



HOLISTIC STRATEGY FOR IMPROVING BANK JATIM EMPLOYEES' PERFORMANCE: THE ROLE OF REWARDS AND TRAINING WITH WORK MOTIVATION AS AN INTERVENING VARIABLE

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Article Info

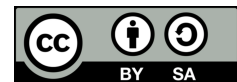
ABSTRACT

Keywords:

Employee performance, Reward, Training, Work motivation.

Increasingly fierce competition in the banking industry requires financial institutions, such as Bank Jatim, to effectively manage employee performance. Employee performance is not only influenced by financial indicators, but also by recognition, training, and work motivation. This research aims to analyze the influence of rewards and training on employee performance at Bank Jatim, with work motivation as a mediating variable. A quantitative approach with an explanatory design was applied, involving 127 employees as respondents. The analysis was conducted using Structural Equation Modeling (SEM) based on Partial Least Squares (PLS). The research results indicate that rewards and training significantly influence employee performance, while work motivation does not show a significant effect as a mediator. This finding provides insights for improving HR policies that focus on recognition and training to enhance employee performance.

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1. INTRODUCTION

The development of the banking industry in the modern era is marked by increasing dynamics of competition, both on a national and regional scale [1]. This competition encourages financial institutions to continue to innovate, not only in product development and technology utilization, but also in human resource (HR) management as one of the strategic factors determining success [2]. In the financial services sector, especially banking, the success of an institution cannot only be measured by its financial performance, but also by the quality and dedication of the employees who are at the forefront in providing services to customers. According to [3] competent and highly motivated human resources are a key asset that plays a significant role in helping an organization achieve its strategic goals. This is increasingly relevant in the banking industry, where service quality and customer satisfaction are key competitive advantages.

As one of the largest regional development banks in Indonesia, Bank Jatim plays a crucial role in supporting regional economic growth. Bank Jatim's success is reflected not only in its asset and profit growth but also in its contribution to the local economy through lending to productive sectors, including micro, small, and medium enterprises (MSMEs). Data from 2023 shows that Bank Jatim recorded total assets of IDR 103.85 trillion, with lending reaching IDR 54.7 trillion and Third Party Funds (DPK) of IDR 75.2 trillion. Furthermore, Bank Jatim received various awards, such as Top Bank 2024 and The Best Financial Performance Bank 2022, confirming

its position as one of the best-performing banks. However, these positive achievements are not without internal challenges, particularly related to employee performance. Some identified issues include differences in work motivation levels, the effectiveness of reward programs, and the alignment of training programs with actual job needs. These challenges have the potential to impact the achievement of company targets, despite positive financial indicators.

Rewards, training, and work motivation are three interrelated factors that influence employee performance [4], [5], [6]. Rewards serve as a recognition for employee contributions and as a motivator for work enthusiasm. The right reward program can increase employee satisfaction and loyalty, which in turn impacts productivity [7]. Training plays a vital role in developing the competencies, skills and knowledge needed to meet changing job demands [8]. Meanwhile, work motivation, whether intrinsic, such as a sense of responsibility and the desire to achieve, or extrinsic, such as financial incentives, is a driving factor that bridges the influence of rewards and training on employee performance.

Most previous studies have only analyzed the influence of rewards, training, and work motivation on employee performance separately, without considering the role of motivation as a mediating variable. Research integrating these three variables within a holistic strategic framework in a regional banking context like Bank Jatim is also very limited. Furthermore, previous research findings have been inconsistent; some studies [9], [10] found a significant influence, while other studies, [11] shows a weak or insignificant effect. This inconsistency indicates the need for further research with a comprehensive approach to understanding how rewards and training contribute to employee performance through work motivation as an intervening variable.

In addition, changes in the dynamics of the increasingly digital banking industry require employees to have new skills, adaptability, and a higher level of commitment [12]. Digital transformation is driving competency renewal, while demands for achieving performance targets are becoming increasingly stringent [13]. This situation reinforces the urgency of implementing a human resource management strategy that focuses not only on incentives and skills development but also on creating a work environment that fosters intrinsic employee motivation. Without a holistic approach, companies risk declining productivity, increasing turnover, and diminishing the quality of customer service. Therefore, research that examines the integrated relationship between rewards, training, and work motivation is increasingly relevant to supporting Bank Jatim's competitiveness and sustainability amidst industry changes.

