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Compensation, Creativity, Job Engagement, and Job Performance in the Construction Industry: The Moderating Role of Labor Skill Status

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ABSTRACT

Objective: This study aimed to examine the effect of compensation on job performance among construction employees and to test the mediating roles of job creativity and job engagement and the moderating role of labor skill status.

Methods and Materials: An explanatory cross-sectional quantitative design was used. The population included 2,461 certified employees from GAPENSI construction companies in East Java, Indonesia. A total of 223 valid responses were obtained through purposive sampling. Data were collected using a structured questionnaire measuring compensation, job creativity, job engagement, job performance, and labor skill status. The measurement and structural models were analyzed using partial least squares structural equation modeling.

Findings: The model explained 18.1% of the variance in job creativity, 3.9% in job engagement, and 14.0% in job performance. Compensation had a significant positive effect on job creativity, $\beta = 0.435$, $p < .001$, and job performance, $\beta = 0.197$, $p = .011$, but not on job engagement, $\beta = 0.001$, $p = .987$. Job engagement significantly predicted job performance, $\beta = 0.257$, $p = .001$, whereas job creativity did not, $\beta = -0.066$, $p = .304$. Labor skill status significantly moderated the compensation–performance relationship, $\beta = 0.137$, $p = .038$, but did not moderate the effects of compensation on job creativity or job engagement. Neither job creativity nor job engagement mediated the compensation–performance relationship.

Conclusion: Compensation directly improved job performance, particularly when supported by higher labor skill status.

Keywords: Compensation, Job Performance, Job Creativity, Job Engagement, Labor Skill Status, Construction Industry.

Introduction

The management of human resources plays a crucial role in ensuring the success and sustainability of any organization. In the face of ever-evolving business landscapes, companies are tasked with navigating competitive pressures that require not only technical expertise but also the effective deployment and development of their human resources (Demerouti et al., 2015). Human Resource Management (HRM) refers to the systematic management of employees in ways that align their performance and engagement with the overall objectives of the organization.

In the modern business environment, companies face significant challenges related to their human resources (Sari, 2015). As competition intensifies and markets become more complex, companies must seek effective strategies to enhance employee performance and productivity (Bujacz et al., 2017). These strategies are not only important for maintaining competitive advantage but also for ensuring that employees can perform at their best, fostering an environment where their potential is fully realized (Zhang & Bartol, 2010).

Employee performance is one of the most significant determinants of organizational success (Sari et al., 2020). As highlighted by Zhang et al. (2015) effective HRM practices have a direct impact on the performance of individuals, teams, and the organization as a whole. When employees are motivated, skilled, and supported by efficient management practices, their performance is aligned with the company's goals, leading to increased productivity and profitability (Yang et al., 2022).

The COVID-19 pandemic has further highlighted these challenges, disrupting the way businesses operate and forcing companies to adapt quickly (Malik et al., 2015). In the construction industry, project delays, labor shortages, and fluctuating material costs have all contributed to the strain on employee performance and engagement (Mahmudah et al., 2025). These disruptions have not only affected the completion of ongoing projects but have also put a significant strain on the financial stability of companies within the industry (Hoque et al., 2018).

The decrease in employee productivity during the pandemic is not only due to external factors such as project delays or restricted work environments but also due to internal factors such as decreased employee motivation, stress, and the uncertainty surrounding job security (Hon, 2012). These internal factors are especially prevalent in sectors like construction, where workers often rely on a stable and consistent flow of projects to maintain their income. When this stability is disrupted, employee engagement levels tend to drop, leading to a decrease in overall performance (Candradewi & Dewi, 2019).

Previous research has indicated that compensation plays a crucial role in driving employee performance, particularly in competitive industries. Compensation, both financial and non-financial, serves as an incentive for employees to meet or exceed performance expectations (Fadillah & Ismail, 2018). Financial compensation, such as salary, bonuses, and commissions, directly influences job satisfaction and motivation. Non-financial compensation, including recognition, career development opportunities, and a supportive work environment, also plays an essential role in enhancing employee engagement and performance (Adnan et al., 2021).

