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The impact of Private Higher Education staff performance management (PHE) in Surabaya, compensation, and competence on universities: Evidence from Indonesia

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Abstract
Purpose: The purpose of this study is to investigate empirically the factors that influence university team member performance, such as pay and performance management systems, and also to compete.
Methodology/approach: As part of this study's quantitative methodology, a questionnaire was given to staff members of Private Higher Education Institutions (PHEIs) in Surabaya, East Java.
Results/findings: One of the essential tools to help universities navigate organizational procedures successfully is a performance management system. Since higher remuneration is perceived to result in better work outcomes, compensation plays a significant role in improving team member performance. Similarly, improving personnel competency has a positive impact on work outcomes. Performance management, compensation, and competency significantly impact team member performance in universities, including Indonesia. Research shows that adequate compensation and high competency can improve team performance. In addition, effective performance management also plays a role in enhancing team member motivation and Performance.
Conclusions: Both theoretically and practically, this study contributes to the implementation of performance measurement systems, compensation structures, and competence development to improve university performance.
Limitations: Performance is a current and expanding topic, debated by both practitioners and academic researchers, being a complex concept that can be defined from several perspectives. The development of a nation is greatly aided by Higher Education Institutions (HEIs), which raise the caliber of human resources.
Contribution: The fundamental components of effective management strategies include team member satisfaction, goal achievement support, and clear communication.

Keywords: *Competence, Compensation, Employee Performance, Performance Management System*

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1. Introduction

A nation's social and economic development is directly linked to students' academic and university performance. Teaching, research, and community service are the main ways in which higher education advances science and technology (Kallio, Kallio, Tienari, & Hyvönen, 2016). Higher education is one type of educational institutions can improve the quality of a nation's human resources (Oktavio et al., 2023). Higher education is undergoing significant changes as universities adopt new performance management systems. There is a claim that academics are becoming more market-oriented or marketized (Sheikh, Chandler, Hussain, & Timmons, 2022). One of the potential roles of higher education is to prepare human resources for a new era. The digital age-based industrial revolution is affecting both human resources and higher education. Higher education is being impacted by this era, which is changing the educational process to deep learning systems such as online courses and digital learning, which generate graduate students and adapt to future employment demands (Guo, 2023). In addition, the strategic goals established for the organization increasingly dictate the work that both individuals and groups perform in universities. Effective university governance is essential for enhancing the quality of management education at the university level, which ensures managerial accountability based on the principles of independence, transparency, responsibility, and competitiveness (Sukrisno, 2020).

According to the Ministry of Research, Technology, and Higher Education, in 2019, the following categories were used for clustering and ranking: input (15%), process (25%), output (25%), and outcome (35). The percentage of lecturers or students was used to measure input, and accreditation determined the process. Meanwhile, the output is determined by the number of journal articles published, and innovation and tracer studies determine the outcome. The s of university ranking and cluster results ring were used to determine the best policies for Indonesia's public and private universities. Clusterization encourages all Indonesian universities to improve their management systems to compete globally (Nerisafitra, Susanti, Alit, & Prapanca, 2023). Performance measurement is the process of measuring the efficacy and efficiency of actions. It is considered a diagnostic and preventive management control system that aids managers in monitoring performance in university-related activities (Sułkowski, Przytuła, Borg, & Kulikowski, 2020). Human resources are an important factor in managing a company. This is needed so that the company can manage its organization optimally and support the achievement of company goals.

Team member performance is a major problem in companies. Team member satisfaction performance does not occur instantly; it results from continuous evaluation. The results or achievements of team members' work are referred to as team member performance and are measured in terms of quality and quantity according to the organization's work standards. The achievement of organizational goals is influenced by excellent results or team member performance. Performance evaluation and team member performance are closely related concepts. Performance reviews are needed to ensure team member performance or success rate. The results of performance evaluations can be used for decisions regarding human resources, evaluations, and feedback. The primary purpose of performance evaluation is to improve overall organizational performance by improving the performance of individual team members. Employees perform better when they receive constructive criticism because it shows that they are appreciated for their work. Thus, the author will lead a paper that concentrates on the effects of implementing a board framework on team-member performance.