This study aims to analyze how rewards and training influence employee performance at Bank Jatim, with work motivation as an intervening variable. This research is expected to provide a deeper understanding of the mechanisms of relationships between variables and generate recommendations for integrated HR management strategies. With this holistic approach, Bank Jatim is expected to optimize employee performance, support the achievement of business targets, and strengthen the company's competitiveness in facing the challenges of an increasingly competitive banking industry.

The integration of rewards, training, and work motivation as a strategic framework is essential in strengthening employee engagement and driving sustainable performance improvements. A balanced reward system that combines financial and non-financial recognition can foster employee loyalty, while comprehensive and continuous training programs ensure that employees remain adaptable to changing market and technological demands. When paired with a supportive work culture that nurtures intrinsic motivation—such as autonomy, opportunities for career growth, and recognition of achievements these elements can create a synergistic effect, enabling employees to contribute optimally to organizational objectives. Moreover, the dynamic environment of the banking sector requires Bank Jatim to adopt data-driven HR strategies that can measure the effectiveness of rewards and training in real time, while also tracking employee motivation levels. Leveraging HR analytics allows management to identify specific areas of improvement, predict potential issues like declining morale or productivity, and design targeted interventions. By implementing evidence-based HR policies, Bank Jatim can ensure that investments in training and reward systems translate into measurable improvements in employee output, customer satisfaction, and overall operational performance.

Ultimately, a comprehensive approach to managing rewards, training, and work motivation positions Bank Jatim to sustain its competitive advantage amidst the ongoing transformation of the financial industry. By aligning these HR initiatives with organizational goals and market demands, the bank can cultivate a workforce that is not only skilled and motivated but also resilient to challenges such as digital disruption and economic fluctuations. This study is expected to contribute practical insights that can inform strategic HR decision-making, ensuring that Bank Jatim can maintain its growth trajectory and continue to deliver value to stakeholders.

2. RESEARCH METHOD

This study uses a quantitative approach with an explanatory research type. The quantitative approach was chosen because the research data is in numerical form and analyzed using statistical techniques to test hypotheses. Explanatory research is used to explain the relationship between the variables studied, namely the effect of rewards and training on employee performance with work motivation as a mediating variable for employees of

Bank Jatim Lumajang Branch. This study not only identifies the relationship between variables but also measures the strength of direct and indirect influences through a path analysis model.

The research location was conducted at Bank Jatim Lumajang Branch located at Jl. Alun-Alun Barat No. 4, Ditotrunan, Lumajang District, Lumajang Regency, East Java. This location was selected based on Bank Jatim's strategic role in supporting the regional economy through credit distribution, government fund management, and financial services for the public and civil servants. The research period was carried out for six months, namely from December 2024 to May 2025, covering the stages of data collection, processing, and analysis of results. The research population included all 130 employees of Bank Jatim Lumajang Branch, consisting of 75 permanent employees, 20 interns, and 35 outsourced workers.

Data collection was conducted through a survey using a 5-point Likert-scale questionnaire, ranging from 1 (strongly disagree) to 5 (strongly agree). The questionnaire was compiled based on indicators developed from previous theories and research, covering four main variables: rewards (six indicators), training (six indicators), work motivation (five indicators), and employee performance (six indicators). Primary data was obtained directly from respondents through a questionnaire, while secondary data was collected from internal bank documents, performance reports, and academic references in the form of journals and books.

Before use, the research instrument was tested for validity and reliability. Validity testing was conducted by correlating the scores of each statement item with the total score using Pearson correlation. The instrument was declared valid if the correlation value was greater than 0.30 ($r > 0.30$) [14]. Reliability testing was carried out using the Cronbach Alpha coefficient, with the criteria that the instrument is declared reliable if the alpha value is > 0.60 [15]. A pilot test of the questionnaire was conducted on a subset of respondents to ensure the accuracy of the instrument before primary data collection.

Data were analyzed using two approaches: descriptive analysis and inferential analysis. Descriptive analysis was used to describe the tendencies of respondents' answers and the general condition of the research data through tabulation of frequencies, percentages, and average answer scores. Inferential analysis was conducted to test the hypothesis using Partial Least Squares (PLS)-based Structural Equation Modeling (SEM) with the help of SmartPLS 3.0 software. The PLS technique was chosen because it is able to analyze the relationship between latent variables with reflective and formative indicators, does not require normal data distribution, and can be used even if the sample size is not too large.

