

Employee Performance with Employee Engagement as an Intervening Variable: Individual Career Development and Competency

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Abstract

This study aims to find the impact of individual career development and competency on employee performance at Bank Nagari Pangkalan, with Employee Engagement serving as an intervening variable. Utilizing Structural Equation Modeling (SEM) with the Partial Least Squares (PLS) method, data were collected from 74 respondents through questionnaires. The results indicate that both individual career development and competency significantly and positively influence employee engagement. Furthermore, individual career development directly enhances employee performance. However, the findings reveal that competency and employee engagement do not significantly affect employee performance. Additionally, employee engagement does not mediate the relationship between individual career development and competency on employee performance at Bank Nagari Pangkalan. This research enhances the understanding of the influence of career development and competencies on performance, demonstrating that although engagement is important, its mediating role in this context is limited.

Keywords: individual career development; competency; employee engagement; employee performance

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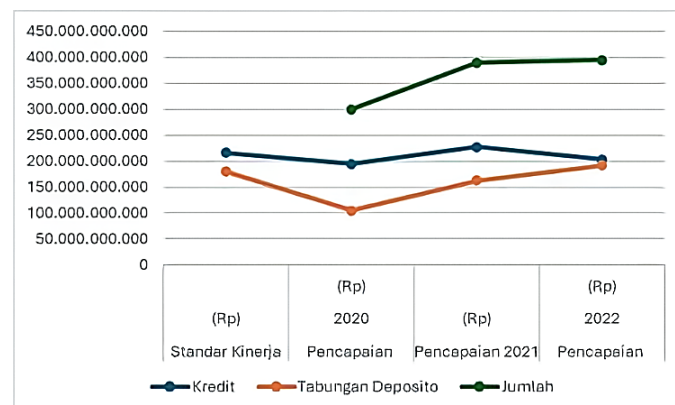
Introduction

Bank Nagari, a significant government-owned financial institution in Indonesia, plays a vital role as the Regional Development Bank for West Sumatra. It significantly contributes to economic growth and prosperity in the region. The bank's importance highlights the necessity for skilled personnel in the banking sector, a need that is further emphasized by ongoing technological advancements. Human resources are critical in driving operational effectiveness within a company, and performance is directly correlated to overall organizational success. The following is employee performance data at Bank Nagari Pangkalan for 2022.

The data in Figure 1 shows that of the employee performance achievements over the last 3 years, only one achieved employee performance in the credit work unit, namely in 2021 amounting

to Rp. 227,000,000,000,- the remainder in 2020 and 2022 have not yet reached the performance

Figure 1. Bank Nagari Pangkalan Employee Performance Data for December 2022 Period



Source: Bank Nagari Pangkalan 2023

standard, and in the unit, only one deposit savings has reached the performance standard target, namely in 2022 amounting to IDR 192,000,000,000,- the remainder in 2020 and 2021

has not reached the performance standards set by the company.

Performance is either seen as a process or work result, summarizing the way tasks are carried out to produce the desired results (Irnanda et al., 2019). In the corporate context, the effectiveness of bank employees' performance is significant because achieving company goals is very dependent on the quality of their work (Nabawi, 2019). Several factors influence the performance of bank employees, including career development and competencies possessed by bank employees.

To carry out good performance, you need an understanding of career development which is very important for every employee. This aims to see how knowledge is handled at various levels in the company organization. Apart from that, knowledge also makes it easier for old employees to help new arrivals in finding and processing all information available in the company, so that in the future every job faced by new arrivals adapts more quickly to the work environment, including the skills and innovation abilities of the employees.

This research should be carried out because individual career development and employee competencies can increase their job satisfaction and motivation, which can improve employee performance. Then, individual career development and competency can help increase employee engagement, which is very important in improving organizational performance. Therefore, this research can help Bank Nagari Pangkalan in improving employee performance and their engagement through individual career development and competency.

The novelty of this research lies in the intervening variable used, namely employee engagement. Previous research has found that individual career development and competency can increase job satisfaction and employee performance, but very few have analyzed the role of employee engagement as a mediator in the relationship between individual career

development and competency on employee performance.

