IJCSS 6 (3) (2025) Pages:. 938-949

Journal homepage: http://pcijournal.org/index.php/ijcss

International Journal of Cultural and Social Science

Published: Pena Cendekia Insani

THE ROLE OF TRAINING AND COMPETENCE IN IMPROVING EMPLOYEE PERFORMANCE AT BANK BNI TULUNGAGUNG: WORK MOTIVATION AS A MEDIATION VARIABLE

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Article Info

Keywords:

Banking, Competence, Employee Performance, Training, Work Motivation,

ABSTRACT

The banking industry faces growing competition due to technological advances, shifting consumer behavior, and digital innovation. In this context, the success of Bank Negara Indonesia (BNI) Tulungagung Branch depends on the quality of its human resources (HR), which serve both operational and strategic roles. This study aims to examine the effect of training and competence on employee performance, with work motivation as a mediating variable. A quantitative explanatory research design was applied, involving 70 employees as respondents. Data were collected through a Likert-scale questionnaire and analyzed using Partial Least Squares-Structural Equation Modeling (PLS-SEM) via SmartPLS 3.0. The analysis confirmed strong validity and reliability (loading factor 0.731–0.912; Cronbach's Alpha > 0.70). Training and competence explained 70.6% of performance variance and 71.5% of motivation variance. Training significantly influenced motivation, while competence had a significant effect on performance. However, motivation did not significantly affect performance and did not mediate the relationship. Thus, performance enhancement is best achieved through direct training and competency development.

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1. INTRODUCTION

The banking industry in today's globalization era faces increasingly intense and dynamic competition (Kuchciak & Warwas, 2021). The development of financial technology, changes in consumer behavior, and the emergence of various innovative products and services demand that every financial institution continuously enhance its competitiveness to remain relevant and sustainable (Pahuja et al., 2024). One of the key factors determining a bank's success in facing these challenges is the quality of its human resources (HR). HR is not only viewed as operational executors but also as strategic assets capable of becoming the primary drivers in planning and achieving the company's vision (Biswakarma & Pokhrel, 2020). Employees who possess technical competencies, professional attitudes, and high work motivation serve as vital assets in supporting organizational effectiveness and maintaining competitive advantage amidst increasingly fierce competition.

Bank Negara Indonesia (BNI) Tulungagung Branch, as part of one of Indonesia's largest national banks, plays a significant role in providing financial services to the community and supporting the regional economy.

BNI's corporate success in achieving numerous national awards such as the Titanium Trophy for 15 consecutive years in Service Excellence, the Platinum Trophy for 10 consecutive years in E-Banking, and the Golden Trophy for 5 consecutive years in Digital Channel at the Infobank 21st Banking Service Excellence Awards 2024—demonstrates its strong national reputation. However, such success must also be supported by the performance of its branches, including BNI Tulungagung Branch, to ensure that service standards and corporate targets are consistently met across all operations. At the branch level, challenges such as the low effectiveness of training programs, varying levels of employee motivation, and imbalances between workload and productivity need to be addressed to maintain service quality.

Employee performance serves as a primary benchmark of organizational effectiveness, reflecting individuals' abilities to carry out their duties and responsibilities according to company standards (Kalwar et al., 2023). In the banking sector, employee performance encompasses not only the achievement of financial targets but also service quality, speed and accuracy in handling transactions, and compliance with company policies and regulations (Ng et al., 2024). High-performing employees can enhance customer satisfaction, strengthen customer loyalty, and directly contribute to improving the bank's competitiveness. However, employee performance can be influenced by various internal and external factors, including the quality of training, the level of competence possessed, and work motivation, which underlies their attitudes and behaviors at work.

Training is one of the primary instruments in HR development aimed at improving employees' knowledge, skills, and attitudes to enable them to perform their duties more effectively. Well-targeted training programs can help reduce competency gaps, improve professionalism, and lower error rates at work. Studies by Lestari & Afifah (2021) and Wijayanti et al. (2024) prove that training positively influences employee performance. However, other research, such as that by Widyaningsih and Pattihahuan, shows that training does not always produce significant impacts. The ineffectiveness of training is often due to irrelevant content, insufficient duration, non-interactive delivery methods, or a lack of workplace support for applying the knowledge and skills gained.

Aside from training, employee competence is also a crucial factor in driving performance. Competence includes knowledge, technical skills, interpersonal abilities, and work attitudes that support the achievement of organizational goals. Competent employees are better able to deliver quality service, solve problems accurately, and achieve work targets effectively. Studies by Hajiali et al. (2021) and Anggerwati & Syamsuriana (2023) found that competence significantly affects employee performance. However, research by Basori et al. (2017) revealed contrasting findings, showing that competence does not always have a significant impact if not accompanied by strong work motivation or if external factors, such as organizational culture and insufficient management support, are present.