Despite these insights, there is still limited research on the combined effects of compensation, employee engagement, and creativity on job performance, particularly in the construction industry (Nawab & Bhatti, 2011). While studies have established that compensation and job engagement are important drivers of performance, there is a need for further exploration into how these factors interact with creativity to drive high levels of performance (Gah & Syam, 2022). Creativity, often seen as a key component of employee engagement, is particularly important in industries like construction, where workers are required to problem-solve, innovate, and adapt to new challenges. Understanding how creativity contributes to job performance and how it can be fostered through HRM practices is a critical area for further research (Akbar et al., 2020).

The novelty of this research lies in its exploration of the combined effects of compensation, engagement, and creativity on job performance within the construction industry (Nguyen et al., 2024). While existing studies have examined these factors in isolation, few have explored their interconnectedness and the way in which they collectively influence employee performance (Adriansyah et al., 2025). This study will fill this gap by examining how compensation and employee

engagement can be enhanced through creative thinking and problem-solving in the workplace (Qahir et al., 2022).

The novelty of this research lies in its comprehensive examination of the combined effects of compensation, engagement, and creativity on job performance within the construction industry (Nguyen et al., 2024). While existing studies have often explored these factors in isolation, few have investigated their interconnectedness and how they collectively influence employee performance in a complex work environment (Hou & Cai, 2024). This study fills this gap by exploring how compensation and employee engagement can be enhanced through creative thinking and problem-solving in the workplace (Qahir et al., 2022).

By investigating these interrelationships, the research aims to provide a deeper understanding of how creative processes and employee engagement contribute to performance outcomes, offering a more integrated view than previous studies (Fourqoniah et al., 2025). In contrast to existing models, which typically isolate individual factors, this research emphasizes the synergistic effects of compensation, engagement, and creativity, showing how they together influence employee performance. By adopting this holistic perspective, the study moves beyond the conventional compensation performance pathway, incorporating the moderating role of labour skill status and the dynamic interplay between these factors. This integrated approach offers a unique contribution to the literature by highlighting the complexity of workplace dynamics in the construction industry.

Methods and Materials

Study Design

The construct "labour skill status" (LSS) is conceptually unclear. In the Methods section, it is introduced as a moderator; however, in the PLS model, it is labeled as "LSS," and in the narrative surrounding Figure 1, it is described as "Social Environment and Supervision (LSS)," which represents a distinct concept. This inconsistency creates confusion about the true nature of LSS (whether it refers to skill level or the social environment). To resolve this, the study should clarify what LSS represents and maintain consistency across all sections. Additionally, the discussion frequently references Herzberg's two-factor theory and general motivation theories, but they are invoked in a very broad, theoretical manner. There is no clear derivation of specific hypotheses directly grounded in these theories, nor is there any attempt to rigorously reconcile the mixed empirical results (such as non-significant mediations and low R^2 values) with these motivational frameworks.

The study employs an explanatory quantitative design to analyze the relationship between compensation and employee job performance within the construction sector, examining the mediating roles of job creativity and job engagement, and the moderating role of labour skill status. The population consists of 2,461 certified employees from GAPENSI construction companies in East Java, with a sample of 223 valid responses obtained through purposive sampling. However, the design is cross-sectional, and the paper uses causal language, which is not appropriate for a single-time self-report design. The study does not account for temporal separation or experimental manipulation, making such causal claims problematic.

Further clarification is needed regarding the sampling process. The paper does not explain how companies and individuals were selected, the response rate, or how non-response bias might affect the results. As a result, generalizations to "construction companies in East Java" are weak. Moreover, there is no control for potentially important covariates. The study treats all employees as a homogeneous group, even though compensation–performance dynamics may differ significantly across roles. To strengthen the generalizability and accuracy of the findings, these factors should be considered and controlled for in the analysis.

Findings and Results

The majority of contractor employees who were respondents were male, comprising 173 people (78%), while the female respondents numbered 50 (22%). Based on age group, respondents aged 21–30 years were recorded as many as 83 people (37%), 31–40 years old as many as 72 people (32%), 41–50 years old as many as 55 people (25%), and respondents over 50 years old as many as 13 people (6%). Judging from the length of work, respondents with a working period of 1-2 years amounted to 55 people (25%), 73 people (33%) with a working period of 3-4 years, and respondents with a

working period of more than 5 years were 95 people (43%). In terms of education, respondents with the last D3 education were 76 people (34%), S1 graduates were 129 people (58%), and S2 graduates amounted to 18 people (8%). Based on employment status, there were 137 respondents (61%) who were permanent employees, and 86 respondents (39%) were contract employees. In addition, 142 respondents (64%) have a certificate of expertise and work experience, while 81 respondents (36%) only have a certificate of expertise.