Literature Review

Employee Performance

Employee performance is a measure that can be provided by the organization within a certain period and can be used to monitor work performance. The decline in employee performance certainly has a big impact on the sustainability of the company, so efforts must be made to maintain consistent employee performance. Employee performance results can be seen from the development of their performance (Mulyani et al., 2024).

Employee performance is characterized by the results an employee achieves while effectively utilizing the organization's resources and maximizing their capabilities to meet their responsibilities. Human resource management plays a vital role in sourcing and securing top-tier talent that aligns with the organization's specific needs. This function is essential in promoting a culture of discipline and productivity among employees, thereby driving enhanced organizational performance (Almita et al., 2023).

Individual Career Development

Career development refers to the function of Human Resources (HR) that supports employees in planning their career trajectories within the organization, facilitating mutual growth for both the employees and the company (Priyono & Perkasa, 2024).

Career development includes improving the skills and abilities of individuals or bank employees, as well as the processes and efforts made to achieve this progress. This also includes fostering positive attitudes among bank employees and enhancing their authority and status within the organisation (Kusumastuti et al., 2022). In practice,

career development does not always mean climbing the hierarchical ladder, but rather serves as a means to motivate and encourage continuous progress within the organization. When a bank employee's career develops, it has a positive impact on his performance (Hidayat et al., 2021)

Competency

Competencies inherently include goals and objectives, consisting of motives or characteristics that drive actions to achieve desired outcomes. Take, for example, competence in knowledge and skills, which consistently involves motives, traits, and self-concepts that encourage the application of that knowledge and skills (Amudhavalli et al., 2020).

Competence is a fundamental aspect of the character of a person or bank employee that differentiates him from other people. This competency shows a person's skills and knowledge, highlighting their professionalism and excellence in a particular field (Syahputra & Tanjung, 2020).

Employee Engagement

Employee engagement can be defined as a positive attitude of bank employees towards the principles and organisation where they work. This underscores the idea of a reciprocal relationship between bank employees and the company, encapsulating the enthusiastic emotional bond and dedication of bank employees towards the organization of which they are a part. This includes how bank employees approach their work and align with the values of the organization (Muliawan et al., 2021).

Employee engagement occurs when individuals actively participate in all organizational activities, demonstrating positive attitudes and behaviours. This engagement can be assessed through three key indicators: enthusiasm, dedication, and absorption in their work (Haryanto et al., 2024).

Methods

The focus of this study is the employees at Bank Nagari Pangkalan. This research employs a quantitative approach, utilizing questionnaire data that encompasses four variables: individual career development, competency, employee engagement, and employee performance.

The population of this study involved 74 respondents who were all employees of Bank Nagari Pangkalan. Random sampling methodology, especially saturated sampling techniques, allows all permanent employees to be included in the sample population.

This study employs Structural Equation Modeling (SEM) utilizing the Partial Least Squares (PLS) approach to analyze the data. PLS-SEM is an alternative approach to investigate market orientation and structural equations to assess the interrelationships between latent constructs, simultaneously accommodating linear or non-linear associations across multiple indicators. This approach is notable for its adaptability and reliability, as it operates without the need for stringent assumptions (Hair et al., 2018).

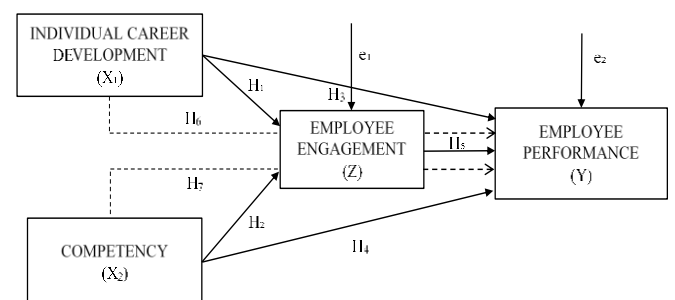


Figure 2. Research Framework

Results and Discussion

The total number of questionnaires distributed in all fields was 74, with all 74 questionnaires returned and included in the study. The outer model, which functions as a measurement tool, is very important for assessing the validity and reliability of the research model. In the research field, the conceptual and relational

aspects of a model cannot be adequately tested for causal relationships until the refinement stage in the measurement model has been satisfactorily

completed. This stage aims to explain the relationship between the indicator block and the latent variable.

