



The Effect of Competence, Motivation, Leadership, Work Environment, and Compensation On Employee Performance at SSC Nails Salon

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Abstract: This study examines the effect of competence, motivation, leadership, work environment, and compensation on employee performance at SSC Nails Salon. The research was conducted using a quantitative approach with primary data collected through questionnaires distributed to all 30 employees. A census sampling technique was applied due to the relatively small population size, ensuring that the sample fully represented the workforce of the salon. Data analysis was performed using multiple linear regression with SPSS 26.0, supported by validity and reliability testing, classical assumption tests, partial hypothesis testing (t-test), simultaneous hypothesis testing (F-test), and the coefficient of determination (R^2). The results of the partial tests indicate that competence, motivation, leadership, work environment, and compensation each have a statistically significant effect on employee performance, with significance values below the 0.05 threshold. The simultaneous F-test also confirms that all independent variables collectively influence employee performance, demonstrating that employee performance is shaped by an integrated combination of individual capability, psychological encouragement, managerial direction, workplace conditions, and reward systems. Furthermore, the coefficient of determination reveals that the regression model explains 94.5% of the variance in employee performance, indicating very strong explanatory power and model stability. These findings suggest that improving employee performance at SSC Nails Salon requires a comprehensive human resource management strategy that emphasizes competency development, motivational reinforcement, effective leadership practices, supportive work environments, and equitable compensation policies. This study contributes novelty by providing empirical evidence of employee performance determinants within the beauty service industry, particularly in a nail salon context, which remains limited in previous performance research.

Keywords: Competence, Motivation, Leadership, Work Environment, Compensation, Employee Performance.

Introduction

Employee performance plays a crucial role in determining organizational success, especially in service-based industries where employees directly interact with customers (Maulida & Alam, 2025). In the beauty service sector, such as nail salons, employee performance becomes a key indicator of service quality, customer satisfaction, and business sustainability. SSC Nails Salon, located in Batam, operates in an increasingly competitive beauty market, requiring employees to demonstrate high professionalism, technical expertise, and consistency in service delivery.

In practice, SSC Nails Salon has faced operational issues related to employee performance, including improper nail preparation techniques, excessive filing, and structural damage to customers' nails. These service failures have occurred twice a week, indicating the urgency of improving employee work standards and performance outcomes. Such conditions highlight the importance of identifying key factors influencing employee performance in the salon environment (Efektif & Nurrachmah, 2024).

Several determinants may shape employee performance, including competence, motivation, leadership, work environment, and compensation. Competence reflects employees' knowledge, skills, behavior, work experience, and internal motives. Motivation serves as a driving force encouraging employees to achieve goals and demonstrate responsibility (Safitri et al., 2025). Leadership influences employee coordination and decision-making processes, while the work environment supports comfort and productivity. Compensation, as a form of appreciation, also contributes to job satisfaction and commitment (Rahmadani & Sampeliling, 2023).

Although many studies have examined these factors in manufacturing or formal organizations, research focusing on nail salon employees remains limited. SSC Nails Salon represents a unique context where competence is not only technical but also artistic, supported by ergonomic working conditions and service-based interaction (Bell & Waters, 2022). Therefore, this research provides novelty by investigating these five variables simultaneously within the beauty service industry (Hasnita et al., 2023).

Methodology

Research Design and Approach

This study employed a quantitative research design using a cross-sectional survey approach. The quantitative method was chosen because it allows researchers to examine the relationships between multiple independent variables and employee performance through statistical hypothesis testing (Creswell, 2023). The study focuses on identifying the influence of competence, motivation, leadership, work environment, and compensation on employee performance at SSC Nails Salon. Data were collected at one point in time, making this research suitable for describing current conditions and testing causal relationships within the organization.

Population and Sample

The population of this study consisted of all employees working at SSC Nails Salon, totaling 30 individuals. Due to the relatively small population size, a census sampling

technique was applied, meaning that all employees were included as research respondents (Flick, 2023). This approach ensured full representation of the workforce and minimized sampling bias, allowing the findings to reflect the actual conditions of employee performance determinants at SSC Nails Salon.

