

## **Improvement of Employee Banking Performance Based on Competency Improvement and Placement Working Through Career Development (Case Study in Indonesia)**

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**Abstract:** Nowadays, the number of banks in Indonesia reaches 120 banks with a very tight competitive conditions in particular compete with foreign banks that have assets and capital are very strong. Winning the competition in the banking sector can be achieved by creating a human resource management system so that qualified employees are able to produce optimal performance. The purpose of this study was to find human resource management policies that can improve performance by improving the competence of banking employees and placement of employees in the right place as well as through the career development of employees as an intervening variable. Research was done at the Bank Rakyat Indonesia (BRI) Branch Putri Hijau with a total population of 180 permanent employees and a sample of 65 employees of the BRI. This study used primary and secondary data. Method of data analysis used path analysis. Based on respondents' answers through questioner, it is known that employees have adequate competency. Employees are placed in accordance with the knowledge, skills and talents. Employees' career development has been well characterized by the presence of career planning and career management provided by the company for the benefit of employees and the company. The majority of employees have demonstrated optimal performance. The study concluded that the employee's performance can be improved significantly if the company is able to find employees who have sufficient competence and strive always to improve the competence of the employees and the employees put in the right place and pay attention and provide career development opportunities employees. Placement of the right employees is a dominant factor in improving employee performance. Career development as an intervening variable has a weak influence than the direct effect in improving employee performance.

**Key words:** Competency, job placement, career development, employee performance, company

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### **INTRODUCTION**

Currently, banks generally face great challenges, due to global competition is increasingly fierce. The rapid development of technology and advanced communication and transportation results environmental and demographic changes that affect rapidly changing customer tastes and uncertainty economic. In Indonesia, the number of banks has now reached 120 banks. This condition leads to competition between banks become increasingly stringent. Besides that, national banks are also facing tough competition from foreign banks that have total assets and more capital, so in this case each bank is required to have an edge, especially in the field of human resources.

Human resources is the initial capital plays an important role in the success of the banking industry is no exception at PT Bank Rakyat Indonesia (BRI) as a leading financial institution that always prioritizes customer

satisfaction. With the expected quality employees corporate activities can be done well. Therefore, employees are required to be more professional in order to achieve company goals. The competitiveness is reflected in the workers' capability and performance.

One of the things that are important to win the competition is through the management of human resources that may improve the performance of employees. Good management of employee performance will has an impact on improving the company's overall performance.

According to Nitisemito (2001), there are various factors that affect the performance of employees, among other things: competence, the amount and composition of compensation provided, proper placement, training and promotion, a sense of security in the future (with the severance and so on), the relationship with co-workers and the relationship with the leader.

One of the factors that support employee performance is competence. According to Wibowo, competencies are the basic characteristics of the person consisting of knowledge, skills and attitudes needed to produce a good performance. Therefore, companies can achieve success if supported by highly competent employees.

Competence problem at PT. BRI Branch Medan Putri Hijau today is still the presence of the majority of employees who are less able to solve problems quickly, lack of discipline and lack of motivation to work as well as less skilled in operating the equipment or technology. Unskilled employees are finally asking for help co-workers to be able to assist and guide in completing a given job. This led to the completion of the work becomes relatively longer. It causes overlapped works.

Besides competence, it is also needed accuracy in placing the employee in accordance with his/her competence. The purpose of the organization will be more easily to achieve if the employee is placed at a position corresponding to his/her competence. According to Hasibuan (2006), the placement of employees should be based on the job description and job specification which has been determined and guided by the principle of "the right man on the right place and the right man behind the job".

Based on interviews with Human Resource Department staffs at PT. BRI Branch Medan Putri Hijau, staffing process is done based on the needs of the company. Educational background and work experience have not become a major base in the placement of employees. Most of the employees who passed the selection process and placed on average do not have the educational background related to banking or finance. It causes challenge on adjustment of knowledge background to be applied in accordance with the job specifications.

