The Influence of Human Resource Development and Employee Engagement on Employee Performance at the Representative Office of Bank Indonesia North Sumatra Province

Abstract

The increasingly complex organizational environment requires institutions to develop competent human resources with strong organizational engagement. Human resource development and employee engagement are important factors in improving employee performance, particularly in strategic institutions such as Bank Indonesia. This study aims to analyze the effect of human resource development and employee engagement on employee performance at the Representative Office of Bank Indonesia, North Sumatra Province.

This research employed a quantitative approach using a survey method. The population and sample consisted of 80 employees of the Representative Office of Bank Indonesia, North Sumatra Province. Data were collected through questionnaires using a Likert scale and analyzed using Statistical Package for Social Science (SPSS). Data analysis techniques included validity testing, reliability testing, classical assumption testing, multiple linear regression analysis, partial testing (t-test), simultaneous testing (F-test), and coefficient of determination analysis.

The results indicate that human resource development has a positive and significant effect on employee performance. This finding demonstrates that improvements in employee competencies, training programs, and capability development contribute to better work performance. Meanwhile, employee engagement shows a positive relationship with employee performance but does not have a statistically significant partial effect. Simultaneously, human resource development and employee engagement have a significant effect on employee performance. These findings imply that organizations need to integrate competency development strategies with efforts to strengthen employee engagement in order to achieve optimal performance.

Keywords: Human Resource Development, Employee Engagement, Employee Performance, Human Resource Management, Bank Indonesia.

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3rd International Confere Epicentrum of Economic Global Framework (ICEEGLOF)
Theme: Cross-Sector and Cross-Disciplinary Strategies for Achieving the SDGS
https://proceeding.pancabudi.ac.id/index.php/ICEEGLOF

Introduction

Increasingly dynamic changes in the organizational environment in the era of globalization and digital transformation have posed major challenges for every institution in managing human resources (HR). Human resources are no longer regarded merely as a factor of production, but have become a strategic asset that determines the success and sustainability of the organization. Organizations that are able to manage their HR effectively will have a greater capacity to face changes in the external environment, increase productivity, and achieve their established strategic goals. Therefore, HR management has become one of the important aspects of modern management, particularly for organizations that play a strategic role in economic development and public service.

Human resource development is a systematic process carried out by organizations to improve employees' capabilities through various activities such as education, training, competency development, career coaching, and the provision of opportunities to grow. HR development is not only oriented toward improving employees' technical abilities, but also covers aspects of attitude, behavior, leadership, and the ability to adapt to organizational change. Organizations with good HR development programs will be able to create employees who are more competent, confident, and ready to face work challenges.

In addition to HR development, another factor that is receiving increasing attention in the study of organizational behavior is employee engagement. Employee engagement describes the level of employees' psychological attachment to their work and organization. Employees with a high level of engagement tend to display positive energy, dedication, a sense of belonging, and a willingness to make their best contribution to the organization. Conversely, low employee engagement can lead to decreased work motivation, low productivity, and reduced employee commitment to achieving organizational goals.

The concept of employee engagement is closely related to Social Exchange Theory, which explains that the relationship between individuals and organizations is formed based on the principle of social exchange.

Employee performance is one of the main indicators of an organization's success in achieving its strategic goals. Performance not only reflects the work results achieved by employees, but also reflects the quality of the work process, the effectiveness of task completion, responsibility, and employees' contribution to the organization. In modern organizations, improving employee performance is a top priority because the success of the organization's strategy depends heavily on individuals' ability to carry out their tasks and responsibilities. The complexity of Bank Indonesia's tasks and responsibilities requires professional and sustainable HR management. In carrying out this function, the quality of employee performance is an important factor for various programs and policies to run effectively. Employees are required to have not only technical skills, but also analytical, communication, and collaboration skills, as well as the ability to adapt to changes in the work environment.

In this context, HR development has become a strategic need for the Representative Office of Bank Indonesia, North Sumatra Province. The ongoing competency development program is expected to improve employees' ability to carry out their duties and face changing organizational demands. Nevertheless, the success of HR development is determined not only by the availability of training or competency development programs, but also by the extent to which employees are engaged and willing to apply that ability in their daily work.

Literature Review

2.1 Human Resource Development

Human resource development is a strategic process carried out by organizations to improve employees' abilities by enhancing their knowledge, skills, competencies, and work experience. Armstrong and Taylor (2023) explained that HR development is an important part of strategic human resource management because it is directly related to improving the organization's ability to achieve its goals.

Indicators of HR Development include various activities such as:

1. Education and training (*training and development*);
2. Competency development;
3. Career coaching;
4. Knowledge transfer;
5. Leadership development.