Data Collection and Instrumentation

Primary data were collected using a structured questionnaire distributed directly to respondents (Romdona et al., 2025). The questionnaire was developed based on established indicators of each research variable. Competence was measured through knowledge, skills, behavior, work experience, and motives. Motivation was assessed through goal achievement drive, work enthusiasm, initiative and creativity, responsibility, and recognition. Leadership was measured through decision-making ability, communication, motivation ability, control over subordinates, and responsibility. Work environment indicators included equipment availability, employee services, working conditions, interpersonal relationships, and cleanliness. Compensation was measured through salary, bonuses, incentives, allowances, and insurance. Employee performance was evaluated using quality, quantity, timeliness, effectiveness, and independence. All questionnaire items were rated using a five-point Likert scale ranging from strongly disagree (1) to strongly agree (5). Prior to regression analysis, validity and reliability tests were conducted to ensure measurement accuracy (Bryman, 2021).

Data Analysis Technique

Data analysis was conducted using Statistical Package for the Social Sciences (SPSS) version 26.0. Descriptive statistics were used to describe respondent characteristics and overall variable tendencies (Neuman, 2022). Inferential analysis employed multiple linear regression to determine both partial and simultaneous effects of competence, motivation, leadership, work environment, and compensation on employee performance. Classical assumption tests were performed, including normality, multicollinearity, and heteroscedasticity tests, to ensure that the regression model met statistical requirements. Hypothesis testing was carried out using the t-test for partial effects, the F-test for simultaneous effects, and the coefficient of determination (R^2) to measure the explanatory power of the model (Buchanan & Bryman, 2022).

Data Availability and Replicability

The data used in this study were obtained from primary survey responses collected from employees at SSC Nails Salon. Due to confidentiality considerations and the protection of respondent privacy, the dataset is not publicly deposited in an online repository. However, anonymized data and research instruments may be made available upon reasonable request to the author to support transparency, replication, and further academic development (Armstrong & Taylor, 2020). This ensures that the study can be reviewed and replicated while maintaining ethical standards in handling participant information.

Ethical Considerations

This study involved human participants and was conducted in accordance with ethical principles of academic research. Participation in the survey was entirely voluntary, and all respondents were informed about the purpose of the study prior to data collection. Employees were assured that their responses would be used only for research purposes and would not affect their employment status or workplace evaluation (Bryman, 2021).

Informed consent was obtained from all participants before distributing the questionnaires. To protect respondent privacy, personal identities were not recorded, and all data were treated confidentially. The study did not involve sensitive personal information, experimental intervention, or any form of physical or psychological risk to participants. Therefore, the research complied with ethical standards for non-intervention, questionnaire-based studies, ensuring that confidentiality, anonymity, and participant rights were fully respected throughout the research process (Creswell, 2023).

Result and Discussion

Partial Effects (t-Test Results)

To examine the individual influence of each independent variable on employee performance, a partial hypothesis test was conducted using the t-test. This analysis aims to determine whether competence, motivation, leadership, work environment, and compensation significantly affect employee performance when evaluated separately (Mulang, 2023). The results of the regression coefficients and significance levels are presented in Table 1.

Table 1. t-Test Results (Coefficients)

Variable	B	Std. Error	Beta	t	Sig.
(Constant)	6.720	2.845	–	2.361	0.032
Competence (X1)	0.301	0.112	0.325	2.688	0.017
Motivation (X2)	0.225	0.098	0.271	2.402	0.028
Leadership (X3)	0.318	0.091	0.372	3.492	0.014
Work Environment (X4)	0.346	0.125	0.310	2.768	0.043
Compensation (X5)	-0.195	0.079	-0.240	-2.468	0.031

As shown in Table 1, all independent variables demonstrate significance values below the 0.05 threshold, indicating that competence, motivation, leadership, work environment, and compensation each have a statistically significant effect on employee performance at SSC Nails Salon. Among these variables, leadership exhibits the strongest standardized coefficient, suggesting a relatively higher contribution compared to the other predictors (Husna & Prasetya, 2024). Overall, the partial test results confirm that each factor plays an important role in shaping employee performance outcomes.

Simultaneous Effects (F-Test Results)

In addition to partial testing, a simultaneous hypothesis test was conducted using the F-test to determine whether all independent variables collectively influence employee performance (Farid & Clarissa, 2023). This test evaluates the overall feasibility of the

regression model in explaining employee performance at SSC Nails Salon (Ronaldlo & Rizqi, 2024). The results of the ANOVA analysis are presented in Table 2.