One of the efforts to have employees with optimal performance is a support of a good career development program. The development of employees' career is the responsible of company in planning human resources so that employees have a positive attitude to produce positive behaviors that ultimately to be benefit for the company and employees.

Currently, employees are looking forward to the company that has the systems and policies that are concerned with improving career. At PT. BRI, education level is not too important in determining the opportunity to reach career advancement. An employee who has earned a Master Program (S-2) remained stationed as a customer service position as equal with the diploma

and bachelor graduates. So for those who have high educational background feels less fair and less appropriate in accordance with his/her job position.

Currently, at PT. BRI Branch Putri Hijau, it is still dissatisfaction related to career development managed by the company. Promotion policies prioritize on seniority than outstanding performance. Promotion policy of the company is also too dependent on the recommendation of the heads of units, so that employee who has good performance is not necessarily to get a promotion if less communicative with his/her superiors. This has an impact on the attitudes of employees who are not satisfied with the promotion policy that ultimately reduces his/her performance.

Most employees PT. BRI Medan Putri Hijau Branch expressed dissatisfaction with career positions achieved so far, the lack of information from the company relating to career opportunities, a number of employees who stated that career path in the company is unclear and uncertain, some employees aggrieved to get a chance in the promotion system and the company less match the career opportunities that exist with the ability of employees.

Not optimal levels of employee performance achieved by PT. BRI Branch Medan Putri Hijau today is inseparable from the problems that occur as a problem that has been described previously, namely the competence, job placement and career development of employees.

**Problem formulation:**

- Do competence and job placement significantly effect on employee's career development?
- Do competence, job placement and employee's career development significantly effect on employee's performance
- Does competence indirectly significant effect on employee performance through career development
- Does the employee placement indirectly significant effect on the performance of employees through career development

**Research objectives:** The purpose of this study is to investigate and analyze and find the dominant factors that can improve the performance of banking employees in particular employees of PT. BRI Putri Hijau Branch.

**Benefits of research:** The benefits of this research are as follows:

**Practical benefits:** As a means of information and input for the banking PT. BRI Medan Putri Hijau Branch in

improving employee performance through increased competence, employee placement and career development of employees.

**Theoretical benefits:** As the development of references in the field of Human Resource Management, particularly in performance, competence, job placement and career development of employees.

#### **Literatur review**

**Competency:** Palan (2008) defines competency as is increasingly being highlighted in working life. Furthermore, he believes that competence is crucial resources for individual, organization and community. Robin states that competence is someone's ability to perform the tasks which it has two factors, they are intellectual competence and physical competence. Intellectual competence is the ability to carry out mental activities while physical competence is the ability to do activities that require stamina, speed and skills. Intellectual competence plays important role in carrying out complex tasks. Therefore, Wu (2009) stated that employees' competence must have continuously been maintained and improved in order to be professional workers.

**Employee placement:** Employee placement is the process of assigning a new employee to a position within his or her sphere of authority where the employee will have a reasonable chance for success (Dessler, 2008). Kumar and Sharma (2001) define placement as the determination of the job to which an accepted candidate is to be assigned. Employee placement is important in an organization because it affects the employee's performance.

**Career development:** When a firm takes on career development as a human resource function such activity is called career guidance which is composed of three sub-processes or steps: forecasting, planning and counseling. The first step is to identify the usual path of promotion (career ladder) within the organization. The second step is to estimate when and where job opening will occur and to identify liking candidates for these openings (Peterson and Tracy, 1979).

In Organizational Development (OD), the study of career development looks at: how individuals manage their careers within and between organizations and how organizations structure the career progress of their members, it can also be tied into succession planning within some organizations.

In most industrial organizations, effort at career guidance are directed towards organizational goals thus each employee should take some initiative in

planning his or her own career. Since, not all firms accept the responsibility for retraining employee when job technology changes, the worker must be aware of the potential for change in any career he or she undertakes (Peterson and Tracy, 1979).

