Transformational Leadership	0.958	Reliable
Competence	0.962	Reliable
Compensation	0.952	Reliable
Performance	0.971	Reliable
Self-Efficacy	0.96	Reliable

Source: Primary Data processed 2025

The results of this analysis indicate that the *composite reliability value* for the transformational leadership construct/variable is 0.958, the competency variable is 0.962, the compensation variable is 0.952, the performance variable is 0.971, and the *self-efficacy variable* is 0.96. All variables have a *composite reliability* (CR) value above 0.70, thus all variables have good reliability.

Inner Model Evaluation

R-Square (R^2)

R-Square (R^2) in SEM-PLS measures how well the latent independent variables in the model can explain the variability of the latent dependent variable. The $R^{2\ value}$ should be greater than 0.50, with higher values indicating a better model at explaining variation. The following table shows the R^2 values in this study:

Table 10. Results of *R-Square Values* (R^2)

Variables	*R-Square*	*R-Square Adjusted*
Performance	0.868	0.866
Self-Efficacy	0.782	0.78

Source: Primary Data processed 2025

Based on the analysis results obtained R-Square value of 0.868 performance variable indicates that 86.8% of the variation in this variable can be explained by the independent variables in the model, while the remaining 13.2 is influenced by other factors outside the model, so the relationship between the independent variables and performance is said to be strong. While the R-Square value of 0.782 for the *self-efficacy variable* indicates 78.2% of the variation in this variable can be explained by this variable can be explained by the independent variables in the model, with 21.8% influenced by external factors. This value indicates a strong relationship, meaning the model is able to explain all factors that influence *self-efficacy*.

Significance Test

Path Coefficient Bootstrapping Direct (Direct Effect)

Path coefficient results *bootstrapping direct effect* can be seen in the following table:

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Table 11. *Path Coefficient Bootstrapping Direct Effect* Results

Variables	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV)	P values	Note
Transformational Leadership → Performance	0.078	0.077	0.043	1,975	0.035	Proven
Competence → Performance	0.295	0.295	0.063	4,698	0.000	Proven
Compensation → Performance	**-0.05**	**-0.049**	**0.031**	**1,629**	**0.052**	**Not Proven**
Transformational Leadership → *Self-Efficacy*	0.162	0.159	0.047	3,416	0.000	Proven
Competence → *Self-Efficacy*	0.698	0.696	0.043	16,168	0.000	Proven
Compensation → *Self-Efficacy*	0.112	0.116	0.036	3,090	0.001	Proven
Self-Efficacy → Performance	0.630	0.630	0.061	10,404	0.000	Proven

Source: Primary Data processed 2025

Based on the table above, it can be concluded:

1. The influence of transformational leadership on performance
   The results show that transformational leadership has a positive and significant influence on performance with a path coefficient value of 0.078, a T statistic of 1.975 which is greater than 1.96, and a P value of 0.001 which is smaller than 0.05. This indicates that the implementation of inspirational, visionary leadership and attention to individual employee needs can encourage increased employee performance.
2. The influence of competence on performance
   The results show that competence has a positive and significant influence on performance with a path coefficient value of 0.295, a T statistic of 4.698 which is greater than 1.96 and a P value of 0.000 which is smaller than 0.005. These findings indicate that the knowledge, skills, and work attitudes possessed by employees play an important role in supporting the achievement of optimal performance.
3. The effect of compensation on performance
   The results show that compensation does not significantly influence performance with a path coefficient value of -0.05, a T statistic of 1.629 which is smaller than 1.96, and a P value of 0.052 which is greater than 0.005. This indicates that compensation has not been a major determining factor in improving employee performance without the support of other factors.
4. The influence of transformational leadership on *self-efficacy*
   The results show that transformational leadership has a positive and significant influence on *self-efficacy* with a path coefficient value of 0.162, a T statistic of 3.416 which is greater than 1.96, and a P value of 0.000 which is smaller than 0.005. This finding confirms that a supportive and inspirational leadership style can increase employee confidence in their ability to carry out work.
5. The influence of competence on performance
   The results show that competence has a positive and significant influence on performance with a path coefficient value of 0.295, a T statistic of 4.698 which is greater than 1.96 and a P value of 0.000 which is smaller than 0.005. Employees who have high competence tend to have better self-confidence in completing work tasks and responsibilities.
6. The effect of compensation on *self-efficacy*
   The results show that compensation has a positive and significant effect on *self-efficacy* with a path coefficient value of 0.112, a T statistic of 3.090 which is greater than 1.96, and a P value of 0.001 which is smaller than 0.005. This indicates that a fair and appropriate compensation system can increase employee confidence in their abilities and contributions to the organization.
7. The influence of *self-efficacy* on performance

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The results show that *self-efficacy* has a positive and significant effect on performance with a path coefficient value of 0.630, a T statistic of 10.404 which is greater than 1.96, and a P value of 0.000 which is smaller than 0.005. Employees with a high level of self-confidence tend to show better effort, perseverance, and work quality.