Performance management involves managing company resources to ensure optimal performance and achieve company goals. If performance management is handled well, it will directly affect the performance of each team member, work unit, and the entire company. Therefore, performance management is necessary for every company because it is oriented towards managing the work process and the results or achievements of its human resources to achieve its strategic goals. Performance management is seen as a system that operates in a broad system, and poor performance management implementation results in wasted time and resources. Therefore, the implementation of performance management is regulated in a dynamic system related to other parts of a broader system and essential functions in the company. The main goal of the performance management system is to optimize team member performance, which requires management to link team member tasks and characteristics to the company's strategic objectives. A performance management system can be developed using a competency-based approach. This performance management system with a competency-based approach has been developed in private and state-owned companies that want to improve their performance management system with the company's performance achievement as a benchmark and strive for employees to always have high commitment and motivation in achieving the company's goals.

In a company or organization, managers who manage their employees well will have a different impact on their employees' performance than those who are left alone. Team member performance is a factor that influences work and its quality, namely by seeing how responsible a team member is in doing what he has to do. From the perspective of performance objectives, a team member management system can align the performance expectations of each individual (team member) with the organization's or company's performance expectations. This will have a positive impact on the performance management system, especially if the work productivity factor is implemented effectively. To improve team member performance, the company must create an effective performance management system so that the company's interests and employees' needs can be easily realized. Universities and other educational institutions use many human resources. Universities are easily found everywhere nowadays, especially private ones like those in Surabaya, East Java. Universities are under pressure from this competition to maintain and raise organizational quality, and as previously mentioned, human resources are a crucial component. As institutions that prioritize education, universities work to raise the standard of education through research, teaching, and community service.

They also focus on developing competencies that enable individuals to compete in the global marketplace and meet the needs of their communities (Al-Tameemi et al., 2023). Employees play a crucial role in a university's success, as they are the key resources that ensure that strategic initiatives are executed diligently and on schedule. In this context, performance management systems serve as tools and processes for evaluating team member performance and influencing their job satisfaction. Depending on their implementation, various factors, including performance management systems, salary, and competency, influence team member performance (Mardhotillah, Karya, Saadah, & Rasyid, 2021). An effective performance management system can improve overall organizational performance by increasing team member motivation and commitment and developing individual capabilities. Salary and competency also play essential roles in team member performance. Fair and competitive salaries can motivate employees to perform better, while high competency ensures that employees have the skills to complete tasks effectively.

Performance management systems can impact team member performance. Performance management systems set performance goals and inspire workers to achieve them (Kaihatu & Oktavio, 2020). They entail determining a team member's strengths and shortcomings, establishing performance benchmarks, assessing actual performance, and providing feedback (Nabilla & Wibisono, 2025). The performance management system measures and quantifies the actions and performance of the university. The fundamentals of the PM system are the idea of forcing accountability and improving the policies and management of public administration. If done correctly, the PM system has been identified as one of the human resource management practices that can enhance team member motivation. The academic staff, if simple, PM systems can improve the university's effectiveness, productivity, success, and quality of procedures and programs (Akanpaadgi, Kuuyelleh, & Adam, 2024). Lifang and Ali (2024) found that PM systems must be regularly reviewed to ensure they are in line with global trends that aim to ensure businesses' responsiveness to customer needs. Performance appraisal and team member development are standard components of PM systems. They entail several levels of analysis and are related to performance appraisal and strategic HRM. Compensation is another factor that influences team member performance.

