International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

The Influence of Training, Career Development, and Compensation on Employee Performance through Employee Engagement at PT. Bank Pembangunan Daerah Jawa Timur Tbk

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Abstract

This study aims to examine the influence of Training, Career Development, and Compensation on employee performance with employee engagement as a mediating variable at PT. Bank Pembangunan Daerah Jawa Timur Tbk.This research employs a quantitative approach with an explanatory method. The sample consists of 134 permanent employees, representing the entire population (census sampling). The data were analyzed using Structural Equation Modeling (SEM) based on Partial Least Square (PLS) with the aid of SmartPLS 3.0 software. The results show that Training, Career Development, and Compensation have a significant effect on employee performance. Moreover, employee engagement also significantly affects employee performance and serves as a mediating variable in the relationship between Training, Career Development, Compensation, and employee performance.

Keywords: Training, Career Development, Compensation, Employee Engagement, and Employee Performance

INTRODUCTION

Companies, including banks, were established to achieve specific goals and their success depended heavily on human resource behavior and training (HR). In the context of service banking, superior human resources are the main key in increasing productivity and achieving organizational goals. Human Resource Management (MSDM) plays a

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strategic role in managing, developing, and maintaining employees to contribute optimally. Employee productivity plays a direct role in the company's productivity, so evaluation of Employee Performance is important.

Article 3 of Law Number 10 of 1998, the main function of Indonesian banking is to collect and distribute public funds. That banks can function as credit recipients, channel credit, finance, investment, receive deposits, create money and other services such as treasured goods storage (Fure, 2016).

(Wardaningtri et al., 2024) The better the performance of employees in providing services will increase customer trust and loyalty. Customer loyalty and trust are the main determinant in the decision to save funds, thus directly impacting the large value of DPK. Thus, companies should focus on increasing the performance capacity of employees, especially those who play a strategic role, in order to encourage maximum contribution to business progress. (Maizar et al., 2023) in an effort to improve Employee Performance, it is good to be accompanied by training, increased fair compensation, and an open and competitive career development promotion system.

Based on this, this study aims to find out the direct effect of training, career development, and compensation on employee performance, and to test the role of employee engagement mediation on PT employees. East Java Regional Development Bank Tbk.

LITERATURE REVIEW

Training

Training is a continuous process of learning, acquiring new skills and knowledge (James et al., 2022). According to (Asriadi, 2024), training is a process of teaching certain knowledge, skills, and attitudes so that employees are more skilled and able to carry out their responsibilities better according to standards.

Career Development

(Rachmad, 2021) defines career development as a continuous process by which individuals acquire the skills, knowledge, and experience necessary to achieve their career goals. Career development is the process of improving individual work skills achieved in order to achieve the desired career (Pricilla & Octaviani, 2020) (Jumawan & Mora, 2020). 2018) said that career development is an employment activity that helps employees plan their future careers in the company so that the company and employees can develop themselves optimally.

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Compensation

Compensation is an employee's right after doing a job at the company to earn appreciation for the job achievements that have been achieved by employees in contributing and advancing the company, (Dessler, 2020). (Reddy, 2020) states that compensation is a reward that employees receive in return for their contributions to the organization that is the employee's right such as salary, incentives, bonuses, insurance, premiums and treatments or the like.

Employee Engagement

Employee engagement is a source of physical and emotional relationships between employees and organizations (Tanwar & Kumar, 2019). Meanwhile, according to (Rasool et al., 2021) employee engagement is a positive method to avoid employee fatigue and indifference and channel their emotions into positive and obedient ethical behavior at work.

Employee Performance

Employee performance is a measure of the extent to which an employee is able to perform his duties and responsibilities properly and effectively (Darvishmotevali & Ali, 2020). Employee performance is a measure of the extent to which an employee is able to fulfill his duties and responsibilities properly and effectively (Triansyah et al., 2023)

Conceptual Framework

This study is based on the assumption that employee performance is influenced by training variables, career development, and compensation. These three factors not only have a direct effect on performance, but are also suspected of having an indirect effect through the mediation variable, namely employee engagement. Thus, the inter-variable relationships in this study are described as follows:

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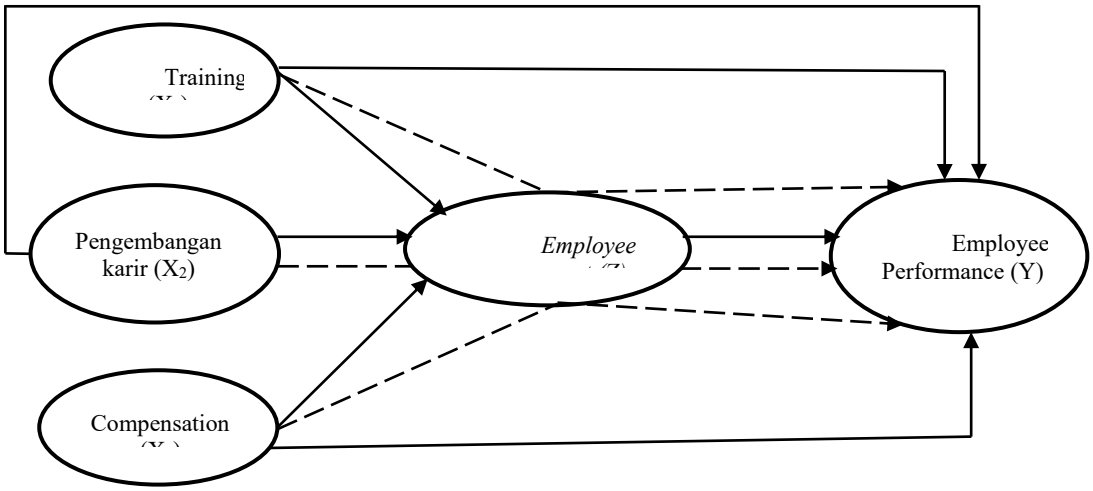


Figure 1 . Conceptual Framework

Hypothesis

H1: Training has a significant impact on employee performance
H2: Career development has a significant impact on employee performance
H3: Compensation significantly affects employee performance
H4: Training has a significant effect on employee engagement
H5: Career development has a significant impact on employee engagement
H6: Compensation has a significant effect on employee engagement
H7: Employee engagement has a significant impact on employee performance
H8: Training has a significant impact on employee performance through employee engagement
H9: Career development has a significant impact on employee performance through employee engagement
H10: Compensation significantly affects employee performance through employee engagement

RESEARCH METHODS

This study used a quantitative and exploratory research-based approach to examine the relationship of each variable to hypothesis tests. The research object, PT BPD Jawatimur Tbk employees, used Partial Least Square (PLS) analysis with SmartPLS

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3.0 to test the variables of training, career development, and compensation for employee performance with employee engagement as mediation variables.

RESEARCH RESULTS

The respondents in this study were 134 people who were permanent employees of PT Bank Pembangunan Daerah East Java Tbk Situbondo Branch and Lumajang Branch. The characteristics of respondents were described in four dimensions, namely gender, age, last education, and length of work, as follows:

1. Gender: Most of the respondents were male, which was 86 people (64.2%), while women were 48 people (35.8%). This shows the dominance of the male workforce in the organizational structure of the branch studied.
2. The majority of respondents were aged 36–45 years, with 59 people (44.03%), followed by 25–35 years, 50 people (37.31%), 46–55 years, 23 people (17.16%), and over 55 people (1.49%). This productive age range shows a mature working experience in the banking environment.
3. Last Education: Most of the respondents had a Strata 1 (S1) educational background of 87 people (64.93%). Meanwhile, there are 21 graduates of D3 and SMA/SMP each (15.67%), and 5 graduates (3.73%). This reflects that the majority of the workforce has met relevant higher education standards in the banking sector.
4. Working Length: Based on the data, most employees have a working period of over 10 years, reflecting high loyalty and significant work experience within the organization.

Validity and Reliability Test

1. Convertible Validity, can be assessed based on the loading factor value of the latent variable with its indicators that are said to be valid if the loading factor coefficient is ≥ 0.70.

Table 1. Result of Convergent Validity Calculation

Variabel	Indicators	*Loading Factor*		Description
		Score	*Rule of Thumb*	
Training (X_1)	$X_{1.1}$	0.839	0.700	Valid
	$X_{1.2}$	0.837	0.700	Valid
	$X_{1.3}$	0.816	0.700	Valid
	$X_{1.4}$	0.819	0.700	Valid
	$X_{1.5}$	0.816	0.700	Valid

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Career development (X_2)	$X_{2.1}$	0.849	0.700	Valid
	$X_{2.2}$	0.801	0.700	Valid
	$X_{2.3}$	0.825	0.700	Valid
	$X_{2.4}$	0.797	0.700	Valid
	$X_{2.5}$	0.794	0.700	Valid
Compensation (X_3)	$X_{3.1}$	0.840	0.700	Valid
	$X_{3.2}$	0.800	0.700	Valid
	$X_{3.3}$	0.873	0.700	Valid
	$X_{3.4}$	0.909	0.700	Valid
Employee Engagement (Z)	$Z_{2.1}$	0.800	0.700	Valid
	$Z_{2.2}$	0.812	0.700	Valid
	$Z_{2.3}$	0.807	0.700	Valid
Employee Performance (Y)	$Y_{1.1}$	0.764	0.700	Valid
	$Y_{1.2}$	0.765	0.700	Valid
	$Y_{1.3}$	0.848	0.700	Valid
	$Y_{1.4}$	0.874	0.700	Valid
	$Y_{1.5}$	0.832	0.700	Valid

Source: Data processed, 2025

Table 1 shows that the indicator of each variable is ≥ 0.7, so all indicators are declared valid.