Work motivation, as a psychological factor, plays a vital role in determining the extent to which employees can leverage their knowledge and skills. High motivation drives employees to work harder, be more innovative, and maintain work quality even when facing pressures or challenges. Several studies, such as those by Basri et al. (2024); Mujianto et al. (2024); Sari & Nugroho (2023) indicate that motivation positively influences employee performance. However, findings by Firya & Hadi Sucipto, (2024); Hasniaty et al. (2024) show that motivation does not always have a significant effect, suggesting that the role of motivation cannot be separated from its interaction with other factors such as training and competence.

The synergy between training, competence, and work motivation is the key to creating optimal employee performance (Abdul Hakim et al., 2021; Putu Agus Jana Susila et al., 2020; Wanto & Kusumatuti, 2023). Training enhances knowledge and skills, competence ensures that employees can professionally carry out their jobs, while motivation drives the maximal application of these capabilities in daily work. In this context, work motivation serves as a mediating variable that bridges the relationship between training and competence with performance. This approach remains relatively underexplored, particularly within regional banking sectors, thus providing a relevant and academically novel research opportunity.

This research offers both theoretical and practical contributions. Theoretically, it develops a conceptual model that examines work motivation as a mediating variable between training, competence, and employee performance. This model is expected to provide new insights into the mechanisms of improving employee performance, which are influenced not only by technical factors but also by psychological ones. Practically, this research can assist the management of BNI Tulungagung Branch in formulating more targeted HR management policies, including designing relevant training programs, fostering sustainable competence development, and developing motivational strategies to boost productivity and service quality.

Based on this overview, this study aims to analyze the effects of training and competence on employee performance at BNI Tulungagung Branch, with work motivation serving as a mediating variable. Specifically, the research objectives are: (1) to identify the direct effect of training on employee performance; (2) to examine the effect of competence on employee performance; (3) to analyze the role of work motivation as a mediator in the relationship between training and competence with performance; and (4) to provide strategic recommendations

for HR development to enhance BNI's performance and competitiveness amidst the increasingly competitive banking industry.

Through this research, it is expected that the findings will serve as a valuable reference for the management of BNI Tulungagung Branch in improving HR management quality. The resulting recommendations can be used to enhance training effectiveness, strengthen employees' technical and interpersonal competencies, and develop incentive systems and work motivation strategies to encourage optimal performance. Moreover, this study is expected to contribute scientifically to future research, particularly those focusing on HR development in the banking sector, especially in regional branch contexts with unique characteristics and challenges.

2. RESEARCH METHOD

This study employs a quantitative approach grounded in the philosophy of positivism, wherein research data are presented in numerical form and analyzed using statistical methods. The quantitative approach is selected as it is appropriate for examining relationships among variables within a specific population and sample, utilizing structured research instruments, and aiming to test predetermined hypotheses. The research design used is explanatory research, which seeks to explain the relationships among variables without emphasizing direct causal determination. This study focuses on analyzing the relationship between training (X1) and competence (X2) on employee performance (Y), with work motivation (Z) as a mediating variable, at Bank BNI Tulungagung Branch. Through this design, the research is expected to provide a comprehensive understanding of the contributions of training and competence, both directly and through motivation, to the improvement of employee performance.

The research location was selected at Bank BNI Tulungagung Branch due to its strategic role in supporting the local economy through banking services such as business credit, savings, and digital banking. Moreover, the employees at this branch possess diverse backgrounds in terms of age, education, and work experience, enabling a more comprehensive analysis of the research variables. The study was conducted from February to July 2025. The research population includes all 70 employees at Bank BNI Tulungagung Branch, with the sample determined to be representative of each work division within the branch. This research is expected to provide an accurate depiction of employee performance conditions in regional banking branches, considering the factors of training, competence, and work motivation.

The research data comprise primary and secondary data. Primary data were collected directly through surveys using structured questionnaires, while secondary data were obtained from company documents, performance reports, and relevant literature, including journals, books, and official company data. The questionnaire was designed as a closed-ended checklist using a five-point Likert scale, ranging from "Strongly Disagree" (1) to "Strongly Agree" (5). The research instrument was developed based on validated indicators from previous studies, including measures of training, work motivation, and employee performance. Questionnaire responses were compiled into item scores and total scores for further analysis in line with the research objectives.