Among the HRM functions implemented are those related to compensation and various rewards given to individuals for their good work. M. P. Sari, Fitriah, and Kusdina (2020) state that the form of compensation is not always salary or allowances but rather development opportunities, a comfortable environment, and fairness provided by the company are also forms of compensation. team member performance is significantly influenced by work compensation. Compensation is beneficial and essential for enhancing team member performance and optimizing the attainment of company objectives (Saman, 2020). According to the findings of previous research by Konjala and Wulansari (2025), team member performance is positively and significantly influenced by compensation. Research conducted by Fibriadi and Yusuf (2022) showed that compensation positively and significantly affects team member performance. This indicates that all organizations must be able to determine the most appropriate compensation to support the effective and efficient achievement of their goals.

In addition to performance management systems and compensation, competence also influences team member performance. In universities, the ability of employees to provide public services is crucial (Rahmah, Diana, Anugrah, & Kartono, 2024). In the era of reform and university implementation, employees hold a highly strategic position, as the effectiveness of public service administration and university operations largely depends on their competencies and how well they are managed, regardless of the institution's overall efficiency. A team member's competence refers to their ability to carry out primary duties, authority functions, and assigned responsibilities through knowledge, skills, attitudes, and behaviors (Ananda, 2023). Every team member needs to be motivated and have strong work skills; the more competent an organization is, the better its employees perform. However, this does not rule out the possibility that team member performance in performing labor could be impacted if work competence and motivation are subpar. Research by Irawan, Marsherina, Evasari, and Marceline (2020); Martono, Wartini, Khoiruddin, Prananta, and Febriatmoko (2023) state that Competence significantly impacts worker performance.

The cycle of an education system will not be separated without the performance of the employees. Performance activities at tertiary institutions in the country and private sector can be observed from the performance of employees. In this era, universities require employees who are loyal, have integrity, and have high work capabilities. However, this will not be supported by superiors who are used as role models by subordinates. If the problem is not addressed, it will impact the quality of the university in Surabaya, and there will be a gap in quality among Indonesian universities. This research was conducted because there are research gaps, and the findings of earlier studies differ and are inconsistent. As a result, research has been conducted at different universities and locations, and should be carried out further in other periods; therefore, this study is new to previous research. Therefore, this study aims to analyze the impact of the performance management system, compensation, and competence on team member performance, with evidence from a university in Surabaya.

2. Literature review

2.1. Performance Management System

2.1.1. Definition of Performance Management

According to Masarroh and Anshori (2024), performance management is an ongoing procedure for determining, evaluating, and improving individual and team performance and aligning that performance with organizational goals. Performance also refers to the quality and quantity of a person's results based on their responsibilities. A person's level of education, initiative, work experience, and team member motivation all impact their performance. A person's work results are expected to produce quality work and provide feedback for the individual to carry out their work actively. Education influences a person's performance because it can provide broader insights into projects and innovations and then affect their performance. Performance management is a systematic process used to improve the performance of individuals, teams, and organizations. This process involves planning, implementing, monitoring, evaluating, and developing performance to achieve predetermined goals and increase productivity.

Performance management creates an understanding of what should be and how to achieve it, as well as an approach to managing people to increase the likelihood of attaining work-related results. This shows that performance management aims to improve the performance of an organization as a whole. Performance management has a broad scope, covering all aspects or functions of an organization. Performance management was first written by management expert Peter Draker and was used to improve the performance of multinational companies. The idea was developed by both public and private organizations. Performance management is essential for companies that want to build a competitive advantage through individual company performance that is oriented to customer needs. Implementing a performance management system aims to provide employees with equal opportunities for company development.

2.1.2. Benefits of Performance Management

According to Kumari and Naresh (2023), the benefits of performance management are as follows: (1) improving performance to achieve organizational, team, and individual effectiveness; (2) employee development in terms of individual and team competencies and capabilities; (3) satisfying the needs and expectations of all organizational stakeholders; (4) communication and involvement of managers with employees; and (5) ensuring that each team member's work contributes to the goals of the workgroup. Performance management has many benefits for both individuals and organizations. For organizations, the benefits include improved performance, team member motivation, skill development, and goal achievement. For individuals, performance management can improve job satisfaction, career development, and understanding of job expectations and responsibilities.