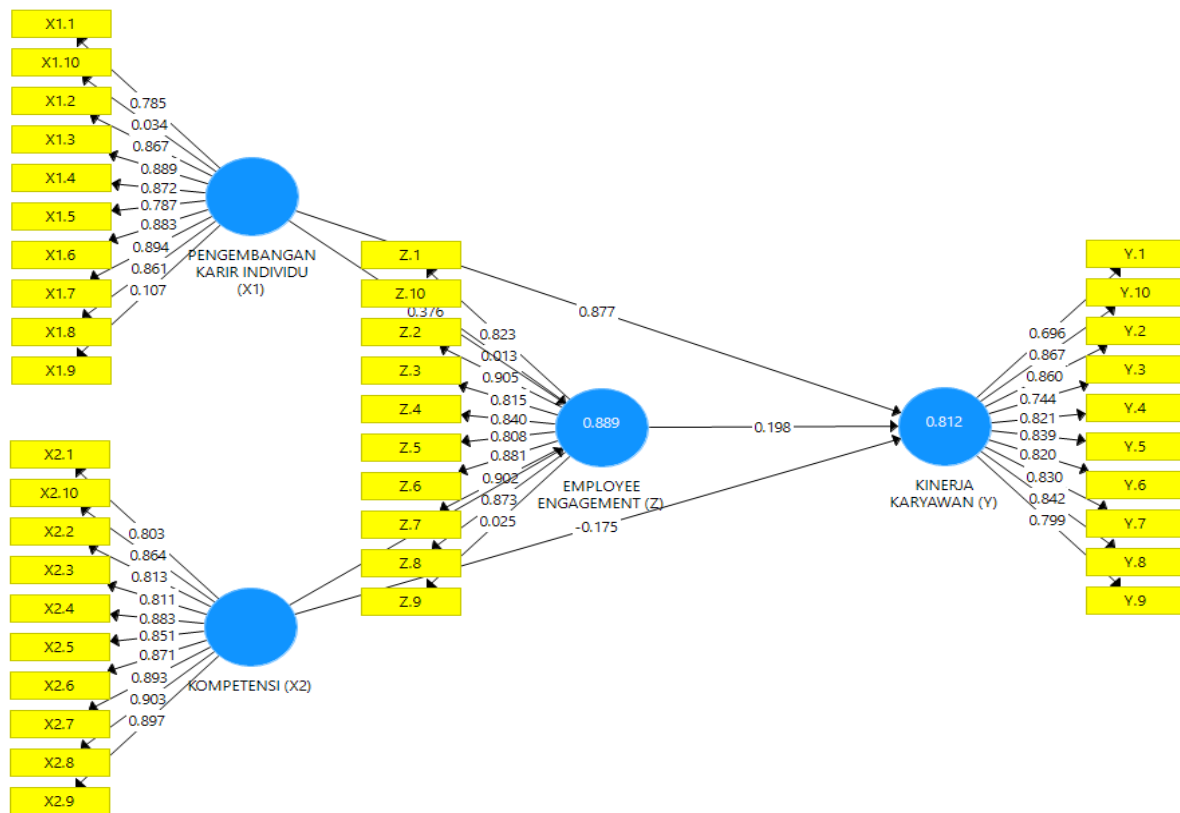


Figure 3. Outer Model Test Results Before Elimination

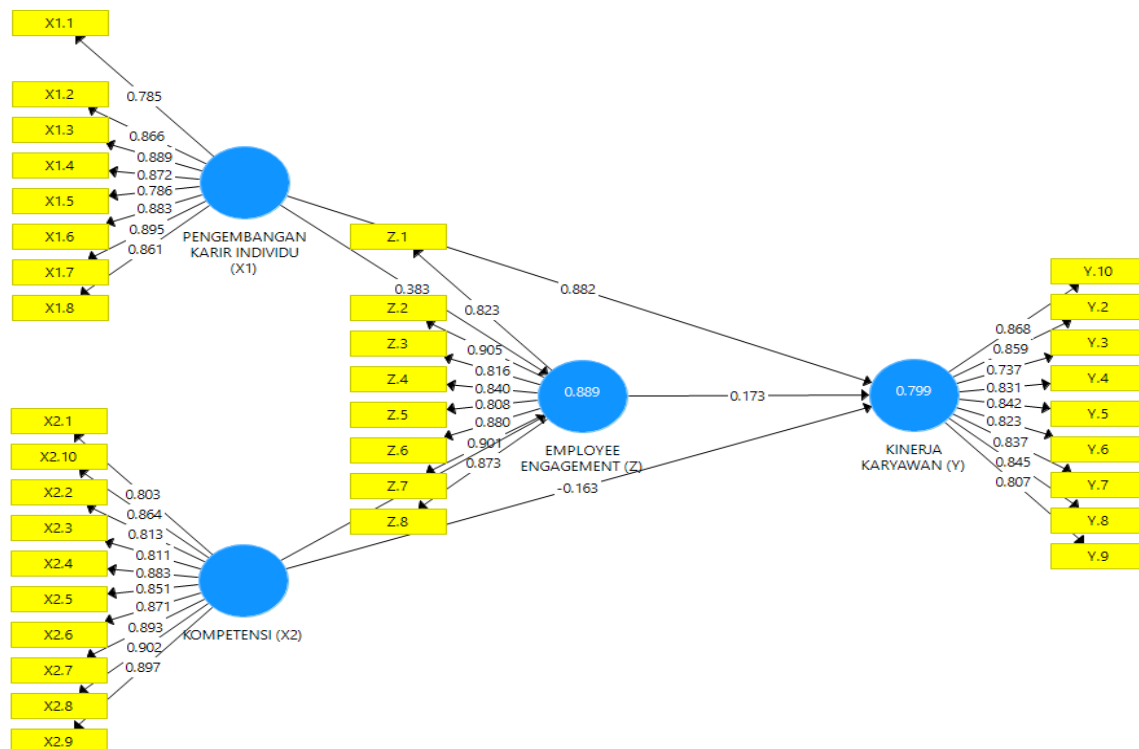


Figure 4. Outer Model Test Results After Elimination

Table 2. Reliability Value

Construct (Variable)	Cronbachs Alpha	Composite Reliability	Decision
Employee Performance (Y)	0,943	0,946	Reliable
Individual Career Development (X1)	0,947	0,949	Reliable
Competency (X2)	0,960	0,961	Reliable
Employee Engagement (Z)	0,948	0,949	Reliable

Source: SmartPLS processed results, 2024

Table 1. Value of Average Variance Extracted (AVE)

Variable	AVE
Employee Performance (Y)	0,686
Individual Career Development (X1)	0,732
Competency (X2)	0,739
Employee Engagement (Z)	0,734

Source: SmartPLS processed results, 2024

In the development stage, a correlation of 0.5 to 0.6 is considered adequate or still acceptable. In this research, convergent validity is above 0.7. Based on Figure 4 above, the loading factor value above the recommended value is equal to 0.7. The indicators that were eliminated were indicators from several statements that had been tested on the variables Individual Career Development (X1) (X1.9 and X1.10), Employee Engagement (Z) (Z9 and Z10), and Bank Employee Performance (Y) (Y1). The limit for convergent validity values in this research is > 0.7 to be said to be valid.

The findings in Table 1 show that all constructs or variables examined in this study show strong validity, as indicated by the Average

Variance Extracted (AVE) value which exceeds the recommended threshold of 0.50.

Based on the findings presented in Table 2, for every construct or variable, Cronbach's alpha value and composite reliability value are more than 0.70. This shows a high level of data reliability, thus indicating that the data can be considered trustworthy and reliable.