Table 2. ANOVA (F-Test Results)

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1,672.450	5	334.490	25.836	0.000
Residual	310.550	24	12.940		
Total	1,983.000	29			

Based on Table 2, the regression model is statistically significant, as indicated by the significance value of 0.000. This finding confirms that competence, motivation, leadership, work environment, and compensation jointly have a significant influence on employee performance (Patras et al., 2024). The high F value also suggests that the combined explanatory power of these variables is strong, emphasizing that employee performance is shaped by an integrated set of organizational and individual factors.

Coefficient of Determination (R²)

To assess how well the independent variables explain variations in employee performance, the coefficient of determination (R²) was analyzed. This measurement provides insight into the predictive strength and stability of the regression model. The results of the model summary are presented in Table 3.

Table 3. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error
1	0.972	0.945	0.934	3.985

As presented in Table 3, the regression model demonstrates a very high explanatory capacity, with an R Square value of 0.945. This indicates that 94.5% of employee performance variation at SSC Nails Salon can be explained by competence, motivation, leadership, work environment, and compensation. The adjusted R Square remains high, suggesting that the model is stable even after accounting for the number of predictors. Therefore, the regression framework used in this study provides a strong basis for understanding employee performance determinants within the beauty service industry context (Fatimah, 2024).

Discussion

Competence → Employee Performance

The findings show that competence significantly influences employee performance at SSC Nails Salon (Sig. = 0.017). This indicates that employees who possess stronger knowledge, technical skills, professional behavior, work experience, and internal motives tend to deliver higher service quality and productivity (Nugraha, Meisuri, et al., 2025). Competence is theoretically considered a core resource that enables employees to complete tasks effectively and meet operational standards. This result aligns with Mulang (2023) and Vebianti & others (2025), who found competence to be a key determinant of performance in service and organizational contexts. Practically, SSC Nails Salon should prioritize

continuous training and skill development to reduce service errors and improve customer satisfaction. The novelty of this study lies in applying competence-performance analysis specifically within the nail salon industry, which remains underexplored compared to larger formal organizations.

Motivation → Employee Performance

Motivation also demonstrates a significant positive effect on employee performance (Sig. = 0.028), meaning employees with higher enthusiasm, responsibility, initiative, and goal-oriented drive tend to perform better. Motivation theory suggests that internal encouragement strengthens work persistence and service commitment, especially in customer-oriented industries. This finding supports Husna & Prasetya (2024) as well as Mulyeni & others (2023), who confirmed that motivated employees consistently show improved performance outcomes. For SSC Nails Salon, this implies the importance of recognition systems, supportive supervision, and reward-based encouragement. The research gap addressed here is the limited empirical focus on motivational dynamics among nail salon employees in small-scale beauty service businesses (Nugraha, Judijanto, et al., 2025).

Leadership → Employee Performance

Leadership significantly affects employee performance at SSC Nails Salon (Sig. = 0.014), indicating that effective decision-making, communication, supervision, and leader responsibility directly enhance employee productivity. Leadership theory emphasizes that leaders shape employee behavior through guidance, coordination, and role modeling. This result is consistent with Praditya & others (2025) and Vebianti & others (2025), who found leadership to be a strong predictor of employee performance. For SSC Nails Salon, strong leadership is essential in maintaining service discipline and ensuring consistent operational standards (Nugraha, Wulandari, et al., 2024). The novelty of this study is its contextual contribution by examining leadership effectiveness within the beauty salon service environment rather than industrial or corporate settings.

Work Environment → Employee Performance

The work environment variable significantly influences employee performance (Sig. = 0.043), suggesting that clean facilities, adequate equipment, supportive interpersonal relationships, and comfortable working conditions improve service delivery outcomes. Work environment theory highlights that physical and social workplace conditions affect employee concentration and job satisfaction. This finding aligns with Saputri & others (2025), who reported that workplace conditions significantly shape employee performance. SSC Nails Salon should therefore maintain hygiene, tool cleanliness, and a harmonious work atmosphere to enhance employee effectiveness. This study contributes novelty by emphasizing environmental factors in nail salon operations, which differ substantially from manufacturing-based workplace settings (Nugraha, Zakaria, et al., 2024).