2.1.3. Objectives of Performance Management

According to Michalski (2024), the objectives of performance management are designed to achieve one or more of three main objectives: (1) encouraging achievement and improvement of business results; (2) developing organizational and individual capabilities; and (3) determining differences in team member performance levels as a means of determining rewards, whether in the form of compensation, special assignments, or other forms of awards. The primary purpose of performance management is to improve the performance of individuals and organizations. This is achieved by setting clear goals, providing constructive feedback, developing team member skills, and motivating them to achieve optimal results. Performance management also helps ensure that team member performance is aligned with organizational goals and contributes to long-term success.

2.1.4. Stages of Work Management

a) Planning

Planning is filled with practical authors to plan the targets to be achieved at the right time and what assistance needs to be provided. Targets have realistic characteristics, can be achieved, are not too high or too low, and have clear objectives and time frames for achievement. A target must also be clear about what is to be achieved, how to achieve it, and measurable so that others can understand its success.

b) Managing / Supporting

The second stage of performance management focuses on implementing monitoring or management in the process of an organization's work. We should focus on support, control, and regulation to remain within the established plan. These provisions are obtained from criteria or work processes through procedures.

c) Review / Appraising

Reviews are conducted by repeating the performance reviews conducted by previous employees. Performance is then measured and assessed. At the review stage, some data must support the argument, and the manager must act objectively as an evaluator.

d) Developing / Rewarding

The focus at this stage lies in developing and appreciating the performance that employees have carried out. The evaluation results are the determinants at this stage and the decisions the evaluator will make. The decision is the result of corrective measures, awards, budgeting, or continuing the performance that has been done previously.

2.2. Employee Performance

Performance is the success or failure of the organization's goals that have been set. Information about organizational performance is essential and is used to evaluate whether the organization's performance process aligns with the expected goals. Performance as the work results achieved by individuals that are adjusted to the role or task of the individual in a company in a specific period, which is related to a particular measure of value or standard of the company where the individual works (Pajrudin & Wahyuningtyas, 2024). Performance is the result of work related to organizational goals, such as quality, efficiency, and other work effectiveness criteria (Basuki & Khalid, 2021). Team member performance refers to the results achieved by a team member in carrying out their duties and responsibilities during a specific period. Performance can be measured from various aspects, including quality, quantity, efficiency, and work effectiveness.

Therefore, the existing hypothesis is as follows:
H1: Performance Management has a positive and significant effect on Performance
H2: Compensation has a positive and significant impact on Performance
H3: Competence has a positive and significant impact on Performance

3. Methodology

This study employed a quantitative method with a causal-associative approach. To address research questions and accomplish exploratory, descriptive, or causal research objectives, primary data were directly gathered by researchers via surveys. Sample selection in research using Partial Least Squares (PLS) mainly focuses on the sample size and sampling method. The recommended minimum sample size is 10 times the number of indicators in the most complex construct, or between 30-100 samples. A commonly used sampling method is purposive sampling, in which respondents are selected based on specific criteria relevant to the research. A sample of 75 respondents was selected for this study due to time and resource constraints. However, the research aims to reach the entire population of Surabaya University employees, which is estimated to be over 100 participants. The population was divided into three groups: administrators, lecturers, and non-professional staff, with each group contributing to the sample proportionately. Data collection used survey techniques by distributing questionnaires to be filled out by employees of the university in Surabaya. To gather samples that accurately reflect the population under study, researchers employ non-probability sampling, namely purposive sampling. The measurement tool used in this study was a Likert scale, and each respondent's response was evaluated on a 5-level scale.

PLS-SEM was used in the data analysis techniques and was processed using SmartPLS version 3.29. The instrument tests comprised Cronbach's alpha, composite reliability, convergent validity, discriminant validity, and average variance extracted (AVE) validity tests. A technique for data analysis called Structural Equation Modeling (SEM) can directly look at measurement errors, latent variables, and indicator variables. The PLS evaluation model has two stages: the inner model, or structural model, and the outer model, or measurement model. The test criteria are designed to ascertain whether exogenous factors have a significant impact on endogenous variables, as indicated by the t-statistic value ≥ t-table (1.96) and the probability value ≤ alpha (0.05).