**Employee performance:** Vroom (1964) found that work performance is a combination of individual ability and motivation where ability is the individual capability to complete tasks and is a stable trait. Robbins (1978) on the other hand defines work performance as the capability of a worker to achieve an objective or goal of the organization. Syarifah also studied the concept of performance where several definitions were taken to define work performance as the success of an individual to achieve his role because of behaviour.

**Conceptual framework:** Kuijpers *et al.* (2006) found that competencies employees need to possess in order to engage in self-management in their career development. Competence affects career success. For this research, career competencies defined as know-how competencies (Kuijpers *et al.*, 2006) which directly affect individual employee perception of themselves in possessing knowledge, skills and abilities. The capability of individual employees' collective learning will contribute to idiosyncratic component of the organization and to career successes including both objective and subject career successes (Kuijpers *et al.*, 2006).

Qamariah and Fadl concluded that the competency and career path have significant effect on the performance but the most dominant influence on the performance of employees of PT. INALUM Kuala Tanjung is a career path. Clear career path and the opportunity to achieve the career ladder very spur employees to improve their performance.

Lotunani *et al.* (2014) found that there are positive and significant effects of the employees' competence on their performance. The higher civil servants competence, the bigger their performance will be. Palan (2008) says that competence refers to behavior characteristics which are reflected in motivation, personal characteristics, self-concept, values, knowledge and skills that people have in their workplaces.

According to Aion, there are individuals who have high level of competence but exhibit low performance because of not utilizing the competence. Higher performance may also be achieved through discipline and sheer hard work. Attention needs to be focused on competence, talent and performance but more detailed attention on efforts to develop talent and competence because in real life talent and competence are more useful than performance recorded.

Study by Hsu (2008) focused on the relationship between the organization's human capital referring work competence to organization's performance. The study found that the organization's performance could be enhanced through sharing of knowledge. Meanwhile, knowledge sharing in an organization also has positive impact on the human capital. Human capital in an organization is defined in this study as the worker's competence that has an effective impact on the work performance.

Rahmadhani, concluded that the placement of employees and significantly positive influences on the performance of employees at PT. PTPN III Medan. Dessler (2008) holds that faulty placement can result in poor employee performance which is in turn could lead to reduced organizational efficiency, increased attrition, threats to organizational integrity and frustration of personal and professional ambitions. Conversely, he argues that proper placement fosters personal growth, provides a motivating climate for employees, maximizes performance and increases the probability that organizational goals will be met.

Kumar and Sharma (2001) suggest that proper placement of workers reduces employee turnover, absenteeism and accident rates and improves morale, all of which have implications on overall employee performance and productivity in the organization. Employee placement entails executing proper induction by developing an induction plan and implementing it. Lumbantoruan, conducted a study which concluded that the employees' career development has a positive and significantly influence on employee performance improvement. Selmer and Leung (2003) said career development generally comprises human resources practices and corporate policies that aim to enhance the employee effectiveness and thus improve organizational performance. Orpen (1994) study demonstrated that career policies, career development and career information do have a positive correlation with performance. It also provided evidence that career information has a stronger effect on performance, compared to the other two factors (Fig. 1).

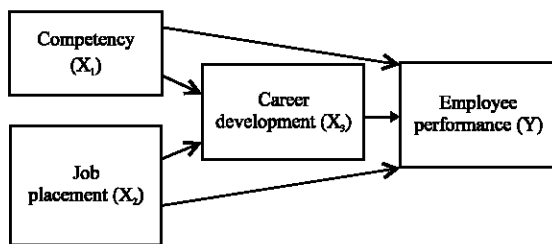


Fig. 1: Conceptual framework

**MATERIALS AND METHODS**

Type of study is a survey research explanatory. The research was conducted at PT. Bank Rakyat Indonesia Putri Hijau Medan Branch located at Jalan Putri Hijau No. 2 Medan, North Sumatra-Indonesia. The operational variables of this study are as follows:

- The independent variables (Exogenous) (X) consisting of: Competence (X<sub>1</sub>), Employment (X<sub>2</sub>) and Career Development (X<sub>3</sub>)
- The dependent variable (endogenous) is the performance of the employees of PT. Bank Rakyat Indonesia Putri Hijau Medan Branch (Y)