To ensure instrument quality, validity and reliability tests were conducted. Instrument validity was tested using the Pearson Product-Moment correlation, where an item is deemed valid if it shows a positive correlation with the total score and a correlation coefficient (r) greater than 0.30. Reliability was tested using Cronbach's Alpha, where an alpha value greater than 0.60 indicates a consistent instrument. Data analysis was carried out in two stages: descriptive and inferential analysis. Descriptive analysis was used to describe respondent characteristics and data trends through frequency tabulations, percentages, and mean scores. Inferential analysis was conducted using the Partial Least Squares (PLS) method with the assistance of SmartPLS 3.0 software. PLS was chosen as it accommodates models with latent variables and multiple indicators, works effectively with relatively small sample sizes, and does not require strict assumptions regarding data distribution. Hypothesis testing was performed by examining path coefficients, t-statistics, and p-values, with significance criteria set at $\alpha = 0.05$ (t-statistic > 1.96 and $p < 0.05$). Additionally, the indirect effect of the mediating variable, work motivation, was analyzed using the bootstrapping method to confirm its mediating role within the research model.

3. RESULT AND ANALYSIS

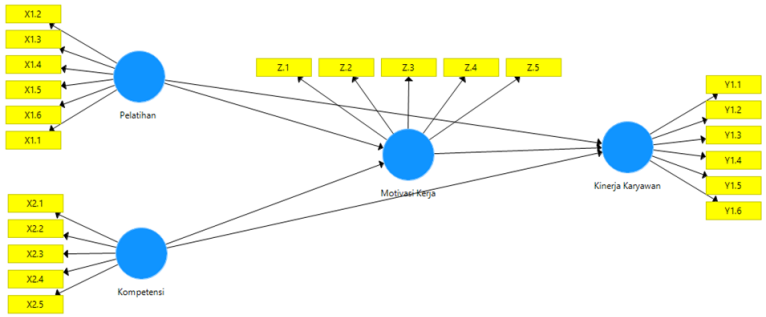
3.1 Evaluation of Measurement Model (Outer Model)

The convergent validity test aims to ensure that each reflective indicator can adequately represent the construct it measures. The test was conducted by examining the loading factor values of each indicator relative to its construct. Based on the analysis results using SmartPLS 4.0, all indicators in this study displayed loading factor values above 0.70, ranging from 0.731 to 0.912. This finding refers to the criteria set by Fauzi (2022), which state that an indicator fulfills convergent validity when its loading factor exceeds 0.50. Therefore, all indicators for Training (X1), Competence (X2), Work Motivation (Z), and Employee Performance (Y) can be deemed valid

and capable of explaining the latent variables they represent. These results confirm that each construct is well-represented by its indicators and can proceed to further testing.

Furthermore, the reliability of the measurement model is reinforced by examining the Average Variance Extracted (AVE) values of each construct. A construct is considered to possess sufficient convergent validity if the AVE exceeds 0.50, indicating that the majority of the variance is explained by the indicators rather than error. In this study, all constructs—Training, Competence, Work Motivation, and Employee Performance achieved AVE values above the 0.50 threshold, thereby confirming that each variable demonstrates robust convergent validity. Additionally, the internal consistency of the constructs was substantiated through Cronbach's Alpha and Composite Reliability (CR) values. Reliability coefficient exceeding 0.70 reflects an acceptable level of measurement consistency, making it suitable for exploratory and confirmatory research. In this study, all constructs reported Cronbach's Alpha and CR values surpassing 0.70, further validating the stability and reliability of the measurement instrument. Achieving both strong validity and reliability in the outer model enhances the robustness and interpretability of the subsequent structural model evaluation.

Figure 1. Output of Loading Factor Modeling



Discriminant Validity Test

Discriminant validity is tested to ensure that each indicator correlates more strongly with its designated construct than with other constructs. The cross-loading analysis revealed that each indicator in this study had the highest loading value for its intended construct. For example, indicator X1.1 had a loading of 0.873 on the Training construct (X1), higher than its correlations with other constructs, such as Competence (0.710), Employee Performance (0.648), and Work Motivation (0.698). Similar results were observed for all other indicators, demonstrating consistent highest loadings on their respective constructs. Based on these results, all indicators have met the discriminant validity criteria, confirming that each latent variable sufficiently discriminates itself from the others within the model.

In addition to the cross-loading method, discriminant validity was further assessed using the Fornell–Larcker criterion, which compares the square root of the Average Variance Extracted (AVE) for each construct with its correlations to other constructs. A construct achieves discriminant validity when the square root of its AVE exceeds all inter-construct correlations. In this study, all constructs—Training, Competence, Work Motivation, and Employee Performance satisfied this criterion, demonstrating that the latent variables are distinct and that their indicators represent their constructs without significant overlap with other constructs (Hair et al., 2019). This additional validation supports the conclusion that the measurement model is both statistically sound and conceptually robust.