1. Discriminant Validity can be done by looking at the cross loadings values that show a comparison of correlation values between constructs. A variable is considered to have good discriminant validity if the cross loadings value ≥ 0.6 and each indicator on the measured variable has higher loadings than any other construct loadings.

Variabel	Indicators	Training	Career development	Compensation	Employee Performance	Employee Engagement
Training (X_1)	$X_{1.1}$	**0.839**	0.361	0.368	0.541	0.376
	$X_{1.2}$	**0.837**	0.242	0.384	0.543	0.384
	$X_{1.3}$	**0.816**	0.300	0.336	0.577	0.378
	$X_{1.4}$	**0.819**	0.252	0.307	0.529	0.371
	$X_{1.5}$	**0.816**	0.247	0.273	0.572	0.335

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Career development (X_2)	$X_{2.1}$	0.254	**0.849**	0.374	0.482	0.454
	$X_{2.2}$	0.270	**0.801**	0.332	0.486	0.458
	$X_{2.3}$	0.283	**0.825**	0.397	0.505	0.458
	$X_{2.4}$	0.273	**0.797**	0.418	0.545	0.449
	$X_{2.5}$	0.304	**0.794**	0.258	0.482	0.362
Compensation (X_3)	$X_{3.1}$	0.332	0.384	**0.840**	0.554	0.411
	$X_{3.2}$	0.354	0.430	**0.800**	0.572	0.500
	$X_{3.3}$	0.360	0.338	**0.873**	0.551	0.524
	$X_{3.4}$	0.335	0.358	**0.909**	0.552	0.484
Employee Performance (Y)	$Y_{1.1}$	0.496	0.480	0.621	**0.800**	0.523
	$Y_{1.2}$	0.485	0.517	0.643	**0.812**	0.621
	$Y_{1.3}$	0.571	0.471	0.464	**0.807**	0.601
	$Y_{1.4}$	0.559	0.455	0.405	**0.764**	0.560
	$Y_{1.5}$	0.540	0.509	0.425	**0.765**	0.505
Employee Engagement (Z)	$Z_{2.1}$	0.340	0.382	0.514	0.501	**0.848**
	$Z_{2.2}$	0.457	0.533	0.495	0.688	**0.874**
	$Z_{2.3}$	0.330	0.444	0.431	0.612	**0.832**

1. The Average Variance Extracted (AVE) test to see the magnitude of the variance or diversity of manifest variables that a latent construct can have, a good AVE value if it has a value ≥ 0.5.

Table 2. Average Variation Extracted (AVE) Calculation Results

Variabel	Average Variance Extracted (AVE)		Description
	Score	Rule of Thumb	
Training (X_1)	0.682	0.500	Valid
Career development (X_2)	0.662	0.500	Valid
Compensation (X_3)	0.734	0.500	Valid
Employee Engagement (Z)	0.725	0.500	Valid
Employee Performance (Y)	0.624	0.500	Valid

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Table 2 shows that the indicator of each variable is ≥ 0.5, so all indicators are declared valid.

2. Reliability test, the data can be found to be reliable if composite reability and cronbach alpha have values above 0.70.

Table 3. Composite Reliability Results

Variabel	Composite Reliability		Description
	Score	Rule of Thumb	
Training (X_1)	0.915	0,700	Reliabel
Career development (X_2)	0.907	0,700	Reliabel
Compensation (X_3)	0.917	0,700	Reliabel
Employee Engagement (Z)	0.888	0,700	Reliabel
Employee Performance (Y)	0.892	0,700	Reliabel

Table 3 shows that the Composite Reliability (CR) value is ≥ 0.7, so all indicators are said to be reliable.

Table 4. Cronbach's Alpha Calculations

Variabel	Cronbach's Alpha		Description
	Score	Rule of Thumb	
Training (X_1)	0.883	0,700	Consistent
Career development (X_2)	0.872	0,700	Consistent
Compensation (X_3)	0.878	0,700	Consistent
Employee Engagement (Z)	0.811	0,700	Consistent
Employee Performance (Y)	0.849	0,700	Consistent

Table 4 shows that Cronbach's Alpha value is ≥ 0.7, so all indicators are consistent.

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Structural Model Analysis (Inner Model)
Coefficient of determination (R2)
The results of the R squared calculation in table 5 below.