The population in this study was all permanent employees at PT. Bank Rakyat Indonesia Putri Hijau Medan Branch totaling 180 people with a sample of 65 employees. While the validity and reliability tests performed on the sample of respondents outside as much as 30 employees of PT. Bank Rakyat Indonesia Putri Hijau Medan Branch. Based on the results of validity and reliability, all questions are valid and reliable indicators. Data analysis technique used is the analysis of path analysis with two sub-structure equations, namely:

$$\text{Sub-structural 1: } X_3 = \rho_{x1x3} X_1 + \rho_{x2x3} X_2 + \epsilon_1$$

$$\text{Sub-structural 2: } Y = \rho_{x1Y} X_1 + \rho_{x2Y} X_2 + \rho_{x3Y} X_3 + \epsilon_2$$

Where:  
 X<sub>1</sub> = Competence  
 X<sub>2</sub> = Job placement  
 X<sub>3</sub> = Career development (intervening variable)  
 Y = Employee performance

**RESULTS AND DISCUSSION**

**Discussion of first sub-structure:** Based on the results in Table 1, it is concluded that:

- R = 0.360 means that the relationship between both competence and placement and the career development of 36% is weak
- R<sup>2</sup> of 0.130 which means 13% of employee career development can be explained by the competence of the system and placement of employees. While the remaining 87% can be explained by other factors not examined in this study

Table1: Mode 1 summary sub-structure 1

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. error of the estimate
1	0.360 <sup>a</sup>	0.130	0.102	7.044

<sup>a</sup>Predictors: Constant, X<sub>2</sub>, X<sub>1</sub>

$$R^2 = 0.130$$

$$\varepsilon_1 = \sqrt{1-R^2} = 0.933$$

Based on Table 2, it can conclude that both the competence of the system and placement of employees significantly effect on employee career development. Based on the result in Table 3, we can make sub-structure Eq. 1, namely:

$$X_3 = 0.137X_1 + 0.318 X_2 + \varepsilon_1$$

**Path coefficients:**  $P_{x1x3} = 0.137$  because the t-sig. = 0.253 >  $\alpha = 0.05$  then this coefficient is not significant.  $P_{x2x3} = 0.318$  because the t-sig. = 0.010 <  $\alpha = 0.05$  then this coefficient is significant.

**Discussion of hypothesis 1:** The results of the study showed that the first sub-structure, competence and placement simultaneously significant effect on career development. That is, if PT. BRI has had employees who have sufficient competence and appropriate staffing system, the employee's career development will be done well (Table 2).

Partial test results (t-test) showed that the competency does not significantly effect on career development. That is, even if the employee has had a high academic knowledge and good technical skills, it does not affect the employee's career development. This is because in the banks the opportunity to be promoted based on seniority; opportunities are very limited and centralized systems (Table 3).

Partial test results (t-test) showed that the placement significant effect on career development. That is, if the BRI bank employees were placed according to their ability and knowledge and talent, it will generate a positive attitude so that career development will be realized.

Table 2: ANOVA

Model	Sum of squares	df	Mean square	F-value	Sig.
<b>1</b>					
Regression	458.883	2	229.442	4.625	0.013 <sup>a</sup>
Residual	3075.978	62	49.613		
Total	3534.862	64			

<sup>a</sup>Predictors: Constant, X<sub>2</sub>, X<sub>1</sub>

Table 3: Partial test (t-test)

Model	Unstandardized coefficients (B)	SE	Standardized coefficients (β)	t-values	Sig.
<b>1</b>					
Constant	10.033	3.928		2.554	0.013
X <sub>1</sub>	0.278	0.241	0.137	1.153	0.253
X <sub>2</sub>	0.465	0.175	0.318	2.665	0.010

<sup>a</sup>Dependent variable: X<sub>3</sub>

**Discussion of the second sub-structure**

**Determinant coefficient (R<sup>2</sup>):** Processing of the data is shown in Table 4. Based on the results in Table 4, it is known that R = 0.572 means the relationship between competence, placement and career development and employee performance of 57.2% is moderate. The results of the coefficient of determination (R<sup>2</sup> = 0.327) indicates that the variable competence, employee placement, career development are able to explain the performance of employees is 32.7% while the rest can be explained by other factors not examined in this study.