Moreover, the Heterotrait–Monotrait Ratio (HTMT) was applied as a more stringent test of discriminant validity. Henseler et al. (2015) suggest that HTMT values below 0.85 (conservative threshold) or 0.90 (lenient threshold) indicate adequate discriminant validity. The HTMT results for all construct pairs in this study fell below the 0.85 threshold, thereby confirming that the constructs are empirically distinct. Recent studies Muslimah & Muhyidin (2024) also highlight HTMT as a superior metric compared to cross-loadings, as it better detects discriminant validity issues, particularly in reflective measurement models. The alignment of cross-loadings, Fornell–Larcker, and HTMT results underscores the reliability of the constructs used in this research.

The rigorous assessment of discriminant validity ensures that the relationships tested in the structural model are not confounded by overlapping constructs. Establishing discriminant validity is crucial for the integrity of partial least squares structural equation modeling (PLS-SEM), as it safeguards against inflated path coefficients that may arise from poorly differentiated constructs. Therefore, the results of this study confirm that the latent variables—Training, Competence, Work Motivation, and Employee Performance are sufficiently distinct, providing a reliable foundation for subsequent structural model testing and hypothesis evaluation.

Construct Reliability Test

Construct reliability was assessed by examining Cronbach's Alpha and Composite Reliability (CR) values for each construct. The results show that all constructs in this study achieved Cronbach's Alpha and CR values above 0.70. Specifically, Training (X1) scored a Cronbach's Alpha of 0.902 and CR of 0.916; Competence (X2) scored 0.908 and 0.932; Employee Performance (Y) scored 0.890 and 0.916; and Work Motivation (Z) scored 0.901 and 0.927. These findings indicate that all constructs in the study are reliable. In other words, the indicators consistently measure their respective latent variables and are suitable for subsequent structural analysis.

The high reliability values across all constructs also demonstrate that the measurement model is stable and free from excessive measurement error. Consistency in responses suggests that the questionnaire items are well-structured and interpreted similarly by respondents, thereby strengthening the validity of subsequent analyses. Such robust reliability is essential to ensure that any relationships identified within the structural model reflect genuine associations among constructs rather than artifacts of inconsistent measurement. Furthermore, the results indicate that both Cronbach's Alpha and Composite Reliability (CR) not only exceed the minimum threshold of 0.70 but also approach values closer to 1.0, suggesting excellent internal consistency. This reliability ensures that the constructs—Training, Competence, Work Motivation, and Employee Performance—are measured with precision, enhancing confidence in the accuracy of the hypothesis testing and the overall findings of this research.

Table 1. Results of Latent Variable Reliability Testing

Construct	Cronbach's Alpha	Composite Reliability	Remarks
Training (X1)	0.902	0.916	Reliabel
Competence (X2)	0.908	0.932	Reliabel
Employee Performance (Y)	0.890	0.916	Reliabel
Work Motivation (Z)	0.901	0.927	Reliabel

3.2 Structural Model Evaluation (Inner Model)

Based on the analysis results using SmartPLS 3.0, the R-Squared (R^2) value for Employee Performance (Y) is 0.706, with an Adjusted R^2 value of 0.693. This indicates that Training (X1) and Competence (X2) collectively explain 70.6% of the variance in Employee Performance, while the remaining 29.4% is influenced by other variables not included in the model. The Adjusted R^2 value, exceeding 0.50, suggests a moderate effect of Training and Competence on Employee Performance. Meanwhile, for Work Motivation (Z), the R^2 value is 0.715 with an Adjusted R^2 of 0.706, demonstrating that Training (X1) and Competence (X2) together explain 71.5% of the variance in Work Motivation, also indicating a moderate effect.

Table 2. R^2 Test Results

	R Square	R Square Adjusted
Kinerja Karyawan	0.706	0.693
Motivasi Kerja_	0.715	0.706

Significance Testing of Variable Relationships

The significance of variable relationships was tested using the bootstrapping procedure with a 95% confidence level, where the critical t-value is 1.995. The analysis results indicate that the relationship between Training (X1) and Employee Performance (Y) is not significant ($t = 1.282 < 1.995$) despite a positive coefficient of 0.228. However, Training (X1) has a positive and significant effect on Work Motivation (Z) ($t = 3.177 > 1.995$; coefficient 0.595). Competence (X2) positively and significantly affects Employee Performance (Y) ($t = 2.219 > 1.995$; coefficient 0.333) but does not significantly affect Work Motivation (Z) ($t = 1.167 < 1.995$; coefficient 0.296). Moreover, Work Motivation (Z) does not significantly impact Employee Performance (Y) ($t = 1.791 < 1.995$; coefficient 0.347). These findings indicate that only two statistically significant relationships exist: Training → Work Motivation and Competence → Employee Performance.