4. Results and discussion

4.1. Analysis Outer Model (Measurement Model)

4.1.1. Convergent validity, Cronbach's Alpha, Composite Reliability, and AVE

The correlation between variables was used to evaluate convergent validity. A construct is considered strong if its value exceeds 0.70, and its scores correlate with item scores. A value between 0.50 and 0.60 is deemed sufficient for early stage research applications. To determine whether an indicator has a stronger correlation than the others, its Average Variance Extracted (AVE) value must be greater than 0.5. A composite reliability analysis was conducted to assess the instrument's accuracy and reliability in measuring a specific construct. Composite reliability is considered acceptable if it exceeds 0.70.

Table 1. Factor Loadings, Cronbach's Alpha, Composite Reliability, and AVE

Variable	Item Measurement	Outer Loadings	Cronbach's Alpha	Composite Reliability	AVE
Performance Management System (X_1)	PMS.1	0.806	0.854	0.887	0.709
	PMS.2	0.872			
	PMS.3	0.859			
	PMS.4	0.831			
Compensation (X_2)	C.1	0.839	0.838	0.872	0.696
	C.2	0.857			
	C.3	0.777			
	C.4	0.862			

Competence (X_3)	C.1 C.2 C.3 C.4	0.766 0.878 0.852 0.916	0.887	0.915	0.731
Team Member Performance (Y)	EP.1 EP.2 EP.3 EP.4	0.930 0.910 0.923 0.817	0.909	0.922	0.803

Source: Processed data, 2025

The reliability of the indicators in assessing team member performance is evident from the fact that each indicator's factor loading value exceeds 0.70, as shown in table 1. Additionally, both Cronbach's alpha and composite reliability values, which were above 0.70, confirmed a high level of reliability. The construct reliability of each indicator varied, but all variables were determined to be reliable. Furthermore, the AVE values for each indicator exceeded 0.5, demonstrating a substantial degree of convergence and meeting the criteria for robust convergent validity.

4.2. Structural Model Analysis (Inner Model)

4.2.1. R- Square

The R-squared is a statistical measure that indicates how independent variables influence dependent variables. R-square, or the Coefficient of Determination, is a statistical measure that shows how much of the variation in the dependent variable can be explained by the independent variables in a regression model. The R-square values range from 0 to 1, and the closer it is to 1, the better the model explains the variation in the data.

Table 2. R-Square

	R-Square (R^2)	**R-Square Adjusted**
Team member Performance (Y)	0.503	0.481

Source: Data processing, 2025

Based on the R-squared results, the effects of the performance management system, compensation, and competence on team member performance have a value of 0.503 or 50.3%; this value is in the middle range. However, other factors not included in this study impacted the remaining 49.7%.

4.3. Path Coefficients

The path coefficient is a statistical measure that indicates the strength and direction of the direct relationship between variables in path analysis. Specifically, the path coefficient measures the extent of the direct influence of one variable (exogenous/independent) on another variable (endogenous/ dependent) in the model. Its value ranges from 1 to 1, where positive values indicate a unidirectional relationship, and negative values indicate an inverse relationship. Bootstrapping was used to assess the correlations between the variables. The test criteria are met when the t-statistic value (≥ 1.96) and alpha level (≤ 0.05) are within the acceptable probability range. When these conditions are satisfied, exogenous variables significantly impact endogenous variables.