**Discussion of second hypothesis:** Test results-F (Table 5) shows that the model is significant because sig-F = 0.000 <  $\alpha = 0.05$ . That is competence, job placement and career development of employee simultaneously positive and significant effect on employee performance. If the employee noticed an increase in competence, then the employee would have continued to increase competence and adequate staffing in conformity with the educational background and her talent and career development of employees is good and the banking performance will also increase. Employees will work in earnest, serving customers with satisfactory, since employees are satisfied and happy with the system and the policies that created by BRI.

**Sub-structur 2 equation:**

$$Y = 0.282X_1 + 0.340X_2 + 0.207X_3 + \varepsilon_2$$

**Path coefficient:**  $\rho_{x1Y} = 0.282$ , since t-sig. = 0.011 <  $\alpha = 0.05$  then this coefficient is significant.  $\rho_{x2Y} = 0.340$ , since t-sig. = 0.003 <  $\alpha = 0.05$  then this coefficient is significant.  $\rho_{x3Y} = 0.207$ , since t-sig. = 0.071 >  $\alpha = 0.05$  then this coefficient is not significant:

$$R^2 = 0.327$$

$$\varepsilon_2 = \sqrt{1-R^2} = 0.820$$

Table 4: Model summary

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. error of the estimate
1	0.572 <sup>a</sup>	0.327	0.294	0.655

<sup>a</sup>Predictors: Constant, X<sub>3</sub>, X<sub>1</sub>, X<sub>2</sub>

Table 5: ANOVA<sup>b</sup>

Model	Sum of squares	df	Mean square	F-value	Sig.
<b>1</b>					
Regression	12.709	3	4.236	9.881	0.000 <sup>a</sup>
Residual	26.152	61	0.429		
Total	38.862	64			

<sup>a</sup>Predictors: Constant, X<sub>3</sub>, X<sub>1</sub>, X<sub>2</sub>; <sup>b</sup>Dependent variable: Y

**Effect analysis between variables for hypothesis two:**

Based on Table 6, partial test (t-test), there is a significantly positive effect of competency on performance. There is a significantly positive influence of the work placement on the performance. However, career development has no significant effect on employee performance. Job placement is the dominant variable that affects the performance. The direct effect of employee's competence on employee performance is 0.282 and it is significant. That is, competence has a positive and significant effect on the performance of bank employees. If the employee competency is enhanced, the performance of employees will increase. The performance and effectiveness of employees in carrying out the task is determined by the competencies required by the field work. Through the adequate competence, someone will be able to apply in practical all job duties in accordance with the specified job description. Therefore, a good performance was supported by the competencies required by the field work.

Higher employee competence can be gauged from the increasing knowledge and skills and the development of attitudes and better self-concept. While the characteristics of employees with high competence can be seen from some of the indicators that is capable of performing their duties according to the standard of work has a vast knowledge are able to complete the task quickly, accurately and completely, able to draw up a report with accurate and systematic have positive attitudes and behaviors.

The results of this study support the studies that have been done by Nugroho that competency and significant positively effect on the performance of employees at Kantor Pertanahan in Semarang. This study is also positively and significantly impact on the performance of employees in the Legislative Council Secretariat. The implications of these results, the performance of employees in the Department of Education in Sukoharjo can be improved through increased competence. The direct effect of the placement on the performance of employees is 0.340 and significant. That is, the proper placement of employees significantly positive effect on the performance of bank employees.