Based on Figure 4 above, the following model equation can be formed:

Equation I shows how big the impact of individual career development and competency constructs is on employee engagement. This is done using existing coefficients, plus the estimation error rate, which is an unexplained factor in the research model.

$$Z = 0,383 X_1 + 0,580 X_2 + e_1$$

Equation II shows the impact of individual career development, competency, and employee engagement on bank employee performance. For each construct, coefficients are assigned and estimation errors are determined.

$$Y = 0,882 X_1 - 0,163 X_2 + 0,173 Z + e_2$$

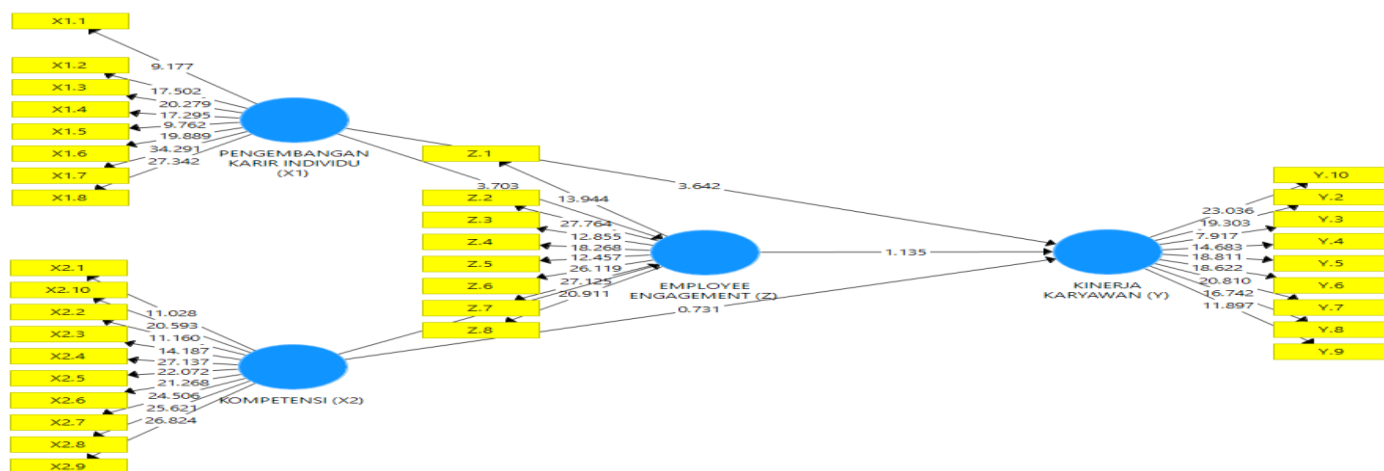


Figure 5. Struktural Model Inner

Based on the results of testing H1 using the SmartPLS tool, the value recorded in Table 4 is 0.383, with the t-statistic exceeding 1.96 ($3.628 > t\text{-table } 1.96$), and the p-value below the alpha level ($0.000 < 0, 05$), indicating rejection of the hypothesis (H0) and acceptance of the hypothesis (Ha). Therefore, research findings show that Individual Career Development has a positive and significant impact on Employee Engagement. This finding is consistent with research conducted by (Indryani & Ardana, 2019), (Montori et al., 2019), (Hidayat et al., 2021) and (Mashadi, 2022) results that individual career development has a positive and significant impact on employee engagement. Employee engagement is a multifaceted process that develops gradually over time. It is affected by numerous elements, including the strategies an organization employs in managing its employees. For example, in the banking sector, bank employees will feel more connected to their company if the organization effectively supports their career growth. When bank employees feel that the organization values their development and provides opportunities for advancement, they tend to develop a stronger sense of loyalty and attachment to the company.

Based on the H2 analysis carried out using SmartPLS, the original sample value was obtained which shows the influence of Competency on Employee Engagement of 0.580 accompanied by a t-statistic of 5.312 which exceeds the critical value of 1.96. Furthermore, the p-value of 0.000 is below the alpha level of 0.05, causing the hypothesis to be rejected (H0) and the hypothesis to be accepted (Ha). Thus, there is evidence that Competency has a positive and statistically significant impact on Employee Engagement, in line with previous research findings (Rahmayani et al., 2021), (Dami et al., 2022) and (Dawam et al., 2023) shows that competency significantly influences employee engagement positively, especially in the banking sector where employees demonstrate strong competence. The existence of high competence among employees will foster a sense of commitment to the organization so that it will

produce thoroughness in carrying out the responsibilities given. This alignment between competency and employee involvement is by the established theoretical framework. The strength of this association comes from employees' unwavering obedience and loyalty to the company.