Hypothesis testing was conducted by examining the t-statistic and p-value of the bootstrapping results. The hypothesis was accepted if the t-statistic > 1.96 at a 5% significance level and the p-value < 0.05 . The analysis also included testing the direct and indirect effects to evaluate the role of work motivation as a mediating variable. The results of this analysis are expected to provide a comprehensive understanding of the contribution of rewards and training to employee performance at Bank Jatim Lumajang Branch through increased work motivation.

3. RESULT AND ANALYSIS

This study involved 127 employees of Bank Jatim Lumajang Branch as respondents who were selected to answer a questionnaire related to the role of rewards, training, work motivation, and employee performance. Based on age characteristics, respondents were divided into four groups: 20–30 years old, >30–40 years old, >40–50 years old, and >50–60 years old. The younger age group (20–30 years old) is generally in the early stages of their careers with a high enthusiasm for learning, while the 30–40 year old group tends to focus on career development and financial stability. Respondents aged 40–50 years old to 50–60 years old have more mature work experience, which allows them to provide different perspectives in assessing reward policies, training, and work motivation. This age diversity enriches the research data because each group brings different work experiences and priorities.

Based on gender, respondents consisted of 47 men (58%) and 34 women (42%). This composition indicates a fairly balanced gender representation, allowing the research results to describe employee perceptions more comprehensively. Furthermore, this gender variation also provides an opportunity to observe differences in perspectives or work experiences between male and female employees regarding organizational policies. In terms of educational level, the majority of respondents were D4/S1 graduates, totaling 48 people (59.3%). Respondents with D3 degrees numbered 13 people (16%), those with S2 degrees or above numbered 9 people (11.1%), and the remaining 6 people (7.4%) were D1 graduates. This diverse level of education has the potential to influence how respondents understand and respond to the questionnaire. Respondents with higher education tended to provide analytical answers and consider strategic perspectives, while respondents with secondary education placed more emphasis on practical aspects and direct experience in the workplace.

Overall, the variation in age, gender, and education characteristics of the 127 respondents supports the diversity of perspectives in this study. This diversity provides a more comprehensive picture of employee

perceptions of the influence of rewards and training on employee performance through work motivation at Bank Jatim, Lumajang Branch. This also ensures the research results have broader relevance because they are supported by data from different demographic groups.

Distribution of respondents' answers

Based on the results of the data analysis, the Reward Role variable (X1) shows that the interpersonal recognition indicator obtained the highest score of 4.20. This result indicates that recognition from superiors for employee work results has a more significant influence on increasing motivation than financial rewards. Although the allowance (4.16), incentive (4.12), and salary (4.07) indicators also obtained positive scores, this finding confirms that non-material forms of recognition, especially direct appreciation, have a more dominant role in building employee work enthusiasm. Thus, an effective reward system does not only rely on financial compensation, but also on recognition of personal work contributions.

In the Training variable (X2), the instructor indicator is the most prominent aspect with the highest score of 4.06. This indicates that the quality of material delivery by the instructor has a significant contribution to the success of the training process. Other indicators such as training objectives (3.98), methods (3.91), and active participant participation (3.92) also showed good scores, although relatively lower. This finding emphasizes that the success of training is not solely influenced by the material or learning methods, but is greatly influenced by the instructor's competence in delivering the material clearly and relevantly. With competent and communicative instructors, training can optimally improve employee knowledge, skills, and readiness to support task implementation.

The results for the Work Motivation (Z) and Employee Performance (Y) variables also showed consistent findings. The self-actualization indicator recorded the highest score of 4.08 in the motivation variable, indicating that employees perceive an opportunity to develop their potential through work. Meanwhile, in the employee performance variable, the efficiency indicator obtained the highest score of 4.31, followed by the ability to work together (4.23) and commitment to the organization (4.28). These findings confirm that internal motivation, especially that which stems from opportunities for self-actualization, as well as the employee's ability to utilize work resources optimally, are the main factors that drive improved performance. With the combination of intrinsic motivation and good managerial skills, employees are able to contribute significantly to the achievement of organizational targets and goals.

Evaluation of Measurement Model (Outer Model)

The results of the measurement model evaluation show that all indicators in the Reward Role (X1), Training (X2), Work Motivation (Z), and Employee Performance (Y) variables have met the criteria for convergent and discriminant validity. Based on the cross-loading output, all indicators have a loading factor value greater than 0.60 for the measured construct, with the highest value achieved in indicator X1.2 of 0.940 and the lowest indicator remaining above the minimum threshold. This indicates that each indicator is able to reflect the construct it represents well.