These results suggest that while Training (X1) successfully fosters Work Motivation (Z), this motivational boost does not necessarily translate into improved Employee Performance (Y). This outcome indicates that the effects of Training on performance may rely more on skill acquisition and competency development rather than on motivational factors alone. Similarly, Competence (X2) proves to be a stronger determinant of Employee

Performance (Y), independent of Work Motivation (Z), underscoring the importance of technical and professional abilities as the primary driver of performance outcomes.

The lack of a significant effect of Work Motivation (Z) on Employee Performance (Y) highlights a possible gap between employees feeling motivated and their ability to translate this motivation into measurable performance improvements. External factors—such as organizational support, resource availability, or job security—may moderate or constrain the influence of motivation on performance outcomes. These findings imply that organizations aiming to enhance performance should prioritize targeted training programs and competency-building initiatives, while also addressing structural and environmental factors that enable motivated employees to perform optimally.

Table 3. Results of Bootstrapping Calculation of Research Data

Mean, STDEV, T-Values, P-Values | Confidence Intervals | Confidence Intervals Bias Corrected | Samples

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Kompetensi_ -> Kinerja Karyawan	0.333	0.346	0.150	2.219	0.027
Kompetensi_ -> Motivasi Kerja_	0.296	0.327	0.183	1.617	0.107
Motivasi Kerja_ -> Kinerja Karyawan	0.347	0.332	0.194	1.791	0.074
Pelatihan -> Kinerja Karyawan	0.228	0.234	0.178	1.282	0.201
Pelatihan -> Motivasi Kerja_	0.595	0.566	0.187	3.177	0.002

Multicollinearity Test Results

To ensure no multicollinearity issues among the exogenous variables, the Variance Inflation Factor (VIF) was assessed. The results show all variables had VIF values greater than 1.000 but below the commonly accepted threshold of 5. For Employee Performance (Y): Training (X1) scored 3.732, Competence (X2) scored 2.797, and for Work Motivation (Z): both X1 and X2 scored 2.490. Thus, it can be concluded that no multicollinearity problem exists within the structural model.

Table 4. Variance Inflation Factor (VIF) Calculation Results

Description	X1 (training)	X2 (competence)	Y (employee performance)
Employee performance (Y)	3.732	2.797	3.504
Work motivation (Z)	2.490	2.490	3.504

The acceptable VIF values indicate that the independent variables in this study—Training (X1) and Competence (X2)—are not excessively correlated with one another. This ensures that each predictor contributes uniquely to explaining the variation in Work Motivation (Z) and Employee Performance (Y) without redundancy. Such results strengthen the validity of the regression coefficients in the structural model, as no variable dominates the explanation of the endogenous constructs due to overlapping variance.

This absence of multicollinearity further implies that the structural relationships measured in this study are stable and reliable. Multicollinearity, if present, could distort the significance of path coefficients, inflate standard errors, and reduce the accuracy of hypothesis testing. By confirming that all VIF values remain within the acceptable range, the findings can be interpreted with greater confidence, as the relationships among variables are not artificially skewed by excessive intercorrelation.

Additionally, these results highlight the importance of ensuring that the constructs of Training and Competence are conceptually distinct despite their complementary nature. While both constructs may appear related—since enhanced training often leads to improved competence—the low risk of multicollinearity suggests that each construct captures a unique dimension of employee development. This distinction allows the study to better isolate their direct and indirect effects on Work Motivation and Employee Performance.

Finally, the lack of multicollinearity strengthens the overall robustness of the model, enabling the Partial Least Squares (PLS) approach to deliver unbiased estimates for hypothesis testing and model interpretation. With reliable parameter estimates, the structural model can effectively reflect the real-world relationships between Training, Competence, Work Motivation, and Employee Performance, thereby supporting the credibility of the research conclusions and recommendations.

Mediation Test Results

The mediation test examined the role of Work Motivation (Z) as a mediator in the relationships between Training (X1) and Competence (X2) on Employee Performance (Y). The Sobel Test, calculated using Free Statistic Calculation for Sobel Test version 4.0, was applied. The results reveal that the indirect effect of Training on Employee Performance through Work Motivation produced a one-tailed probability value of 0.1488, exceeding the 0.050 threshold. Thus, Work Motivation cannot mediate the relationship between Training and Employee Performance. Similarly, the indirect effect of Competence on Employee Performance through Work Motivation yielded a probability of 0.0818 (>0.050), indicating that Work Motivation also does not mediate this relationship. Overall, Work Motivation does not strengthen the effects of Training or Competence on Employee Performance within this research model.

These findings suggest that while Training (X1) and Competence (X2) contribute to improving Employee Performance (Y), their effects are primarily direct rather than mediated through Work Motivation (Z). This implies that the motivational aspect, although positively related to the constructs, is not sufficient to amplify the influence of Training and Competence on performance. As a result, organizations may need to re-evaluate how motivational factors are cultivated within the workplace to serve as a more effective bridge between skill-building initiatives and performance outcomes.