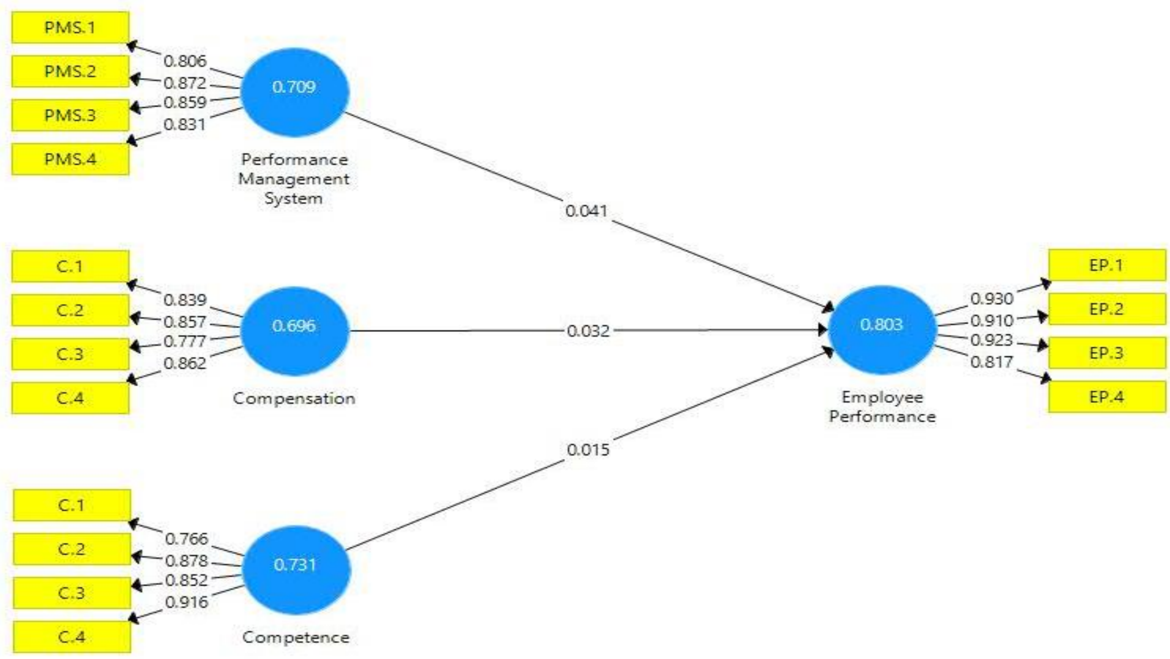

Figure 2. Path Coefficients Results
Source: Data processing, 2025

Table 3. Hypothesis Test Results

	Sample Mean(M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P-Values
Performance Management System (X_1) → Employee Performance (Y)	0.325	0.104	2.110	**0.041**
Compensation (X_2) → Employee Performance (Y)	0.370	0.120	2.277	**0.032**
Competence (X_3) → Employee Performance (Y)	**0.429**	**0.171**	**2.450**	**0.015**

Source: Data processing, 2025

The test results are presented in table above. The first hypothesis shows strong evidence that the performance management system significantly impacts team member performance, as indicated by a t-statistic of 2.110 (> 1.96) and a p-value of 0.041 (< 0.05). Similarly, the second hypothesis suggests that compensation has a significant effect on team member performance, supported by a t-statistic of 2.277 (> 1.96) and a p-value of 0.032 (< 0.05). According to the third hypothesis, competence also significantly influences team member performance, with a t-statistic of 2.450 (> 1.96) and a p-value of 0.015 (< 0.05).

4.4. The Effect of Performance Management System on Employee Performance

According to the data analysis results, the performance management system significantly affects the performance of university employees in Surabaya. A performance measurement mechanism motivates managers to strive to achieve company objectives and contributes to improved overall university performance by implementing a more comprehensive system. Because the system for measuring performance is a component of the university's structural capital, its implementation can boost team members' motivation to enhance performance (Oktavio & Kaihatu, 2020). Time and effort must be invested by everyone concerned to successfully develop a performance management system. The unintended consequences of using PM systems are an essential consideration. When a university has a solid PMS in place, it can count on high productivity from its staff members. In addition, the PMS has strong ties to team member rewards and growth opportunities. These elements assist universities in increasing their underachiever efficiency while inspiring their high achievers to continue providing the highest-quality work possible. The new and enhanced PM system facilitates open lines of communication between upper-level management across divisions and between supervisors and employees on performance standards, work goals, and areas for development. Essential data on whether employees' abilities to learn while on the job are aligned with the university's goals may be gleaned from the PM system. The results of this study align with those of Pratolo, Utami, and Sofyani (2022) and Samwel (2018), who stated that team member performance is significantly impacted by performance management systems. A performance management system significantly influences team members' performance. The effective implementation of this system can increase team member motivation, productivity, and job satisfaction, ultimately contributing to the achievement of organizational goals.