Discriminant validity testing using the Average Variance Extracted (AVE) value also showed results above 0.50 for all variables, meaning that each indicator has a stronger correlation with its own construct compared to other constructs. Thus, all items used were declared valid and able to clearly differentiate the constructs. Referring to the criteria proposed by [16] a correlation can be declared to meet convergent validity if it has a loading value greater than 0.7. The results of this study indicate that all indicators have consistently exceeded this threshold, with loading factor values ranging from 0.721 to 0.940. Thus, the instrument used in this study has met the convergent validity criteria and is suitable to proceed to the reliability testing and structural model testing stages.

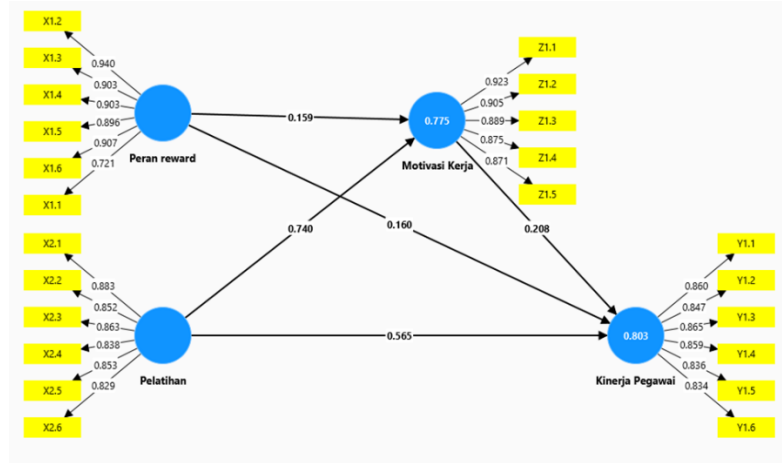


Figure 1. Output Loading Factor Modeling

The results of the reliability test on the latent variables indicate that all constructs in this study meet the reliability criteria because they have Composite Reliability and Cronbach's Alpha values greater than 0.7. Based on the calculation results, the variables Role of Reward (X1), Training (X2), Employee Performance (Y), and Work Motivation (Z) all have Composite Reliability values above 0.9 and Cronbach's Alpha values that exceed the threshold of 0.7. Although the Cronbach's Alpha value for the Role of Reward variable (0.941) is lower than the other variables, the value is still above the minimum required standard. Thus, all research instruments are declared reliable and can be used consistently to measure the intended constructs in further analysis.

Table 1. Results of Latent Variable Reliability Test

Contract	Cronbach's Alpha	Composite Reliability	Information
Role of Rewards (X1)	0.41	0.957	Reliable
Training (X2)	0.925	0.926	Reliable
Employee Performance (Y)	0.923	0.924	Reliable
Work motivation (Z)	0.936	0.937	Reliable

Structural Model Evaluation (Inner Model)

The results of the structural model evaluation through the determination coefficient (R^2) test show that the employee performance variable (Y) has an R^2 value of 0.803 with an adjusted R^2 of 0.798. This indicates that the reward role variables (X1) and training (X2) are simultaneously able to explain variations in employee performance by 80.3%, while the remaining 19.7% is influenced by other factors outside the research model. Based on the interpretation criteria, an adjusted R^2 value exceeding 0.75 indicates that the influence of the reward role variables and training on employee performance is included in the strong category.

Meanwhile, the analysis results for the work motivation variable (Z) showed an R^2 value of 0.775 with an adjusted R^2 of 0.771. This value indicates that the reward and training roles simultaneously explain 77.5% of the variation in work motivation, while the remaining 22.5% is influenced by other factors outside the model. The adjusted R^2 value, which also exceeds 0.75, indicates that the influence of the reward and training roles on work motivation is in the strong category. Thus, it can be concluded that both independent variables, namely the reward and training roles, play an important role in shaping employee performance and work motivation at Bank Jatim Lumajang Branch.