One possible explanation for the lack of significant mediation is that Work Motivation may not be the dominant factor influencing performance within this organizational context. External factors such as job security, workload distribution, leadership style, and organizational culture may have a greater impact on whether employees translate their skills and training into improved job performance. Without addressing these underlying elements, motivation alone may not provide the necessary reinforcement to enhance performance outcomes.

Additionally, the insignificant mediation effect indicates that training programs and competence development efforts are effective enough to enhance performance without relying heavily on motivational support. This finding highlights the importance of designing targeted training and skill enhancement programs that directly equip employees with the abilities and tools necessary for optimal job execution, ensuring that performance improvements occur even when motivational factors fluctuate.

Lastly, these results present an opportunity for organizations to explore alternative mediators beyond Work Motivation. Variables such as Job Satisfaction, Organizational Commitment, or Work Engagement could potentially serve as stronger mediating factors between Training, Competence, and Employee Performance. Future research could investigate these alternative pathways to provide a more comprehensive understanding of how employee development initiatives translate into measurable organizational outcomes.

Predictive Relevance (Q^2) Results

The predictive relevance (Q^2) test evaluates the model's ability to explain the endogenous variables. The calculated Q^2 value for Employee Performance (Y) is 0.706 (70.6%), indicating that the model can explain 70.6% of the information in the dataset, demonstrating good predictive relevance. For Work Motivation (Z), the Q^2 value is 0.715 (71.5%), also indicating strong predictive capability. These results confirm that the structural model exhibits adequate predictive relevance and can reliably explain the relationships among variables in this study.

These results suggest that the model is not only statistically valid but also practically useful in predicting key outcomes such as Employee Performance and Work Motivation. A Q^2 value exceeding 0.70 for both endogenous variables reflects that the predictors Training (X1) and Competence (X2) provide substantial explanatory power, making the model relevant for decision-making and managerial interventions. This predictive strength supports the practical application of the model for designing strategies aimed at enhancing workforce outcomes within the studied organization.

The high predictive relevance also implies that the relationships among variables remain consistent across the dataset, which strengthens the robustness of the model. This is particularly important for organizations operating in dynamic sectors, such as regional banking, where workforce performance and motivation can fluctuate due to external factors like market conditions or internal policy changes. By relying on a model with strong predictive capability, organizations can more effectively anticipate potential performance outcomes and tailor training and competence development programs accordingly.

Finally, the predictive relevance outcomes highlight the importance of integrating both Training and Competence development as strategic levers for organizational growth. Since the model can accurately forecast how these factors influence motivation and performance, managers can prioritize resources and efforts toward initiatives that yield the highest impact. This approach ensures that employee development initiatives are not only

evidence-based but also aligned with measurable performance objectives, creating a sustainable framework for improving both individual and organizational outcomes.

Direct Effects

Table 5. Direct Effects

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Kompetensi_ -> Kinerja Karyawan	0.333	0.346	0.150	2.219	0.027
Kompetensi_ -> Motivasi Kerja_	0.296	0.327	0.183	1.617	0.107
Motivasi Kerja_ -> Kinerja Karyawan	0.347	0.332	0.194	1.791	0.074
Pelatihan -> Kinerja Karyawan	0.228	0.234	0.178	1.282	0.201
Pelatihan -> Motivasi Kerja_	0.595	0.566	0.187	3.177	0.002

The analysis of direct effects shows that Training (X1) has two paths to endogenous variables: Employee Performance (Y) and Work Motivation (Z). The parameter coefficient for X1 → Y is 0.228, indicating a positive effect, meaning a one-unit increase in Training leads to a 22.8% improvement in Employee Performance. However, the bootstrap test yielded a t-value of 1.282 with a p-value of 0.201 (>0.050), deeming this relationship statistically insignificant. In contrast, X1 → Z is significant, with a parameter coefficient of 0.595, meaning a one-unit increase in Training leads to a 59.5% rise in Work Motivation. The t-value of 3.177 and p-value of 0.002 (<0.050) support the acceptance of H2, confirming that Training significantly affects Work Motivation.

Competence (X2) also exhibits positive effects on both endogenous variables, with varying significance. The X2 → Z relationship has a parameter coefficient of 0.296, meaning a one-unit increase in Competence raises Work Motivation by 29.6%. However, the t-value of 1.617 and p-value of 0.107 (>0.050) indicate insignificance. Conversely, X2 → Y is significant, with a parameter coefficient of 0.333, showing a 33.3% improvement in Employee Performance per unit increase in Competence (t = 2.219; p = 0.027). Work Motivation (Z) also has a positive effect on Employee Performance (Y) (coefficient 0.347), but this relationship is not statistically significant (t = 1.791; p = 0.074), leading to the rejection of H5.