Table 5. R square Calculation Results

Variabel	*R-Square*	Description
Employee Engagement (Z)	0.454	Strong
Employee Performance (Y)	0.749	Strong

1. Predictive Relevance (Q2)
   The Q2 score of 0.8629 or 86.29% or close to 1 indicates that the exogenous latent variable is able to predict the endogenous variable well.
2. Goodness of Fit (GoF), by determining the strong criteria for weak model based on Goodness of Fit (GoF) measurements, which are 0.36 (GoF large), 0.25 (GoF medium), and 0.10 (GoF small)

Table 6. Goodness of Fit (GoF) Calculation Results

Rerata Communality	***Rerata R-square***	***GoF***
0,431	0,601	0,508

Table 6 shows that the GoF Index is 0.508 > 0.36, so it can be categorized as high. Thus, in this study, the measurement model and its structure are either Fit or Good.

Road Diagram Construction

The construction of the path diagram uses the SmartPLS 3.0 application by combining the inner model and the outer model of the arrow direction indicating the direction of causal (positive or negative) relationships between variables in the path diagram of Figure 2 below.

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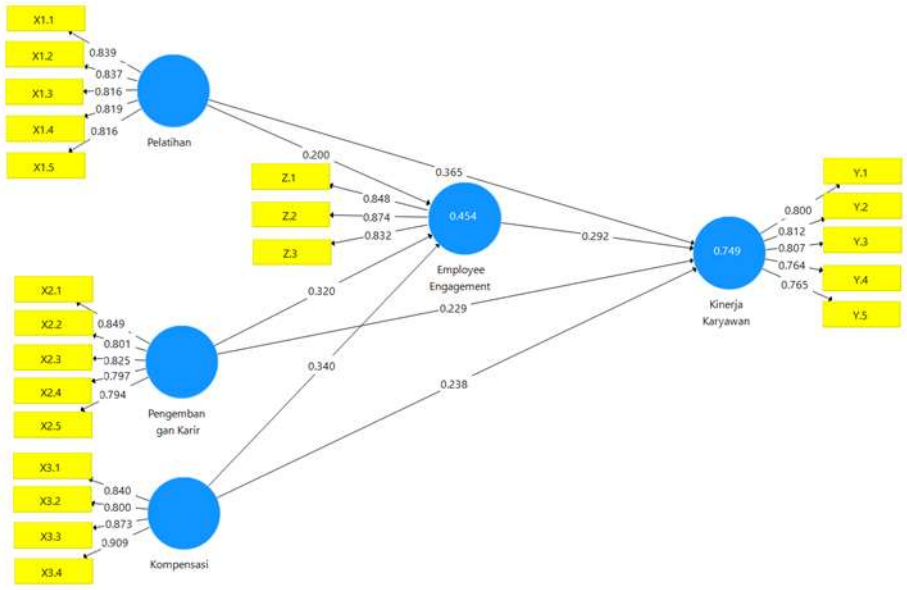


Figure 2. Path Diagram

DISCUSSION

1. Employee Performance Training

   Training has been shown to significantly improve employee performance. Well-structured training allows employees to develop technical skills and soft skills, which ultimately positively impact the quality, quantity, and timeliness of their work.

2. Career Development on Employee Performance

   Career development significantly affects performance. When employees have fair and prospective career opportunities, they show high motivation and loyalty to the organization, which drives performance improvement.

3. Compensation for Employee Performance

   Appropriate compensation is an important driver for performance improvement. Salaries, incentives, and other benefits create job satisfaction that motivates employees to deliver the best results.

4. Training, Career Development and Compensation for Employee Engagement

   All three variables were also shown to have a significant effect on employee engagement. When employees feel valued, cared for, and given the opportunity to develop, they will be more emotionally and psychologically involved with the organization.

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5. Employee Engagement to Employee Performance
   Employee engagement proved to be a strong mediating variable. Employees with high attachment tend to be more productive, more loyal, and more responsible for performing duties.
6. Indirect Influence (Mediation)
   Employee engagement significantly mediates the relationship between training, career development, and compensation for employee performance. This confirms the importance of creating a supportive, fair, and empowering working environment.

CONCLUSION

Based on the results of the analysis and discussion, it can be concluded that training, career development, and compensation directly and significantly affect the performance of employees at PT. East Java Regional Development Bank Tbk. The three variables also had a significant influence on employee engagement, suggesting that employee involvement could be improved through effective training programs, fair career opportunities, and adequate compensation systems. Employee engagement significantly affects employee performance, which indicates that the higher the employee's involvement, the higher the performance. Employee engagement also serves as a strong mediating variable in the relationship between training, career development, and compensation for employee performance.

Overall, this study emphasized that in order to optimally improve employee performance, companies need to pay attention not only to functional aspects such as training and compensation, but also to the psychological aspects of employees' emotional involvement with the organization.

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