Table 2. Analysis of the Determination Coefficient (R^2) Adjusted R-square

	R-square	R-square and adjusted
Employee Performance	0.803	0.798
Employee motivation	0.775	0.771

Significance Test

The results of the significance test in the SEM model using the PLS method show that the relationship between exogenous and endogenous variables has varying effects in terms of significance. In the first hypothesis test (H1), the reward role variable (X1) has a significant effect on employee performance (Y) with a T-statistic value of 2.239 which is greater than the T-table (1.979) at a 95% confidence level. The original sample estimate value of 0.160 indicates a positive relationship direction, which indicates that the better the reward role is implemented, the higher the employee performance. Conversely, the second hypothesis test (H2) shows that the reward role (X1) does not have a significant effect on work motivation (Z), although the direction of the relationship is positive (original sample estimate 0.159). This is indicated by the T-statistic value of 1.750 which is smaller than the T-table (1.979), so the hypothesis is rejected.

In the third hypothesis test (H3), training (X2) was proven to have a significant effect on employee performance (Y) with a T-statistic value of 4.362, exceeding the T-table (1.979). The original sample estimate value of 0.565 indicates a strong positive effect, so that effective training can significantly improve employee performance. Furthermore, the fourth hypothesis (H4) shows that training (X2) also has a significant effect on work motivation (Z) with a T-statistic value of 8.123 which far exceeds the T-table (1.979). The original sample estimate value of 0.740 indicates a very strong positive relationship, which indicates that training is a dominant factor in increasing employee work motivation.

Meanwhile, the fifth hypothesis test (H5) shows that work motivation (Z) does not have a significant influence on employee performance (Y), although the direction of the relationship is positive (original sample

estimate 0.208). The T-statistic value of 1.626, which is smaller than the T-table (1.979), causes this hypothesis to be rejected. These results indicate that although employees have good work motivation, this factor does not directly improve employee performance, and there may be other factors that are more dominant in influencing employee performance at Bank Jatim Lumajang Branch.

The sixth hypothesis test (H6) examines the indirect effect of the reward role (X1) on employee performance (Y) through work motivation (Z). The parameter coefficient obtained is 0.033, which indicates a positive relationship, meaning that an increase in the reward role could theoretically enhance employee performance by 3.3% via improved work motivation. However, the bootstrapping results reveal a T-statistic of 1.084, which is below the critical T-table value of 1.979, and a p-value of 0.278 (> 0.05). These results lead to the rejection of H6, confirming that rewards do not significantly impact employee performance indirectly through motivation. This suggests that rewards at Bank Jatim Lumajang Branch currently function more as a direct driver of performance rather than as a mechanism to foster motivational improvements that translate into performance gains.

The seventh hypothesis test (H7) analyzes the indirect effect of training (X2) on employee performance (Y) via work motivation (Z). The parameter coefficient of 0.154 suggests a potential 15.4% improvement in employee performance for every unit increase in training, mediated by work motivation. However, similar to H6, the bootstrapping test yields a T-statistic of 1.601, which does not meet the T-table threshold (1.979), along with a p-value of 0.109 (> 0.05). Therefore, H7 is also rejected, demonstrating that work motivation does not serve as a significant mediator in the training–performance relationship. These findings underscore that while training exerts strong direct effects on both performance and motivation, the motivational gains do not sufficiently convert into enhanced performance outcomes. As a result, the most effective strategy for Bank Jatim involves strengthening the direct impacts of both rewards and training while addressing contextual barriers such as job insecurity or misaligned incentives—that inhibit motivation from fully translating into performance.

Table 3. Results of Bootstrapping Calculations on Research Data

Path Analysis	Original Sample	Sample Mean (M)	Standard Deviation (STD)	T Statistics (IO/STDEVI)	P Value
Work motivation Employee Performance	0.208	0.205	0.128	1.626	0.104
<i>Pelatihan</i> Employee Performance	0.565	0.568	0.129	4.362	0.000
<i>Pelatihan</i> Work motivation	0.740	0.740	0.740	8.123	0.000
<i>Peran reward</i> Employee Performance	0.160	0.160	0.160	2.239	0.025
Peran reward Work motivation	0.159	0.158	0.158	1.750	0.080

Mediation Test

The results of the mediation test conducted with the Sobel Test using the Free Statistical Calculation for Sobel Test version 4.0 software indicate that work motivation does not play a significant role as a mediating variable in the relationship between the role of rewards (X1) and employee performance (Y). Based on the calculation results, the one-tailed probability value of 0.0948 is greater than the significance limit of 0.05, so it can be concluded that work motivation is not able to be a significant mediator in strengthening the influence of the role of rewards on employee performance. Thus, the influence of the role of rewards on employee performance is more direct than through work motivation.