These findings highlight the different pathways through which Training and Competence influence organizational outcomes. Training primarily strengthens Work Motivation, indicating that structured and relevant training programs foster greater enthusiasm, engagement, and intrinsic drive among employees. However, the lack of a direct, statistically significant impact on Employee Performance suggests that training outcomes may require additional factors, such as on-the-job application opportunities or performance-based incentives, to translate into measurable productivity improvements. This aligns with the notion that while training enhances skills and confidence, its benefits may not fully materialize without supportive systems and a conducive work environment.

Competence, on the other hand, emerges as a more direct driver of Employee Performance. The significant X2 → Y relationship suggests that employees with higher professional capabilities, technical knowledge, and interpersonal skills are inherently better equipped to meet organizational goals. While competence also contributes positively to Work Motivation, the lack of statistical significance in X2 → Z implies that being skilled alone does not necessarily boost intrinsic drive, unless accompanied by factors like recognition, autonomy, or career growth opportunities. Therefore, organizations seeking to elevate performance should balance competence development with motivational strategies that target employees' psychological needs.

The insignificant relationship between Work Motivation and Employee Performance further indicates that motivation alone may not suffice to drive tangible outcomes without adequate skillsets, clear job structures, and organizational support. While motivated employees may display enthusiasm, their performance levels could plateau if they lack the technical competence or face structural barriers, such as heavy workloads or limited decision-making authority. This finding suggests that motivation functions more as a complementary factor rather than a primary determinant of performance in the studied context.

Taken together, the analysis underscores the importance of a dual strategy for performance enhancement: investing in targeted training programs that not only boost motivation but also improve practical skills, and ensuring continuous competence development tailored to organizational demands. Additionally, organizations should create mechanisms to help employees convert motivation into measurable performance, such as implementing performance tracking systems, offering mentorship, and aligning rewards with results. By addressing both the skill and motivational dimensions while minimizing structural barriers, companies can maximize the impact of these variables on overall performance outcomes.

Indirect Effects

Table 6. Indirect Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Pelatihan -> Motivasi Kerja_ -> Kinerja Karyawan	0.207	0.195	0.140	1.480	0.140
Kompetensi_ -> Motivasi Kerja_ -> Kinerja Karyawan	0.103	0.101	0.087	1.177	0.240

The indirect effects analysis reveals that Training (X1) positively influences Employee Performance (Y) through Work Motivation (Z). The parameter coefficient of 0.207 indicates that a one-unit increase in Training can improve Employee Performance through Work Motivation by 20.7%. However, the bootstrap test shows a t-value of 1.480 with a p-value of 0.140 (>0.050), making this relationship statistically insignificant. Similarly, Competence (X2) indirectly affects Employee Performance (Y) through Work Motivation (Z) with a coefficient of 0.103, but the t-value of 1.177 and p-value of 0.240 (>0.050) indicate insignificance.

Overall, Work Motivation (Z) does not serve as a significant mediator in the relationships between Training (X1) or Competence (X2) and Employee Performance (Y). While both indirect effects are positive, they fail to meet the statistical significance threshold based on the bootstrap results. These findings suggest that the impacts of Training and Competence on Employee Performance are stronger through direct effects rather than indirect effects mediated by Work Motivation.

The lack of significant mediation suggests that employees may not fully translate the benefits of training or competence into enhanced motivation before these factors contribute to performance. This could be due to the fact that motivation is influenced by multiple factors beyond skill acquisition or professional capability, such as organizational culture, leadership style, and job security. As a result, the effect of training and competence on employee performance is more immediate and direct, bypassing motivation as an intermediary factor. Another possible explanation is that employees perceive training and competence as basic requirements for their roles rather than as sources of intrinsic or extrinsic motivation. When training programs and skill development are treated as routine aspects of their professional growth, employees may not experience a motivational boost, even though these factors still enhance their ability to perform tasks effectively. This dynamic emphasizes the importance of designing training programs that not only develop skills but also inspire and engage employees.

Furthermore, the findings imply that organizations may need to strengthen other psychological or contextual factors to enhance the mediating role of motivation. For example, recognition, performance-based incentives, and supportive leadership could amplify the motivational impact of training and competence development. Without such complementary strategies, motivation may remain a secondary driver, unable to significantly bridge the gap between skill acquisition and performance outcomes.