***Indirect Bootstrapping* (Indirect Effect)**

Path coefficient results *bootstrapping indirect effects* can be seen in the following table:

Table 12. Results of *Path Coefficient Bootstrapping Indirect Effect*

Variables	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values	Note
Transformational Leadership → Self Efficacy → Performance	0.102	0.1	0.031	3,263	0.001	Proven
Competence → Self Efficacy → Performance	0.439	0.438	0.049	8,981	0.000	Proven
Compensation → Self Efficacy → Performance	0.071	0.073	0.025	2,817	0.002	Proven

Source: Primary Data 2025

Based on the table above, it can be concluded:

1. The influence of transformational leadership on performance through *self-efficacy*
   The results of the analysis show that transformational leadership has a significant indirect effect on performance through *self-efficacy* with a path coefficient value of 0.102, a T statistic of 3.263 which is greater than 1.96, and a P value of 0.035 which is smaller than 0.005. These findings indicate that transformational leadership can improve employee performance through increased *self-efficacy* .
2. The influence of competence on performance through *self-efficacy*
   The analysis results show that competence has a significant indirect influence on performance through *self-efficacy* with a path coefficient value of 0.439, a T statistic of 8.981 which is greater than 1.96, and a P value of 0.000 which is smaller than 0.005. This indicates that competence will be more effective in improving performance when accompanied by employee self-confidence.
3. The effect of compensation on performance through *self-efficacy*
   The analysis results show that compensation has a significant indirect effect on performance through *self-efficacy* with a path coefficient value of 0.071, a T statistic of 2.817 which is greater than 1.96, and a P value of 0.002 which is smaller than 0.005. This finding confirms that compensation will have a more optimal impact on performance if it is able to increase employee *self-efficacy* .

***Effect Size* (F^2)**

Effect size (f^2) is used to evaluate the specific impact of independent variables on predicting the dependent variable. This measurement is done by looking at the change in the R^2 value after a particular independent variable is removed from the model. The f^2 value is interpreted as small if it is less than 0.02, medium if it is between 0.02 and 0.15, and large if it is more than 0.35. By calculating f^2, it can be identified which independent variables have the greatest influence on the dependent variable in the model, thus providing more insight into the dynamics of the relationship between latent variables. The following table shows the results of *the effect size* (F^2) in this study:

Table 13. ***Effect Size Results*** **(F^2)**

Variables	Transformational Leadership	Performance	Competence	Compensation	*Self-Efficacy*
Transformational Leadership		0.018			0.049
Performance					
Competence		0.153			1,074
Compensation		0.012			0.038

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Self-Efficacy	0.653

Source: Primary Data processed 2025

From the table above, it can be concluded:

1. Transformational leadership on performance
   f^2 value for this path is 0.018, which is small because it is less than 0.02. Therefore, this value indicates that transformational leadership has a relatively small influence on performance.
2. Transformational leadership towards *self-efficacy*
   f^2 value for this path is 0.049, which is moderate, as it falls within the range of 0.02 to 0.15. Therefore, this value indicates that transformational leadership has a significant influence on *self-efficacy*.
3. Competence towards performance
   f^2 value for this path is 0.012, which is small because it is less than 0.02. Therefore, this value indicates that competence has a relatively small influence on performance.
4. Competence towards *self-efficacy*
   f^2 value for this path is 1.074, a significant value exceeding 0.35. This value indicates that competence significantly influences *self-efficacy* .
5. Compensation for performance
   f^2 value for this path is 0.012, which is small because it is less than 0.02. Therefore, this value indicates that compensation has a relatively small effect on performance.
6. Compensation for *self-efficacy*
   f^2 value for this path is 0.038, which is moderate, as it falls within the range of 0.02 to 0.15. This value indicates that compensation has a significant influence on *self-efficacy* .
7. *Self-efficacy* towards performance
   f^2 value for this path is 0.653, which is significant because it is greater than 0.35. This value indicates that *self-efficacy* has a significant influence on performance.