Similarly, the results of the mediation test for the training variable (X2) on employee performance (Y) through work motivation (Z) also showed insignificant results. The one-tailed probability value obtained was 0.0638, greater than the 0.05 significance level, so that work motivation cannot mediate the relationship between training and employee performance. This result indicates that although training has a significant direct influence on employee performance, this influence is not strengthened indirectly through increased work motivation. Overall, these results indicate that both the role of rewards and training have a direct influence on employee performance, but not through the mediation mechanism of work motivation. Thus, efforts to improve employee performance at Bank Jatim Lumajang Branch through the provision of rewards and training should be more focused on strengthening the direct influence of these two variables, rather than relying on work motivation as an intermediary factor.

These findings highlight the complexity of fostering employee motivation as a mediating mechanism in the banking sector, particularly in the context of the Lumajang Branch of Bank Jatim. The lack of significant

mediation suggests that employees may prioritize tangible benefits, such as job stability and career progression, over intrinsic motivational factors when responding to rewards and training. This is consistent with Herzberg's Two-Factor Theory, which emphasizes that hygiene factors like job security and fair promotion must be adequately addressed before motivational factors can significantly drive performance. Therefore, the failure of work motivation to mediate these relationships may stem from unmet foundational needs within the workforce.

From a managerial perspective, this result underscores the importance of re-evaluating HR strategies to ensure that rewards and training programs are not only designed to improve technical competencies and recognize performance but also tailored to address employee concerns about career security and growth opportunities. By aligning these initiatives with broader organizational support systems such as transparent promotion criteria, career development pathways, and consistent feedback mechanisms Bank Jatim can create a more fertile ground for motivation to flourish. Only then can work motivation evolve into an effective mediator, amplifying the positive effects of rewards and training on employee performance.

Influence Between Variables

The results of the direct effects analysis show that the reward role variable (X1) has a positive and significant influence on employee performance (Y) with a parameter coefficient of 0.160. The t-statistic value of 2.239 is greater than the t-table value (1.979) with a p-value of 0.025 < 0.05, so that the H1 hypothesis is accepted. This indicates that a one-unit increase in the reward role can increase employee performance by 16%, and this effect is proven to be statistically significant. Conversely, the direct effect of X1 on work motivation (Z) shows a parameter coefficient of 0.159 with a t-statistic of 1.750 smaller than the t-table of 1.979, and a p-value of 0.080 > 0.05. Thus, the H2 hypothesis is rejected, so it can be concluded that although there is a positive relationship, the reward role does not have a significant effect on work motivation.

The training variable (X2) shows a significant positive influence on employee performance (Y), with a parameter coefficient of 0.160. The test results through bootstrapping show a t-statistic value of 4.362 which is greater than the t-table of 1.979, and a p-value of 0.000 < 0.05, so that the H3 hypothesis is accepted. This means that every one-unit increase in the training variable will significantly increase employee performance by 16%. In addition, the effect of X2 on work motivation (Z) is also significant, with a parameter coefficient of 0.740 and a t-statistic of 8.123 which far exceeds the t-table value, and a p-value of 0.000 < 0.05. Thus, the H4 hypothesis is accepted, which means that training has a strong and significant influence on increasing work motivation, where every one-unit increase in training can increase employee work motivation by 74%.

Meanwhile, the direct effect of work motivation (Z) on employee performance (Y) showed insignificant results. The parameter coefficient of 0.208 with a t-statistic of 1.626 is smaller than the t-table of 1.979, and a p-value of 0.104 > 0.05, so that the H5 hypothesis is rejected. Although the direction of the relationship is positive, work motivation has not been proven to have a significant direct effect on employee performance. This finding indicates that increasing work motivation has not significantly driven an increase in employee performance at Bank Jatim Lumajang Branch, in contrast to the role of reward and training variables which showed a significant effect on performance.

These results suggest that while rewards and training are critical levers for enhancing employee performance, their influence manifests through different pathways. Rewards tend to drive performance directly by fostering employee loyalty and satisfaction, particularly through interpersonal recognition. However, their inability to significantly boost work motivation may indicate gaps in the reward structure, such as limited career progression opportunities or an imbalance between short-term incentives and long-term development benefits. This highlights the need for Bank Jatim to redesign its reward systems, ensuring that they not only acknowledge immediate contributions but also provide clear, performance-based pathways for advancement, which could ultimately transform rewards into a driver of sustainable motivation and performance.