2.2 Employee Engagement

Employee engagement is a concept in organizational behavior that describes the level of employees' psychological involvement in their work and organization. Kahn (1990) defined engagement as a condition in which individuals express

Indicators of Employee Engagement are :

1. Having positive energy at work;
2. Feeling that the work is meaningful;
3. Having a sense of responsibility for the organization's success;
4. Being willing to put in effort beyond the minimum requirements of the job

2.3 Employee Performance

Employee performance is the level of achievement of an individual's work results based on the standards or targets set by the organization. Robbins and Judge (2022) explained that performance is the result achieved by an individual in carrying out the tasks that are their responsibility. Employee performance is reflected not only in the amount of work completed, but also in the quality

General indicators of employee performance include:

1. Quality of work;
2. Quantity of work;
3. Timeliness;
4. Work effectiveness;
5. Ability to work together.

Research Methodology

This study uses a quantitative approach with a survey method (*survey research*). The quantitative approach was chosen because this study aims to test the causal relationship between the independent and dependent variables through statistical hypothesis testing.

According to Sugiyono (2022), quantitative research is a research method based on the philosophy of positivism used to study a particular population or sample, with data collected using a research instrument and analyzed statistically to test the hypotheses that have been formulated. The population in this study consists of all employees at the Representative Office of Bank Indonesia, North Sumatra Province. The sampling technique used a saturated sampling

method (census), i.e., a sampling technique in which all members of the population are used as respondents in the study, totaling 80 respondents.

Data were collected using a questionnaire instrument with a 1–5 Likert scale (1 = strongly disagree to 5 = strongly agree), with the religious organizational culture variable (X1) measured through 4 indicators, motivation (X2) measured through 3 indicators, and teacher performance (Y) measured through 4 indicators. Data analysis was carried out with the help of the SPSS program, comprising: (1) validity testing using Pearson product-moment correlation; (2) reliability testing using Cronbach's Alpha coefficient; (3) classical assumption testing (normality, multicollinearity, heteroscedasticity, and linearity); (4) multiple linear regression analysis; and (5) hypothesis testing through the t-test (partial), F-test (simultaneous), and coefficient of determination (R^2).

Results

4.1 Validity Test

The validity test was carried out by correlating the score of each item with the total variable score using Pearson product-moment correlation. An item is declared valid if the calculated r-value (r-count) > the r-table value. With n = 70 and a 5% significance level, an r-table value of 0.235 was obtained. The results of the validity test are presented in Table 1.

Table 1. Instrument Validity Test Results

Variable	Item	r-count	r-table	Description
Human Resource Development (X1)	X1.1	0.748	0.235	Valid
	X1.2	0.827	0.235	Valid
	X1.3	0.835	0.235	Valid
	X1.4	0.833	0.235	Valid
Employee Engagement (X2)	X2.1	0.807	0.235	Valid
	X2.2	0.801	0.235	Valid
	X2.3	0.831	0.235	Valid
Employee Performance (Y)	Y.1	0.852	0.235	Valid
	Y.2	0.876	0.235	Valid
	Y.3	0.844	0.235	Valid
	Y.4	0.815	0.235	Valid

Source: SPSS Output

Table 1 shows that all statement items in the questionnaire are able to represent the variables studied and can therefore be used for further analysis.

4.2 Reliability Test

The reliability test was conducted using Cronbach's Alpha coefficient, with the instrument considered reliable if the Alpha value > 0.60. The results of the reliability test are presented in Table 2

Table 2. Instrument Reliability Test Results

Variable	Cronbach's Alpha	Description
Human Resource Development (X1)	0.851	Reliable
Employee Engagement (X2)	0.839	Reliable
Employee Performance (Y)	0.879	Reliable

Source: SPSS Output

Based on Table 2, it is known that all variables have a Cronbach Alpha value greater than 0.70. Thus, the research instrument is declared reliable and has a good level of consistency

4.3 Classical Assumption Test

a. Normality Test.

The normality test was conducted using the Kolmogorov-Smirnov test on the residual values of the regression model. The test results show a K-S statistic of 0.116 with a significance of 0.284 (> 0.05), which means the residual data are normally distributed and thus satisfy the normality assumption.

b. Multicollinearity Test. The multicollinearity test was conducted by examining the Tolerance and Variance Inflation Factor (VIF) values. The regression model is declared free of multicollinearity if the Tolerance value > 0.10 and VIF < 10. The test results are presented in Table 3

Table 3. Multicollinearity Test Results

Variable	Tolerance	VIF	Description
Human Resource Development (X1)	0.154	5.835	Free of multicollinearity
Employee Engagement (X2)	0.154	5.835	Free of multicollinearity

Source: SPSS Output

The Tolerance value for both independent variables is 0.154 (> 0.10) and the VIF value is 5.835 (< 10), so the regression model is declared free of multicollinearity, although the correlation between X1 and X2 is fairly high (r = 0.909), which needs to be taken into account when interpreting the results.

c. Heteroscedasticity Test.