Table 1

Respondent Characteristics

Characteristics	Frequency	Present (%)
Gender		
Man	173	78%
Woman	50	22%
Total	**223**	**100%**
Age		
21 - 30 Years	83	37%
31 - 40 Years	72	32%
41 - 50 Years	55	25%
More than 50 Years	13	6%
Total	**223**	**100%**
Long Time Working		
1-2 years	55	25%
3-4 years	73	33%
> 5 years	95	43%
Total	**223**	**100%**
Education		
D3	76	34%
S1	129	58%
S2	18	8%
Total	**223**	**100%**
Employment Status		
Permanent Employees	137	61%
Contract Officers	86	39%
Total	**223**	**100%**
Certification		
Certificate of expertise and work experience	142	64%
Certified	81	36%
Total	**223**	**100%**

The relationship between the latent variables Compensation (C), Social Environment and Supervision (LSS), Work Creativity (JC), Work Attachment (JE), and Employee Performance (JP), including the moderation effect that connects these variables. Each latent variable is indicated by a blue circle, while its indicators are displayed in a yellow box with a strong loading value, indicating the contribution of the indicator to the respective variable. The path between variables has coefficients that indicate the direction and strength of the relationship, for example, the effect of Compensation on Creativity, as well as the influence of LSS on JC and JE, which then leads to improved Performance (JP). In addition, there are three moderation constructs (green circles) that show how certain variables strengthen or weaken the relationship between key variables.

Table 2

Fornell-Larckell Test Results

	C	JC	JE	JP	LSS	Moderating Effect 1	Moderating Effect 2	Moderating Effect 3
C	0.817					C	0.817	
JC	0.419	0.781				JC	0.419	0.781
JE	0.031	−0.074	0.794			JE	0.031	−0.074
JP	0.205	−0.001	0.279	0.748		JP	0.205	−0.001
LSS	0.135	0.010	0.196	0.116	0.813	LSS	0.135	0.010

The Fornell–Larcker criterion used to assess discriminant validity among the core latent constructs in the model. The diagonal values represent the square root of the Average Variance Extracted (√AVE), which in all cases exceed the corresponding inter-construct correlations, indicating that each construct shares more variance with its own indicators than with other constructs. The highest correlation is observed between Compensation and Job Creativity (r = 0.419), while the remaining correlations are weak to moderate, supporting the conceptual distinctiveness of the constructs. Consistent with PLS-SEM methodological guidelines, the moderation (interaction) constructs are excluded from the Fornell–Larcker matrix because interaction terms are not independent latent variables and are not appropriately evaluated using discriminant validity criteria.

Table 3

AVE Test Results

Variable	Average Variance Extracted
Compensation	0.667
Job Cretivity	0.609
Job Engagement	0.630
Job Performance	0.560
Labour Skill Status	0.661

Source: Data processed

The convergent validity results indicate that all constructs in the model adequately capture their intended dimensions, as evidenced by AVE values exceeding the recommended threshold of 0.50. The high AVE of the compensation construct suggests that its indicators strongly and consistently represent the concept of compensation, implying that compensation practices in the studied context are clearly perceived and well defined by employees. Similarly, the relatively high AVE values for Labour Skill Status, Job Engagement, and Job Creativity indicate that these constructs are measured with sufficient precision, supporting the robustness of the conclusions drawn regarding their roles in moderating or explaining job performance. Although Job Performance shows the lowest AVE, it still meets acceptable criteria, suggesting that employee performance is a more multifaceted construct influenced by a broader range of factors beyond those included in the model. Practically, these findings imply that organizational policies related to compensation and skill development can be reliably assessed and evaluated using the proposed measurement model, while future research and managerial practice may benefit from incorporating additional indicators or dimensions to better capture the complexity of job performance.