4.5. The Effect of Compensation on Employee Performance

According to the data analysis results, the performance of university employees in Surabaya is significantly impacted by compensation. This suggests that fair compensation can enhance team members' performance by motivating them to work harder and more efficiently. Employees who feel valued through appropriate compensation become more committed to delivering high-quality performance. Additionally, compensation serves as recognition of the skills and knowledge employees bring to the organization. Thus, employees with more experience feel more valued and are encouraged to apply their skills more effectively. Compensation can reduce team member stress and their workload. Employees who feel that workers receive fair compensation are more likely to be focused and productive. This can improve the quality of performance at the university, especially for team members with relevant work experience. Employees who receive reasonable compensation are likely to feel more involved in the university's decision-making process. Compensation serves as an incentive and a factor that can strengthen the relationship between work experience and performance quality. The results of this study align with the research findings of Triana (2017) and Wahyudi, Sukri, and Hadrah (2024), where team member performance is significantly impacted by compensation. Compensation significantly impacts team member performance. Fair and attractive compensation can motivate employees to work better, increase productivity, and achieve the company's goals. Conversely, inadequate compensation can reduce motivation and performance and even cause employees to look for other jobs.

4.6. The Effect of Competence on Employee Performance

According to the data analysis results, the performance of university employees in Surabaya is significantly impacted by competence. One crucial characteristic of a person is competence, which enables him to get better performance from his employees. A person is considered competent if they are skilled at their job and rarely or never make mistakes. Work will be completed faster and with higher quality if employees possess the competencies needed for the job, leading to increased productivity. Performance-based pay is a crucial factor in determining team member performance, and supervisors play a key role in motivating their staff by providing clear guidance to them. Simultaneously, competence and motivation positively and significantly impacted team member performance. A person's performance improves as their capacity to complete tasks increases, and high levels of competence and motivation can lead to better team member performance. A highly competent team member has relevant work experience and an educational background that supports their profession, expertise, and skillset. This experience enhances performance by enabling them to take risks, handle challenges responsibly, and communicate effectively with diverse individuals. An employee's ability to perform their job will affect their performance. In other words, if a team member has higher abilities, their performance will be better, and vice versa. Enhancing capabilities must be continuously carried out so that all employees can satisfactorily fulfill their duties and responsibilities. The study findings are consistent with research by H. I. Sari (2022); Sinaga, Meutia, and Fatimah (2022) there are significant effects of Competence on team member performance.

The results of this study align with Triana (2017) and Wahyudi et al. (2024), who stated that companies or organizations must pay attention to employees or staff when working, not only raising organizational targets without considering employees' abilities. One of the things that must be regarded as overcoming team member indiscipline is changing the managerial system, such as changing the salary, bonus, and incentive systems, because employees will be happy if their work is paid according to what they have done. In addition, employees should be selected before they enter the organization. It would be good if employees were briefed before doing their work so that indiscipline is not triggered later. For this reason, awareness is needed from each individual in the organization, the adjustment of management functions, and the need to build good communication to create harmony in the organization so that employees can work comfortably physically and psychologically, organizational productivity and team member performance can increase, and the organization's targets are met.