The heteroscedasticity test was conducted using the Glejser test, which regresses the absolute residual values on the independent variables. The model is declared free of heteroscedasticity if the significance value > 0.05. The Glejser test results show a significance value for X1 of 0.048 and for X2 of 0.006, both of which are below 0.05. This finding indicates the presence of heteroscedasticity in the regression model, so the results of the hypothesis

testing need to be interpreted with caution, and the use of robust standard errors (robust/White standard errors) is recommended for future research to address this issue.

4.4 Multiple Linear Regression Analysis

Multiple linear regression analysis was used to determine the effect of the HR development and employee engagement variables on employee performance.

The data processing results using SPSS produced the following regression equation:

$$Y=1.457+0.683X1+0.344X2+e$$

Table 4. Multiple Linear Regression Analysis Results

Model	B	t-count	Sig.
(Constant)	1.457	1.888	0.2388
Human Resource Development (X1)	0.683	3.915	0.000
Employee Engagement (X2)	0.344	1.572	0.120

Source: SPSS Output

Based on the regression equation above, it can be explained that:

1. The constant value of 1.457 indicates that if the HR development and employee engagement variables are zero, employee performance is at a baseline value of 1.457.
2. The regression coefficient for HR development of 0.683 indicates that each one-unit increase in HR development will increase employee performance by 0.683 units, assuming other variables remain constant.
3. The regression coefficient for employee engagement of 0.344 indicates that an increase in employee engagement will increase employee performance by 0.344 units.

4.5 Hypothesis Testing

a. t-Test (Partial).

The t-test was conducted to determine the effect of each independent variable on the dependent variable.

Hypothesis 1

H1: HR development has a positive and significant effect on employee performance.

Based on the results of the t-test, the following was obtained:

a. t-count = 3.915
b. Significance = 0.000

Because the significance value is smaller than 0.05, H1 is accepted.

This means that HR development is proven to have a positive and significant effect on employee performance.

This result shows that the better the competency development, training, and capability-improvement programs for employees, the higher the resulting performance.

Hypothesis 2

H2: Employee Engagement has a positive and significant effect on employee performance.

Based on the test results, the following was obtained:

a. t-count = 1.572
b. Significance = 0.120

Because the significance value is greater than 0.05, H2 is not statistically proven.

However, the regression coefficient for employee engagement shows a positive direction of 0.344. This indicates that employee engagement still has a positive relationship with employee performance, but its effect is not yet statistically strong enough in this study.

b. F-Test (Simultaneous).

The F-test was used to determine the joint effect of the HR development and employee engagement variables on employee performance.

Table 5. F-Test (ANOVA) Results

Source	df	F-count	Sig.
Regression	2	83.74	0.000

Source: SPSS Output

Based on the test results, a significance value of 0.000 < 0.05 was obtained. Thus, H3 is accepted.

This means that HR development and employee engagement simultaneously have a significant effect on employee performance.

This result shows that improving employee performance requires a combination of ability factors (*ability*) through HR development and psychological factors (*willingness*) through employee engagement.

c. Coefficient of Determination (R^2).

The coefficient of determination is used to determine the ability of the independent variables to explain the variation in the dependent variable.

The correlation coefficient (R) value of 0.685 indicates that 68.5% of the variation in employee performance can be explained by the HR development and employee engagement variables, while the remaining 31.5% is influenced by other factors outside the research model, such as leadership, organizational culture, compensation, work environment, and work motivation.

Conclusion

Based on the results of the analysis and discussion, it can be concluded as follows:

1. the research results show that human resource development has a positive and significant effect on employee performance. This is proven by the results of the partial test (t-test), which show a significance value smaller than 0.05. This finding indicates that the better the HR development program carried out by the organization, the higher the resulting employee performance. HR development through improved competency, training, capability development, and career development opportunities is able to increase employees' capacity to carry out their tasks and responsibilities. Motivation has a positive but partially non-significant effect on teacher performance (t-count 1.409 < t-table 1.996; sig. 0.163); and
2. The research results show that employee engagement has a positive effect on employee performance, but this has not been proven to be statistically significant**.** This indicates that the level of employee attachment to their work and organization has shown a positive direction of relationship, but has not yet become a dominant factor in explaining the variation in employee performance in this study. This finding indicates that employees' psychological involvement in the organization needs to be supported by other organizational factors, such as an effective work system, leadership, organizational culture, rewards, and management support. Thus, employee engagement remains an important aspect of HR management, but its impact on performance can be influenced by organizational conditions and other supporting factors.

3. The research results show that HR development and employee engagement simultaneously have a significant effect on employee performance. The F-test results show that the two independent variables together are able to explain changes in employee performance. This finding indicates that improving employee performance depends not only on individual ability, but also on the psychological aspect of employee attachment to the organization. Organizations need to develop an HR strategy that balances competency improvement (*ability*) with increased motivation and work engagement (*willingness*).

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