Table 4

Cronbach's Alpha Values

Variable	Cronbach's Alpha	rho_a	Composite Reliability
Compensation	0.900	0.904	0.923
Job Cretivity	0.946	0.948	0.953
Job Engagement	0.935	0.950	0.944
Job Performance	0.929	0.935	0.938
Labour Skill Status	0.494	0.520	0.795

The reliability assessment shows that almost all constructs in the model demonstrate an excellent level of internal consistency. Compensation, Job Creativity, Job Engagement, and Job Performance exhibit Cronbach's Alpha values above 0.90 and Composite Reliability values exceeding 0.92, indicating very high and stable reliability, which is further supported by the rho_A coefficients. However, such high reliability values may also suggest potential item redundancy, indicating that future studies could streamline the measurement by refining or reducing highly similar indicators without compromising construct validity. In contrast, the Labour Skill Status construct shows a low Cronbach's Alpha value (0.494), suggesting limited internal consistency among its indicators. Nevertheless, its Composite Reliability value of 0.795 remains within acceptable thresholds, indicating that the construct is still usable. This discrepancy suggests that the indicators of Labour Skill Status may capture diverse aspects of the construct, and future research should consider improving indicator quality or expanding the number of items to enhance measurement consistency.

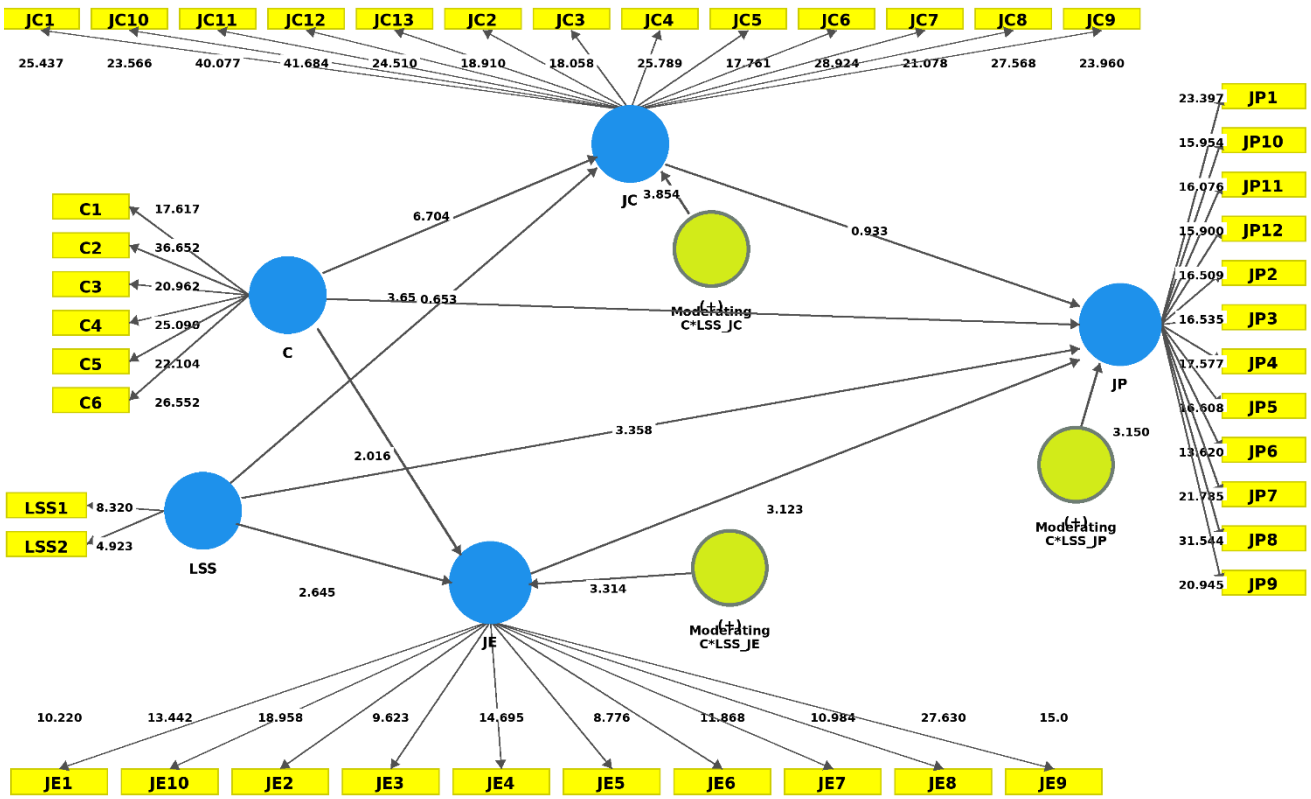
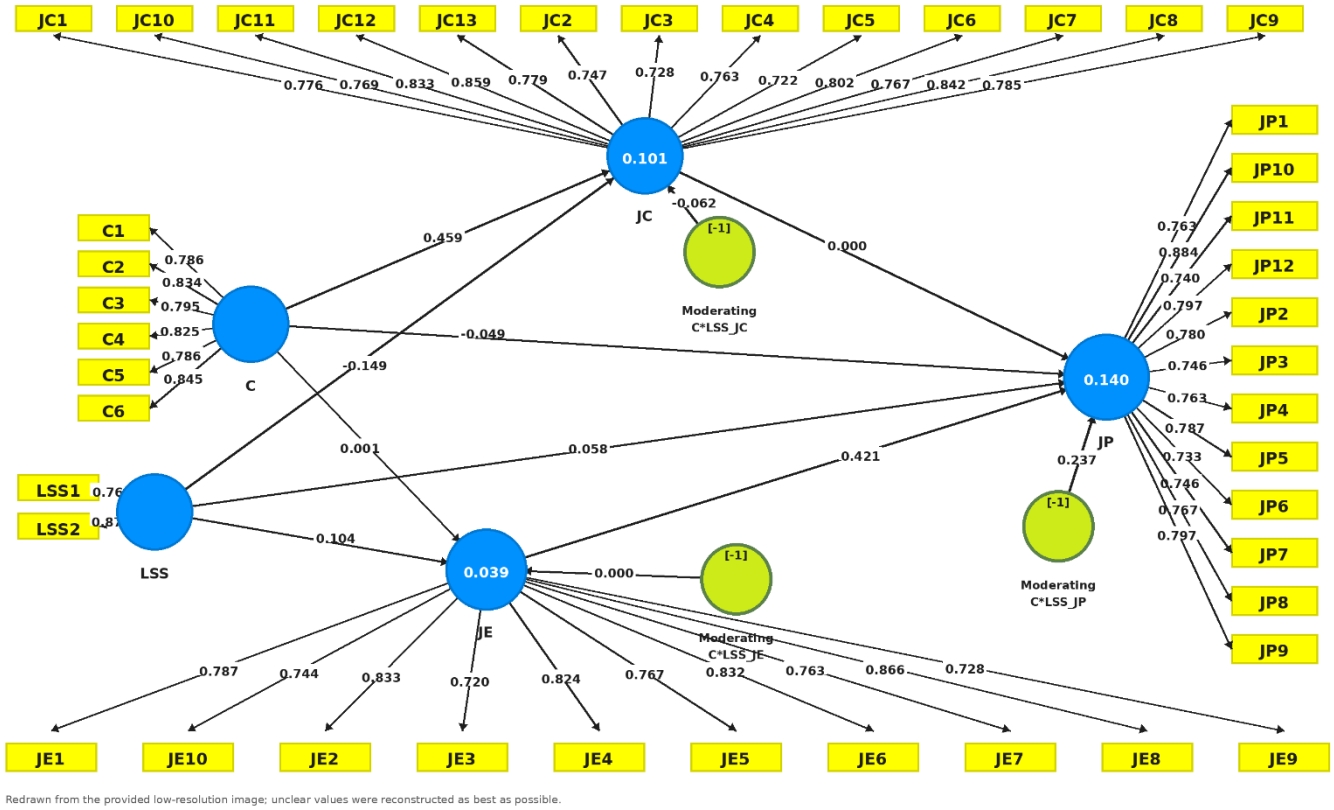


Figure 1

Compensation, Engagement, Creativity, and Performance with Moderation



Redrawn from the provided low-resolution image; unclear values were reconstructed as best as possible.