Discussion

The Effects of Transformational Leadership on Employee Performance

The results of the study indicate that transformational leadership has a positive and significant effect on employee performance with a T-statistic value of 1.975 and a P-value of 0.001 . These results indicate that the better the implementation of transformational leadership, the higher the resulting employee performance. Theoretically, these results are in line with recent meta-analytic research which confirms that transformational leadership has a positive and consistent relationship with various individual and organizational performance indicators [7] . Transformational leaders are able to build a clear vision, provide inspiration, and encourage employee commitment to exceed established work standards.

The Effects of Competence on Employee Performance

The results of the study indicate that competence has a positive and significant effect on employee performance with a T-statistic value of 4.698 and a P-value of 0.000 . These results indicate that the higher the level of employee competence, the better the performance produced in carrying out their duties and responsibilities. This is in line with recent research in the field of talent management which also shows that *competency-based performance management* significantly increases employee work effectiveness and productivity [7]. Standardized and measurable competencies help employees understand role expectations, improve role clarity , and minimize work errors.

The Effects of Compensation on Employee Performance

The results of the study showed that compensation did not have a significant effect on employee performance with a T-statistic value of 2.817 and a P-value of 0.052 . This finding indicates that the amount or form of compensation received by employees has not been able to directly encourage improved performance . This may be due to the mismatch between the compensation received and the workload. A recent meta-analysis found that financial incentives have a small to moderate effect on performance, and often depend on the design of the reward system and perceptions of fairness and transparency [8]. In public organizations such as hospitals, a relatively fixed and regulatory compensation structure may result in compensation not being a major differentiator in improving individual performance.

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The Effects of Transformational Leadership on *Self-Efficacy*

The results of the study indicate that transformational leadership has a positive and significant effect on *self-efficacy* with a T statistic of 3.416 and a P value of 0.000. These results indicate that the implementation of transformational leadership can increase employee confidence in their abilities in carrying out work tasks and responsibilities. Theoretically, this finding can be explained through the latest developments in *Self-Determination Theory* (SDT) which emphasizes that leadership support for the need for autonomy and competence will strengthen an individual's belief in their abilities [9]. Transformational leaders who provide inspiration, constructive feedback, and trust in carrying out tasks create a work environment that supports *psychological need satisfaction* , thereby increasing employee *self-efficacy* .

The Effects of Competence on *Self-Efficacy*

The results of the study indicate that competence has a positive and significant effect on *self-efficacy* with a T-statistic value of 4.698 and a P value of 0.000. This indicates that mastery of knowledge and skills not only contributes directly to performance, but also increases an individual's confidence in their abilities, as emphasized in the theory. *Self-Determination Theory* (SDT) emphasizes that fulfilling the need for competence is a key element in building motivation and self-confidence [9]. When individuals feel they have sufficient ability to complete a task, their perception of their effectiveness increases. High competence strengthens psychological need satisfaction, there by increasing employee *self-efficacy*.

The Effects of Compensation on *Self-Efficacy*

The results of the study indicate that reinforcement has a positive and significant effect on self-efficacy with a T-statistic value of 3.090, and a P value of 0.001. These results indicate that funding provided by the organization can increase employee confidence in their ability to carry out their work. This is supported by the Equity Sensitivity Theory which states that it is not just a matter of large or small imbalances, but the perception of fairness of the process and the welfare outcomes felt by employees. When employees perceive that the compensation process is carried out fairly (procedural justice) and proportional to work contributions, this will strengthen their sense of competence and confidence in carrying out tasks (*self-efficacy*), even in complex task conditions [10].

The Effects of *Self-Efficacy* on Performance

The results of the study show that *self-efficacy* has a positive and significant effect on employee performance with a T statistic value of 10.404, and a P value of 0.000. These results indicate that the higher an employee's confidence in their abilities, the higher the performance they produce in carrying out their work duties and responsibilities. This is in accordance with the *Job Demands-Resources* (JD-R) *Theory* which states that *self-efficacy* is categorized as *a personal resource* that has a central role in increasing *work engagement* and performance [11.] Individuals with high *self-efficacy* tend to set more challenging targets and show more consistent efforts, which empirically have an impact on improving individual performance.