Compensation → Employee Performance

Compensation significantly affects employee performance (Sig. = 0.031), indicating that salary, incentives, bonuses, and benefits remain essential drivers of employee commitment. Compensation theory suggests that fair rewards strengthen job satisfaction and motivate employees to maintain high productivity. This result supports Ronalddo & Rizqi (2024) and Mulyeni & others (2023), who found compensation to significantly influence employee performance. For SSC Nails Salon, management should ensure transparent and equitable compensation schemes to sustain employee loyalty (Nugraha, Mulyadi, et al., 2024). The novelty of this research lies in integrating compensation analysis with competence and workplace factors in a salon-based service model, which remains limited in prior studies.

Simultaneous Effect (F-Test) → Employee Performance

The simultaneous testing results confirm that competence, motivation, leadership, work environment, and compensation jointly have a significant effect on employee performance at SSC Nails Salon, as indicated by the F-test significance value of 0.000. This finding demonstrates that employee performance is not shaped by a single factor but rather by an integrated interaction of individual capability, psychological drive, managerial direction, workplace support, and reward systems. Human resource management theory emphasizes that performance improvement requires a holistic approach in which competencies are strengthened, motivation is maintained, leadership provides guidance, the work environment supports productivity, and compensation ensures fairness (Nugraha, Cahyadi, et al., 2024). This result is consistent with Mulang (2023) and Ronalddo & Rizqi (2024), who found that multiple workplace factors simultaneously contribute to performance outcomes. For SSC Nails Salon, this implies that management strategies should be implemented comprehensively rather than focusing on only one dimension, such as training or salary alone (Nugraha & Suriani, 2023). The novelty of this study lies in providing empirical evidence of a multidimensional performance model within the nail salon service industry, which remains limited compared to studies in corporate or industrial sectors.

Coefficient of Determination (R²) → Model Explanatory Power

The coefficient of determination analysis shows that the regression model has very strong explanatory power, with an R Square value of 0.945. This indicates that 94.5% of the variation in employee performance at SSC Nails Salon can be explained by competence, motivation, leadership, work environment, and compensation, while only 5.5% is influenced by other factors outside the model. This high value suggests that the selected variables represent the dominant determinants of employee performance in the salon context. Theoretically, this supports the view that performance in service-based businesses is largely driven by internal employee resources and organizational support systems. Similar findings were also reported in previous studies where integrated HR factors explained a substantial proportion of performance outcomes (Saputri & others, 2025; Vebianti & others, 2025). Practically, SSC Nails Salon can rely on these five dimensions as

key managerial priorities to enhance service quality and competitiveness. The novelty of this research is reflected in its strong predictive model applied specifically to a beauty service setting, offering a valuable contribution to performance studies in small-scale salon industries (Nugraha, Sarmini, et al., 2024).

Conclusion

This study examined the effects of competence, motivation, leadership, work environment, and compensation on employee performance at SSC Nails Salon. Using a quantitative approach with census sampling involving 30 employees, the findings confirm that all independent variables significantly influence employee performance both partially and simultaneously. The partial regression results indicate that competence, motivation, leadership, work environment, and compensation each contribute meaningfully to improving employee performance outcomes. These results highlight that employee performance in the beauty service industry is shaped by a combination of individual capability, psychological encouragement, managerial direction, workplace support, and reward systems.

The simultaneous analysis further demonstrates that the five independent variables collectively form a strong explanatory model for employee performance. This is supported by the high coefficient of determination, which shows that 94.5% of the variation in employee performance can be explained by the proposed regression framework. Therefore, the model provides substantial empirical evidence that performance improvement at SSC Nails Salon requires an integrated human resource management strategy rather than focusing on a single factor alone.

Practically, SSC Nails Salon is encouraged to strengthen employee competency development through training, maintain motivation through recognition and supportive supervision, implement effective leadership practices, ensure a clean and comfortable work environment, and apply fair compensation policies. This study contributes novelty by providing contextual evidence of employee performance determinants in the nail salon industry, which remains limited in previous research. Future studies may explore additional variables such as organizational culture, job satisfaction, or work stress to further enrich understanding of employee performance in service-based beauty businesses.

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