Figure 2

Inner Model

The PLS structural model illustrates the relationships among the latent variables—Compensation (C), Labor Skill Status (LSS), Job Creativity (JC), Job Engagement (JE), and Job Performance (JP) as well as the specified moderation effects. Each latent construct is represented by a blue circle containing its coefficient of determination (R^2), indicating the proportion of variance explained by the predictor variables in the model (JC = 0.101, JE = 0.039, and JP = 0.140). The structural paths between exogenous and endogenous constructs are depicted by arrows accompanied by path coefficients, which reflect the strength and direction of the hypothesized relationships. Additionally, three moderation constructs, shown as green circles, represent the interaction effects between Compensation and Labor Skill Status on Job Creativity, Job Engagement, and Job Performance. The indicators associated with each latent variable are displayed as yellow boxes, and their generally high outer loadings suggest that the indicators contribute meaningfully and reliably to the measurement of their respective constructs.

Table 5

R Square Value

Endogenous Variable	R2 Value
Job Creativity	0.181
Job Engagement	0.039
Job Performance	0.140

The R^2 value of the endogenous variable indicates the proportion of variance that can be explained by the predictive variables in the model. For *Job Creativity*, an R^2 value of 0.181 indicates that 18.1% of the variation in work creativity can be explained by independent variables that influence it in the model. *Job Engagement* had a lower R^2 value, which was 0.039, which means that only 3.9% of the variation in work engagement could be explained by the predictor variable, suggesting a relatively small influence. While *Job Performance* has an R^2 value of 0.140, which indicates that 14% of the variation in work performance can be explained by the factors in the model.

Table 6

Influence Coefficient Value and p Value

	Original Sample	P Values	Information
C -> JC	0.435	0.000	Positive and significant
C -> JE	0.001	0.987	Positive and insignificant
C-> JP	0.197	0.011	Positive and significant
JC -> JP	-0.066	0.304	Negative and insignificant
JE -> JP	0.257	0.001	Positive and significant
Moderating (C*LSS) -> JP	0.137	0.038	Positive and significant
Moderating (C*LSS) -> JC	-0.062	0.404	Negative and insignificant
Moderating (C*LSS) -> JE	0.020	0.752	Positive and insignificant
C -> JC -> JP	-0.029	0.324	Negative and insignificant
C -> JE -> JP	0.000	0.988	Positive and insignificant

The structural path analysis shows that Compensation (C) has a positive and significant effect on Job Creativity (JC) ($\beta = 0.435$, $p < 0.001$) and Job Performance (JP) ($\beta = 0.197$, $p = 0.011$), whereas its effect on Job Engagement (JE) is positive but not statistically significant ($\beta = 0.001$, $p = 0.987$). Job Creativity does not significantly influence Job Performance and exhibits a negative, non-significant coefficient ($\beta = -0.066$, $p = 0.304$), while Job Engagement has a positive and significant effect on Job Performance ($\beta = 0.257$, $p = 0.001$). Regarding moderation, the interaction between Compensation and Labour Skill Status (LSS) has a positive and significant effect on Job Performance ($\beta = 0.137$, $p = 0.038$), indicating that higher skill status strengthens the impact of compensation on performance. In contrast, the moderating effects on Job Creativity ($\beta = -0.062$, $p = 0.404$) and Job Engagement ($\beta = 0.020$, $p = 0.752$) are not significant. Furthermore, mediation analysis reveals that neither Job Creativity nor Job Engagement significantly mediates the relationship between compensation and job performance, suggesting that compensation primarily influences performance directly and through skill-related contextual factors rather than indirectly via creativity or engagement in this model.

Discussion and Conclusion

The Effect of Compensation on Job Performance

The relationship between compensation and job performance is a critical area of focus for organizations, as employee performance directly impacts the productivity and success of the company (Brahmannanda & Dewi, 2020). The statistical findings of this study support the hypothesis that compensation has a positive and significant effect on job performance among employees in the construction industry (Nawab & Bhatti, 2011). As compensation increases, employees are more likely to exhibit higher levels of job performance. This finding aligns with previous studies by Nawab & Bhatti (2011) which all confirm that compensation has a strong influence on employee performance.