The Influence of Transformational Leadership on Performance Through *Self-Efficacy*

The results of the study indicate that transformational leadership has a positive and significant effect on employee performance through *self-efficacy* with a T-statistic of 3.263 and a P-value of 0.035. These results indicate that *self-efficacy* acts as a mediating variable that bridges the influence of transformational leadership on employee performance. This means that transformational leadership not only has a direct effect on performance but also improves performance by increasing employee self-confidence. These results are supported by the updated *Social Cognitive Theory by* [12] , which emphasizes that the social environment, including leadership style, influences behavior through regulative cognitive processes such as *self-efficacy* . Transformational leaders who provide support, a clear vision, and positive feedback act as sources of *social persuasion* and *vicarious experience* that strengthen employee self-confidence in carrying out tasks .

The Influence of Competence on Performance Through *Self-Efficacy*

The results of the study indicate that competence influences employee performance through *self-efficacy* with a T-statistic value of 8.981, and a P value of 0.000. These results indicate that employee competence

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not only directly influences performance but also improves performance by increasing employee confidence in their abilities (*self-efficacy*) . In other words, *self-efficacy* acts as a mediating variable that strengthens the influence of competence on employee performance. These results are in accordance with the latest *Job Demands-Resources* (JD-R) *Theory framework* developed by [11] , competence can be categorized as *a personal resource* that increases an individual's capacity to face work demands. However, the influence of *personal resources* on performance will be stronger when an individual has high self-confidence. In other words, *self-efficacy* strengthens the effectiveness of competence in improving *task performance* and *adaptive performance* .

The Effect of Compensation on Performance Through *Self-Efficacy*

The results of the study indicate that compensation influences employee performance through *self-efficacy* with a T-statistic value of 2.817 and a P-value of 0.002. This finding indicates that compensation not only has a direct impact on performance, but is more effective in improving performance when it is able to increase employee confidence in their abilities (*self-efficacy*) . Thus, *self-efficacy* acts as a mediating variable in the relationship between compensation and employee performance. This is in line with the latest developments in *Expectancy Theory* which was updated in the study of work motivation by [13.] This theory emphasizes that the effectiveness of compensation is highly dependent on individual perceptions regarding the relationship between effort, ability, and reward. *Self-efficacy* strengthens these expectations, so that employees are more confident that their competence and effort will result in commensurate rewards, which can improve performance.

CONCLUSION

The conclusions in this study are as follows:

1. Transformational leadership has a positive and significant effect on employee performance at Dr. H. Mohamad Rabain Muara Enim Regional General Hospital, with a T statistic value of 1.975 and a P value of 0.001.
2. Competence has a positive and significant effect on employee performance at Dr. H. Mohamad Rabain Muara Enim Regional General Hospital, with a T statistic value of 4.698 and a P value of 0.000 .
3. Compensation does not have a significant effect on employee performance at Dr. H. Mohamad Rabain Muara Enim Regional General Hospital, with a T statistic value of 2.817 , and a P value of 0.052 .
4. Transformational leadership has a positive and significant effect on employee *self-efficacy* at Dr. H. Mohamad Rabain Muara Enim Regional General Hospital, with a T statistic value of 3.416 and a P value of 0.000 .
5. Competence has a positive and significant effect on employee *self-efficacy* at Dr. H. Mohamad Rabain Muara Enim Regional General Hospital, with a T statistic value of 4.698 and a P value of 0.000 .
6. Compensation has a positive and significant effect on employee *self-efficacy* at Dr. H. Mohamad Rabain Muara Enim Regional General Hospital, with a T statistic value of 3.090, and a P value of 0.001 .
7. *Self-efficacy* has a positive and significant effect on employee performance at Dr. H. Mohamad Rabain Muara Enim Regional General Hospital, with a T statistic value of 10.404, and a P value of 0.000 .
8. *Self-efficacy* mediates the influence of transformational leadership on employee performance at Dr. H. Mohamad Rabain Muara Enim Regional General Hospital, with a T statistic value of 3.263, and a P value of 0.035.
9. *Self-efficacy* mediates the influence of competence on employee performance at Dr. H. Mohamad Rabain Muara Enim Regional General Hospital, with a T statistic value of 8.981, and a P value of 0.000.
10. *Self-efficacy* mediates the effect of compensation on employee performance at Dr. H. Mohamad Rabain Muara Enim Regional General Hospital, with a T statistic value of 2.817, and a P value of 0.002.

Through this research, the researcher has several hopes, namely:

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1. research is expected to be a reference for academics and further researchers in developing human resource management studies, especially in the health services sector.
2. Further researchers are advised to add other relevant variables, use different research method approaches, and expand the research objects to obtain more comprehensive results and broader generalizations.

Award

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