5. Conclusions

5.1. Conclusion

Team member performance, performance management systems, salaries, and competencies are closely related and influence each other. Competencies, an effective performance management system, and fair wages influence good team-member performance. Conversely, a sound performance management system will help improve team member performance, and appropriate salaries can motivate employees to achieve their goals. Team member Performance Implications(1) High-performance employees with high competencies, good work motivation, and support from an effective performance management system tend to have high performance. (2) Low Performance: Conversely, employees who are less competent, unmotivated, or work in a poor performance management system tend to have low performance. (3) Impact on the organization: Good team member performance will positively impact the overall performance of the organization, such as increasing productivity, product/service quality, and achieving organizational goals.

The impact on individuals is that good performance can increase team members' job satisfaction, motivation, and career development opportunities. Impact of the Performance Management System There is increased motivation and commitment; a sound performance management system can motivate employees to achieve targets and increase their commitment to the organization. Developing Competence, an effective performance management system, can help identify areas for development and provide opportunities for training and development. Increasing Job Satisfaction: Employees who feel valued and have growth opportunities are more satisfied with their jobs. Creating a Positive Work Environment: A transparent and fair performance management system can create a positive and collaborative work environment. Salary Impact: A fair and competitive salary can motivate employees to perform better and achieve targets. Fairness and unfair wages can lead to job dissatisfaction and decreased employee motivation. Competence Impact: Performance will be high, and competence will allow employees to complete tasks more effectively and efficiently. Innovation: Competent employees are more able to generate new and innovative ideas; adaptability and high competence help employees adapt to changes in the work environment and task demands. Team member performance, performance management systems, salary, and competence are interrelated factors that are crucial in achieving organizational goals. Organizations can create a productive, motivating, and sustainable work environment by paying attention to and managing these factors.

5.2. Limitations

The study findings, which are supported by data analysis and discussion, show that a performance management system, compensation, and competence significantly affect the performance of university employees in Surabaya. The PM system is a key factor that might assist universities in dealing with the present organization flow. Compensation plays a crucial role in enhancing team member performance; the higher the perceived compensation, the greater the improvement in team member performance is. The higher a team member's competence, the greater their performance improvement. The essential elements of successful management strategies are team member happiness, goal attainment, and clear communication. Studies have been conducted. Organizations must implement an effective performance management system, provide competitive salaries, and develop team member competencies to achieve optimal team member performance. By focusing on these three factors, organizations can improve individual performance and achieve overall organizational goals. This study advances both practice and literature. This research expands on the exploratory study of university team members' performance, compensation, competency, and performance measurement systems. Using a performance measurement system, this study practically assists university leaders in translating the wide-ranging implications of competence and compensation to enhance university performance. Readers should be aware of the limitations of this study.

5.3. Suggestions

The following conclusions can be drawn based on the end of the research and discussion. Team Member Performance and the Impact of Performance Management Systems, Salaries, and Competencies had a huge positive impact. Because of its exclusive focus on private PTS in Surabaya, the results of this study cannot be widely applied to East Java. Therefore, additional research on related subjects should be conducted in other areas to continue the discussion. Additional qualitative methodology research can be conducted to overcome these limitations and offer more comprehensive findings on implementing performance management systems, compensation, and competencies in improving university performance. The results of the exploration, conversation, and objectives that have been expressed, several ideas can be put forward as follows: (1) it is also believed that it will further develop representative performance through ability and wages because research shows that the ability and remuneration of execution. Skills can be expanded by (a) selecting workers according to the needs of the organization and (b) focusing on representative capacity and position arrangements according to their capacity, both in terms of scientific ability, social ability, passionate skills, and skills. Stand out. In addition to ability, skill factors must also be considered. Remuneration is expanded by (a) giving rewards to representatives to develop worker execution further and (b) giving remittances and gifts to workers for their exhibitions that will make representatives work more enthusiastically so that they can further develop appropriate execution that will help the organization. (2) For additional scientists interested in concentrating on comparative viewpoints that utilize, in particular, remuneration and representative execution, it is expected that this research will be developed with broader exploration. In addition, other factors suspected of influencing representative execution, especially salary, work inspiration, and job preparation, are also expected.

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