The concept of compensation is multifaceted, encompassing both monetary and non-monetary rewards (Handayani et al., 2024). Monetary compensation, such as salaries, bonuses, and commissions, directly contributes to an employee's satisfaction and motivation to perform well (Gah &

Syam, 2022). Non-monetary compensation, including benefits, recognition, and career development opportunities, further enhances employee satisfaction and loyalty. According to Akbar et al., (2020) compensation acts as a hygiene factor, meaning that its absence can lead to dissatisfaction, but its presence alone may not fully motivate employees. However, when compensation is combined with motivational factors such as recognition, opportunities for advancement, and meaningful work, it can significantly boost employee performance (Nguyen et al., 2024).

However, the study also highlights that compensation alone may not be sufficient to drive performance. While fair compensation can enhance employee satisfaction, other factors, such as job engagement, creativity, and organizational culture, play a significant role in determining employee performance (Bujacz et al., 2017). Therefore, companies must adopt a holistic approach to HRM that includes not only competitive compensation but also strategies to foster engagement, creativity, and skill development among employees (Ismail et al., 2019).

Job Creativity as a Mediator in the Compensation-Job Performance Relationship

Job creativity is often regarded as an essential factor that contributes to the overall success of an organization. However, the findings of this study show that job creativity does not significantly mediate the relationship between compensation and job performance (Yang et al., 2022). This result suggests that while compensation plays a significant role in motivating employees, it does not necessarily translate into increased creativity, which, in turn, would enhance performance (Sunarmin, 2020). The lack of a significant mediation effect challenges the assumption that compensation directly leads to higher creativity, which is often viewed as a critical factor in improving job performance.

Previous studies, such as those by Sari et al., (2020) have also found that creativity does not always mediate the relationship between compensation and job performance. While compensation can serve as a motivator for employees, it does not automatically result in the generation of creative ideas or innovative solutions (Prasetyo et al., 2024). Creativity in the workplace often requires intrinsic motivation, a sense of autonomy, and a supportive work environment that encourages risk-taking and problem-solving (Malik et al., 2015). In the construction industry, where tasks are often routine and performance standards are clearly defined, employees may find it challenging to engage in creative thinking, even when they are well-compensated (Malik et al., 2015).

Herzberg's Two-Factor Theory posits that intrinsic motivators, such as the opportunity to engage in meaningful work and the freedom to express creativity, are key drivers of job satisfaction and performance (Hon, 2012). However, the findings of this study suggest that in the construction sector, job creativity does not act as a mediator between compensation and job performance (Candradewi & Dewi, 2019). This could be due to the nature of the work, which often involves repetitive tasks with little room for creative expression. Even when employees are compensated well, the lack of stimulating or challenging work may hinder their ability to think creatively and innovate (Fadillah & Ismail, 2018).

Job Engagement as a Mediator in the Compensation-Job Performance Relationship

Job engagement refers to the level of emotional and cognitive commitment that employees have towards their work. The study's findings suggest that job engagement does not significantly mediate the relationship between compensation and job performance (Brahmannanda & Dewi, 2020). Although compensation is a critical factor in motivating employees, the compensation provided in this study was not sufficient to significantly increase job engagement, which would, in turn, enhance performance. This lack of a significant mediation effect implies that compensation alone does not necessarily lead to higher engagement or improved performance in the construction industry (Brahmannanda & Dewi, 2020).

The results of this study are consistent with research by Brahmannanda & Dewi (2020) which found that employee motivation, including job engagement, does not always mediate the impact of compensation on performance. Herzberg's Two-Factor Theory suggests that intrinsic motivators, such as job engagement, are essential for employee satisfaction and performance (Akbar et al., 2020). However, in this study, job engagement did not serve as a mediator between compensation and job performance. This could be due to the nature of the construction industry, where employees may be less emotionally or cognitively invested in their work, particularly in routine tasks (Akbar et al., 2020).

Labor Skill Status as a Moderator in the Compensation-Job Creativity Relationship

The findings of this study indicate that labor skill status does not significantly moderate the relationship between compensation and job creativity. This suggests that while employees with higher skill levels may receive better compensation, their ability to be creative in their work does not significantly improve as a result (Ismail et al., 2019). The lack of a significant moderating effect could be attributed to the fact that compensation alone does not necessarily enhance creativity if employees do not possess the necessary skills or motivation to generate creative ideas (Ismail et al., 2019).