Based on the descriptive analysis of the variables is known that most of the employees remained at PT. Bank

Table 6: Parsial test (t-test)

Model	Unstandardized coefficients (B)	SE	Standardized coefficients (β)	t-values	Sig.
1					
Constant	-0.072	0.384	-	-0.187	0.852
X <sub>1</sub>	0.060	0.023	0.282	2.635	0.011
X <sub>2</sub>	0.052	0.017	0.340	3.051	0.003
X <sub>3</sub>	0.022	0.012	0.207	1.837	0.071

\*Dependent Var: Y

Rakyat Indonesia Medan Putri Hijau Branch feel that the placement of the work done by PT. Bank Rakyat Indonesia Putri Hijau Medan Branch is in conformity with the qualifications for the positions they get.

If the company puts the employee in accordance with his/her educational qualifications, abilities, special skills in the work, professional attitude and experience in the field of work then the employee has a positive attitude towards their work so that positive behavior while carrying out their duties such employees will result in a high level of productivity in the work not easily tired and exhausted in carrying out the work, always carry out the work with honest and are able to be patient with the workload that a lot of the performance of employees of PT. Bank Rakyat Indonesia Putri Hijau Medan Branch will increase.

The results of this study are supported by Dessler (2008) and Kumar and Sharma (2001) who proved that puts employees in accordance with the knowledge, abilities, skills, work experience and talents of employees will result in good employee's performance.

The influence of career development on employee performance is 0.207 and it is not significant. That is, developing employee career or not it does not affect the performance of employees. This happens because companies are less focused on the regeneration of employees, lack of planned human resources, lack of focus on the provision of adequate information about career paths and career opportunities that are not obvious. However, BRI encourage and require employees to work with to be able to produce a superior job in quantity and superior quality that BRI is still able to survive in the midst of the many competitors in the banking sector such as Common Bank, Commercial Bank, Foreign Bank and Domestic Bank. The amount of influence between variables is shown in Fig. 2.

**Discussion of third hypothesis:** Based on the test of path coefficients on the second sub-structure, it is known that indirect effect of competence on banking employee

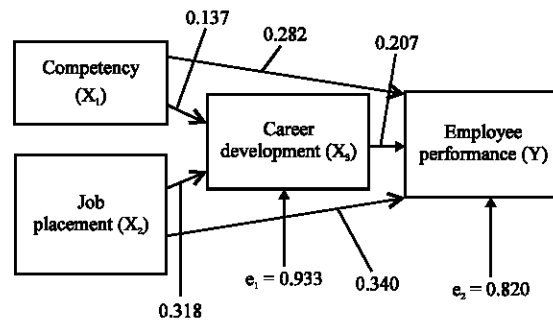


Fig. 2: Effects among variables

performance through career development is 0.028 ( $0.137 \times 0.207$ ). This is shown that the role of career development as an intervening variable is still very small compared to the direct influence of competence on performance.

Based on the testing of path coefficients in the second equation, it is known the total influence of the competence on the performance is 0.31 ( $0.282 + 0.137 \times 0.207$ ). These results indicate that the total effect of competence on employee performance through career development variables is 0.31 or 31% and the remaining 69% are influenced by factors outside the model.

**Discussion of fourth hypothesis:** Based on the test results of path coefficients, it shows that indirectly influence placement on performance through career development is still very small compared to the direct influence on employee performance placement.

While the total effect of placement on performance through career development is 0.416 ( $= 0.340 + 0.318 \times 0.207$ ). These results indicate that the total effect on the effectiveness of career employees through variable compensation amounted to 0.416 or 41.6% and the remaining 58.4% are influenced by factors outside the model.

## CONCLUSION

Based on the data analysis and evaluation of the research conducted, it can be concluded that:

- Competence and job placement significantly influence employee career development at PT. BRI Putri Hijau Medan Branch
- Performance of employees at PT. Bank Rakyat Indonesia Putri Hijau Medan Branch significantly influenced by competence, job placement and career development of employees
- Competence indirectly significant effect on performance through career development as an intervening variable, although the effect of the intervening variable is weak
- Placement of employees indirectly has a significant effect on performance through the career development as an intervening variable, although the effect of the intervening variable is weak

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