Conversely, training demonstrates a dual role by significantly influencing both work motivation and employee performance. The strong effect on work motivation, with a 74% increase per unit improvement, underscores training as a key driver for intrinsic and extrinsic motivation, provided that the content and delivery align with actual job requirements. However, the current finding that motivation does not significantly translate into performance suggests a disconnect between enhanced motivation and its application in day-to-day tasks. This gap could stem from factors such as job insecurity, lack of autonomy, or insufficient opportunities to apply newly acquired skills—issues that, if addressed, could enable training-driven motivation to more effectively translate into performance outcomes.

The insignificant direct effect of work motivation on performance also suggests that motivation alone cannot overcome structural or contextual barriers within the workplace. While employees may feel motivated, systemic

issues—such as unclear career trajectories, limited managerial support, or perceived inequities in workload—may hinder their ability to convert motivation into tangible performance improvements. To address this, Bank Jatim should focus on creating an enabling work environment by ensuring job security, fostering transparent communication, and promoting a performance-oriented culture. By tackling these underlying factors, the bank can unlock the latent potential of work motivation, allowing it to complement the direct impacts of rewards and training in driving sustainable performance growth.

Table 4. Direct Effects

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O /STDEV)	P values
Motivasi Kerja -> Kinerja Pegawai	0.208	0.205	0.128	1.626	0.104
Pelatihan -> Kinerja Pegawai	0.565	0.568	0.129	4.362	0.000
Pelatihan -> Motivasi Kerja	0.740	0.740	0.091	8.123	0.000
Peran reward -> Kinerja Pegawai	0.160	0.160	0.072	2.239	0.025
Peran reward -> Motivasi Kerja	0.159	0.158	0.091	1.750	0.080

Source: Research data

The results of the indirect effects analysis show that the reward role variable (X1) has a parameter coefficient of 0.033 on employee performance (Y) through work motivation (Z). This coefficient value indicates a positive influence, where a one-unit increase in the reward role is estimated to increase employee performance by 3.3% through the mediating role of work motivation. However, the bootstrapping results show a t-statistic value of 1.084, smaller than the t-table (1.979), with a p-value of 0.278 > 0.05. Thus, the H6 hypothesis is rejected, which means the reward role does not have a significant indirect effect on employee performance through work motivation.

Furthermore, the training variable (X2) has a parameter coefficient of 0.154 on employee performance (Y) through work motivation (Z). This value indicates a positive influence, where a one-unit increase in training is estimated to increase employee performance by 15.4% through the mediation of work motivation. However, the results of the bootstrapping test show a t-statistic of 1.601, which is smaller than the t-table of 1.979, with a p-value of 0.109 > 0.05. Based on these results, the H7 hypothesis is also rejected, so it can be concluded that training does not have a significant indirect effect on employee performance through work motivation. Overall, these results indicate that the work motivation variable (Z) does not act as a significant mediator in the relationship between the role of rewards (X1) and training (X2) on employee performance (Y). This finding is in line with the results of the previous mediation test which showed that work motivation was unable to significantly mediate the relationship between the two exogenous variables and employee performance.

These findings suggest that although rewards and training demonstrate direct contributions to employee performance, their ability to enhance performance indirectly through work motivation is limited. The absence of significant mediation may be attributed to underlying factors, such as employees' perception of job insecurity and the lack of alignment between rewards, training content, and long-term career development opportunities. When basic psychological and professional needs are not sufficiently met, work motivation may not fully function as a bridge connecting external incentives to improved performance outcomes. This highlights the importance of ensuring that motivational drivers are supported by strong organizational systems, such as fair promotion mechanisms, relevant skill development, and stability in employment.

From a strategic perspective, these results emphasize the need for Bank Jatim to adopt a more integrated approach that links rewards and training with broader motivational frameworks. Rather than relying solely on financial or recognition-based incentives, HR strategies should incorporate career progression pathways, continuous feedback systems, and psychological safety initiatives to create a more engaged and high-performing workforce. By addressing both the extrinsic and intrinsic dimensions of employee motivation, the organization can better leverage rewards and training programs to produce sustainable performance improvements, particularly amidst the increasing pressures of digital transformation and heightened competition in the banking sector.