Lastly, these results highlight the necessity for organizations to prioritize direct interventions—such as comprehensive training modules and targeted competence-building initiatives—rather than relying solely on motivation to enhance performance. While motivation remains important for sustaining long-term engagement, its limited mediating role in this study suggests that improving employee performance in the short term depends more on concrete skill enhancement and professional capacity building. Organizations aiming for immediate performance gains may benefit most from direct approaches rather than strategies centered solely on motivational factors.

The results of the measurement model (outer model) evaluation indicate that all constructs in this study—namely Training (X1), Competence (X2), Work Motivation (Z), and Employee Performance (Y)—meet the criteria for validity and reliability. The convergent validity test shows that all indicators have loading factor values above 0.70, reflective indicators are considered valid when their loading value is ≥ 0.70. With loadings ranging from 0.731 to 0.912, it can be confirmed that the indicators in this study adequately explain their respective constructs. The discriminant validity test also yields favorable results, as each indicator correlates highest with its own construct compared to others, consistent with the cross-loading method recommended by Henseler & Schuberth (2023). Furthermore, the reliability test using Cronbach's Alpha and Composite Reliability (CR) shows that all constructs have values exceeding 0.70, confirming that they are reliable and suitable for further testing in the structural model (inner model).

In the structural model evaluation, the R-Squared (R^2) values demonstrate a strong contribution of Training (X1) and Competence (X2) to the endogenous variables. Variations in Employee Performance (Y) can be explained by 70.6%, and variations in Work Motivation (Z) can be explained by 71.5%, which, according to Hair et al. (2019), fall into the moderate to strong explanatory category. The path significance test results reveal two significant relationships: (1) the effect of Training (X1) on Work Motivation (Z), with a coefficient of 0.595 (t =

3.177; $p < 0.05$), and (2) the effect of Competence (X2) on Employee Performance (Y), with a coefficient of 0.333 ($t = 2.219$; $p < 0.05$). Meanwhile, the effects of Training (X1) on Employee Performance (Y), Competence (X2) on Work Motivation (Z), and Work Motivation (Z) on Employee Performance (Y) are all statistically insignificant ($p > 0.05$). This indicates that performance improvement is more effectively achieved through strengthening competence and implementing skill-focused training, rather than relying on motivation as an intermediary.

The mediation test using the Sobel Test also reveals that Work Motivation (Z) does not play a significant mediating role in either relationship, whether Training (X1) → Employee Performance (Y) or Competence (X2) → Employee Performance (Y). The one-tailed probability values for both mediation paths are 0.1488 and 0.0818 (>0.05), respectively, indicating that the indirect effects are not significant (Koopman et al., 2014). These findings suggest that work motivation is not a variable that strengthens the effects of training and competence on performance. Therefore, organizations should emphasize training programs and competence development initiatives focused on enhancing technical (hard skills) and interpersonal (soft skills) abilities, which directly impact performance. Moreover, organizations may consider other factors beyond work motivation, such as job satisfaction or workplace support, which might serve as stronger mediators.

Based on these findings, several recommendations can be proposed: (1) companies should design job-oriented training programs to ensure employees acquire relevant and applicable skills; (2) periodic competence evaluations should be conducted to ensure employee skills align with job requirements; and (3) companies should explore other factors, such as job satisfaction, organizational commitment, and reward systems, to comprehensively support employee performance improvement. By implementing these strategies, the impact of training and competence on performance will be more optimal and sustainable.

4. CONCLUSION

Based on the results of the analysis, this study concludes that the measurement instruments used, which encompass the constructs of Training (X1), Competence (X2), Work Motivation (Z), and Employee Performance (Y), meet the criteria for convergent validity, discriminant validity, and reliability. All reflective indicators demonstrated loading factor values above 0.70, and each construct achieved Cronbach's Alpha and Composite Reliability values exceeding 0.70. Therefore, all latent variables are deemed valid and reliable for further analysis within the structural model. The structural model evaluation indicates that Training (X1) and Competence (X2) collectively contribute significantly to explaining the variance in Employee Performance (Y) by 70.6% and Work Motivation (Z) by 71.5%, both of which fall within the moderate to strong explanatory power category. However, individually, only two relationships were found to be statistically significant: the effect of Training on Work Motivation (coefficient = 0.595; $t = 3.177$; $p < 0.05$) and the effect of Competence on Employee Performance (coefficient = 0.333; $t = 2.219$; $p < 0.05$). Other relationships, including the effect of Work Motivation on Employee Performance, were not statistically significant ($p > 0.05$). Furthermore, the mediation test results, using the Sobel Test, indicate that Work Motivation does not function as a mediating variable in the relationships between Training and Competence with Employee Performance. Consequently, it can be concluded that, in the context of this study, improving employee performance is more effectively achieved through enhancing competence and implementing job-relevant training directly, rather than relying on Work Motivation as an intermediary variable.

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