Based on SmartPLS analysis, the original sample produces a value of 0.882 for hypothesis H3. The corresponding t-statistic exceeds 1.96 ($3.698 > t\text{-table } 1.96$), and the p-value is smaller than the alpha level ($0.000 < 0.05$). Thus, H0 is rejected and Ha is accepted, this shows that Individual Career Development has a significant and positive impact on the performance of bank employees. These findings are in line with previous research efforts by (Ali et al., 2019), (Puspita, 2020), (Silaban et al., 2021) and (Tiong et al., 2023) shows that Individual Career Development has a positive and significant impact on bank employee performance. Career development is a crucial aspect of HR planning which aims to foster the enthusiasm of bank employees and improve performance. This plays an important role in motivating bank employees to enhance their skills and abilities, thereby enabling them to excel in their roles. The effectiveness of career development initiatives significantly influences the performance of bank employees, because individuals are empowered to utilize their abilities effectively to complete tasks well.

The initial sample value for the test of hypothesis H4 was -0.163, as determined by the SmartPLS analysis findings. The p-value was 0.438, over the predefined alpha criterion of 0.05, while the t-statistic was found to be 0.776, below the critical barrier of 1.96. As a result, the alternative hypothesis the null hypothesis (H0) is accepted and (Ha) is rejected. This suggests that competency does not have a significant impact on bank employee performance, corroborating findings from previous studies (Oppong & Zhau, 2020) also determined that there is no substantial correlation between competency and employee performance. Different from the results of research by (Sabuhari et al., 2020) and (Heslina & Syahrini,

2021) show that competency has a significant impact on employee performance.

As per the findings of the H5 test carried out using the SmartPLS software, the initial sample value was discovered to be 0.173. At $1.086 < t$ -table 1.96, the t-statistic is less than the 1.95 crucial criterion. Furthermore, the p-value exceeded the 0.05 alpha threshold at 0.278. As so, the alternative hypothesis (H_a) is rejected and the null hypothesis (H_0) is accepted. Therefore, this study concludes that employee engagement does not have a statistically significant impact on bank employee performance. These results are consistent with the findings (Rahmadalena & Asmanita, 2020) shows that Employee Engagement has no significant effect on bank employee performance. Different from the results of research by (Fidyah & Setiawati, 2020) and (Abdullahi et al., 2021) show that employee engagement has a significant impact on employee performance.

The H6 coefficient for the first sample is 0.066, with a t-statistic value less than 1.96 ($0.875 < t$ -table 1.96) and a p-value over the alpha threshold ($0.382 > 0.05$), as per the SmartPLS analysis findings. Based on the results, the alternative hypothesis (H_a) is rejected and the null hypothesis (H_0) is accepted. Therefore, employee engagement is an intermediary variable the performance of bank employees is unaffected by individual career development. This shows that the association between career development and bank employee performance is not mediated by employee engagement. These results do not align with previous research (Tiong et al., 2023) which determined that individual career development significantly impacts employee performance when employee engagement acts as a mediator.

The H7 test yielded an original sample value of 0.101 based on the analysis done using SmartPLS software. The t-statistic was below the necessary threshold of 1.96 ($1.183 < t$ -table 1.96), and the p-value was higher than the preset significance level ($0.237 > 0.05$). As a result, the H_0 hypothesis is accepted and the H_a hypothesis is rejected. These findings imply that competence has

no impact on bank employee performance through the intermediary mechanism of employee engagement. This suggests that the influence of competence on employee performance cannot be mediated by employee engagement levels alone. These findings are not in line with research conducted by (Tiong et al., 2023) which found that competence has a significant effect on employee performance through the intervening variable of employee engagement.

Conclusions

Based on prior studies, research findings, and discussions, it has been established that individual career development significantly enhances employee engagement. Similarly, employee competency has been shown to positively and significantly impact engagement levels. Additionally, individual career development has a positive effect on the performance of bank employees. However, competency does not significantly impact the performance of bank employees, nor does employee engagement significantly affect employee performance. Furthermore, the relationship between individual career development and bank employee performance and the relationship between competency and bank employee performance at Bank Nagari Pangkalan is not mediated by employee engagement. Suggestions for future researchers who conduct similar research are to refine their research objectives to focus more on more specific aspects. This will help ensure that research results are on target and contribute effectively to existing knowledge in the field.

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