Table 5. Indirect Effects

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O /STDEV)	P values
Pelatihan -> Motivasi Kerja -> Kinerja Pegawai	0.154	0.151	0.096	1.601	0.109
Peran reward -> Motivasi Kerja -> Kinerja Pegawai	0.033	0.033	0.030	1.084	0.278

Source: Research data

The results of the study indicate that rewards, training, and work motivation contribute in various ways to improving employee performance at Bank Jatim, Lumajang Branch. Rewards have been shown to significantly impact performance, particularly through interpersonal recognition in the form of direct recognition from superiors, which can increase work enthusiasm and loyalty. This finding supports [17] statement that rewards act as a form of recognition that can revitalize work enthusiasm and encourage employees to contribute more

effectively. However, the low score on the promotion indicator indicates that some employees believe the promotion system is not fully performance-based, resulting in long-term rewards not being able to provide an optimal impact on motivation and performance. This indicates that the reward system needs to balance short-term and long-term rewards to foster sustainable motivation.

Training was found to have a significant impact on work performance and motivation, particularly through the quality of material delivery by instructors, which was assessed as good. These results are in line with [18], which explains that well-designed training can improve employee skills, knowledge, and attitudes, thus improving performance. However, low scores on the training material indicator indicate that some of the material is not fully relevant to job requirements. This discrepancy indicates the need to evaluate training content and adapt it to actual needs in the field so that training can optimally contribute to employee motivation and performance.

Meanwhile, work motivation, despite being high in self-actualization, did not significantly impact performance. This finding can be explained by Maslow's Hierarchy of Needs theory, which states that basic needs such as safety must be met before an individual can achieve self-actualization and make a maximum contribution [19]. A low score on the safety needs indicator indicates an employee's insecurity about their job status, which hinders their motivation to perform at their full potential. This condition also aligns with Herzberg's Two-Factor Theory, which emphasizes that hygiene factors such as safety and a fair promotion system must be met first for work motivation to develop sustainably [20].

Furthermore, work motivation did not act as a mediator in the relationship between rewards and training on employee performance. For the reward variable, the dominance of interpersonal rewards without the support of fair promotions, and for the training variable, good instructor quality but less relevant material, weakened the potential for motivation to be an effective mediator. Job insecurity further weakened the motivational effect. Theoretically, these results suggest that to build motivation capable of driving performance improvement, organizations need to balance short-term and long-term rewards, the relevance of training materials, and meeting employees' basic needs. Thus, this study reinforces the view that work motivation can only be effective if both external and internal employee factors are managed in a balanced manner [21], [22], [23].

These findings highlight the importance of a holistic human resource management strategy that addresses not only external incentives but also internal psychological needs to enhance employee performance. For rewards, establishing a transparent, performance-based promotion system is crucial to balance short-term incentives, such as recognition, with long-term career development opportunities. Similarly, for training, aligning course content with real job requirements will ensure employees acquire practical skills and knowledge that can be directly applied to their work, thereby strengthening the motivational effect of training programs. Without these improvements, both rewards and training risk becoming transactional and failing to sustain motivation or improve long-term productivity. In the context of motivation, addressing employees' basic needs, particularly job security, is essential to unlock the full potential of higher-level motivators such as self-actualization. As Herzberg's and Maslow's frameworks suggest, intrinsic motivation can only flourish when hygiene factors like stability and fairness are secured. For Bank Jatim, particularly the Lumajang Branch, creating policies that provide job stability, transparent career pathways, and consistent performance evaluations can foster a more motivated and resilient workforce, capable of adapting to the demands of the digital and competitive banking environment. From a managerial perspective, these results imply that Bank Jatim must adopt an integrated HR strategy where rewards, training, and motivation are managed cohesively rather than in isolation. Implementing structured feedback mechanisms, such as periodic satisfaction and needs assessments, can help identify gaps in promotion fairness, training relevance, and job security perceptions. By leveraging these insights, the bank can design HR initiatives that not only enhance individual performance but also strengthen organizational performance, contributing to sustainable competitiveness in an increasingly dynamic banking industry.

4. CONCLUSION

This study concludes that employee performance at Bank Jatim Lumajang Branch is significantly influenced by rewards and training, which positively impact performance. Training has also been proven to significantly enhance work motivation, suggesting that effective training programs can boost employee morale. However, the role of rewards was found not to significantly affect work motivation, indicating that the current reward system, particularly regarding promotions and long-term rewards, may not fully stimulate motivation. Furthermore, work motivation itself was not proven to have a significant direct effect on performance, possibly due to unmet basic needs such as job security. These findings emphasize that employee performance is more directly influenced by external factors like rewards and training, rather than internal motivational factors, and highlight the need for improvements in the reward system and addressing employees' basic needs to create more stable and sustainable motivation.

5. REFERENCES

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