In the construction industry, where tasks are often structured and focused on meeting specific standards, employees may not have the opportunity or incentive to engage in creative thinking, regardless of their skill level or compensation. Research by Prasetyo et al., (2024) suggests that creativity is often driven by intrinsic motivation and the availability of resources that allow employees to innovate. While compensation can serve as an extrinsic motivator, it may not be sufficient to stimulate creativity if the work itself does not provide the conditions necessary for creative problem-solving.

Labor Skill Status as a Moderator in the Compensation-Job Engagement Relationship

The statistical analysis indicates that labor skill status does not significantly moderate the relationship between compensation and job engagement. This finding suggests that employee skill level does not automatically enhance the impact of compensation on job engagement. Although both compensation and job engagement are critical, the study reveals that skill status does not play a significant role in strengthening the relationship between the two.

This result aligns with research by Candradewi & Dewi (2019) who found that work culture does not moderate the relationship between training and performance evaluation with employee engagement. Similarly, Candradewi & Dewi (2019) showed that compensation did not significantly affect employee engagement. According to Herzberg's theory, compensation is a hygiene factor, meaning that it can prevent dissatisfaction but does not necessarily lead to engagement. For engagement to increase, employees need intrinsic motivators, such as a sense of purpose and opportunities for growth (Sabzevari et al., 2024).

Despite employees in the construction industry having the necessary skills and certifications, their engagement with their work may not be significantly influenced by the compensation they receive. Waliyati & Supratikta (2024) said Lack of engagement could be attributed to the nature of the work, which may not provide enough challenges or opportunities for personal growth. Even employees with substantial experience and education may not feel fully invested in their work if the work environment does not foster engagement (Brahmannanda & Dewi, 2020).

Labor Skill Status as a Moderator in the Compensation-Job Performance Relationship

The statistical tests reveal that labor skill status significantly moderates the relationship between compensation and job performance. This suggests that employees with higher skill levels are better able to translate compensation into improved performance (Gah & Syam, 2022). When employees feel that their compensation is appropriate for their level of skill, they are more likely to perform at their best. This finding is supported by research by Gajdzik & Wolniak (2022) which found that accountability can moderate the relationship between employee empowerment and compensation.

Employees who possess the necessary skills and certifications are better able to perform their tasks effectively when they receive appropriate compensation (Candradewi & Dewi, 2019). Compensation serves as an extrinsic motivator, but when combined with skill development, it can lead to enhanced job performance. As employees gain more experience and improve their skills, they become more competent and confident in their work, which leads to higher performance levels (Hon, 2012).

Compensation has a positive and significant effect on job performance, consistent with prior empirical findings. However, job creativity and job engagement do not mediate this relationship, suggesting that although compensation is a critical organizational factor, it does not automatically translate into higher levels of creativity or engagement among employees. In contrast, labor skill status significantly moderates the compensation–performance relationship, underscoring the role of skill development in strengthening the effectiveness of compensation in enhancing performance. These results align with Herzberg's two-

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factor theory, which positions compensation as a hygiene factor that prevents dissatisfaction but does not necessarily stimulate intrinsic motivation. At the same time, the findings indicate that intrinsic factors such as creativity and engagement, while important, do not always function as mechanisms through which compensation improves performance. From a practical perspective, particularly in the construction industry, organizations should not only design competitive compensation systems but also prioritize skill development initiatives and create supportive environments that encourage creativity and engagement. Future research is encouraged to examine additional factors, such as employee commitment and career development, to provide a more comprehensive understanding of performance enhancement mechanisms.

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Declaration of Interest

The authors of this article declared no conflict of interest.

Ethical Considerations

The study protocol adhered to the principles outlined in the Declaration of Helsinki, which provides guidelines for ethical research involving human participants. Ethical considerations in this study were that participation was entirely optional.

Transparency of Data

In accordance with the principles of transparency and open research, we declare that all data and materials used in this study are available upon request.

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Authors' Contributions

All authors equally contribute to this study.

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