

The Effect of Human Resource Development on Employee Performance with Motivation as an Intervening Variable at LPD in Mengwi District, Badung Regency

I Made Mahendra Putra ^{a)} Anak Agung Dwi Widnyani, Ni Putu Ayu Sintya Saraswati

Universitas Mahasaraswati Denpasar

"Corresponding Author: imademahendraputra@gmail.com"

ABSTRACT. Performance is a result of work achieved by a person in carrying out the tasks assigned to him based on skills, experience and sincerity and time. Creating high employee performance, the organization must be able to provide development and motivation to its employees so that employees are increasingly encouraged to carry out their duties so as to increase their overall productivity. This study aims to examine and obtain empirical evidence of the effect of human resource development on employee performance with motivation as an intervening variable at LPD in Mengwi District, Badung Regency. The population in this study were employees who worked at the LPD in Mengwi District, Badung Regency, amounting to 306 people. The sample in this study was 75 people using the Slovin formula. Collecting data using a questionnaire. The data analysis technique used SEM-PLS 3.0. The results showed that: 1) human resource development had a positive but not significant effect on employee performance, 2) human resource development had a positive and significant effect on employee performance, 3) motivation had a positive and significant effect on employee performance, 4) motivation as a intervening variables affect the development of human resources on employee performance. Further research can develop this research by using other variables which in theory have an influence on employee performance.

INTRODUCTION

Human resources have a very important role in company activities, because after all the progress and success of a company cannot be separated from the role and ability of good human resources(1). Human resources are a source to achieve competitive advantage because of their ability to convert other resources (money, machines, methods and materials) into results (products or services)(2). One of the most important factors influencing the progress of a company is employee performance. Performance is a condition that must be known and informed to certain parties to find out the level of achievement of the results of an agency associated with the vision carried out by an organization and to know the positive and negative impacts of an operational policy taken. Good performance is optimal performance, namely performance that is in accordance with organizational standards and supports the achievement of organizational goals.

Village Credit Institutions (LPD) are a type of non-bank microfinance institution where the owner is a traditional village institution or village pakraman (institution) and is the only non-bank microfinance institution managed by a traditional village institution in Bali. The existence of LPDs in Bali is regulated in the Bali Provincial Regulation Number 2 of 1988, and has been updated with the Regional Regulation Number 8 of 2002, with the following characteristics: (1) is a business entity; (2) belonging to Pakraman Village; (3) formed and managed by Pakraman village; (4) carry out the functions of the financial institutions of the Pakraman village community.

Mengwi District is one of the sub-districts in Badung Regency, which consists of 38 traditional villages and 38 LPDs employing 306 employees. The community in Mengwi District is greatly helped by getting credit facilities from the existence of the Village Credit Institution (LPD). LPD is the lifeblood for the economic sustainability of a village. Seeing the importance of the LPD function, it is necessary to have a special institution that can empower the LPD, so that the Village Credit Institution Empowerment Institution (LPLPD) is formed. The LPLPD carries out its duties through technical strengthening related to administration and bookkeeping, checking, upgrading, managing the LPD security budget, managing the LPD inventory guarantee budget, managing the LPD liquidity support budget, and controlling LPD problems.

Based on a report from the Village Credit Institution Empowerment Agency (LPLPD) of Badung Regency that in the last 1 year, 2020, credits distributed to the village people of Pakraman (village residents) have made several payments smooth and there are also payments that are still in doubt and even cannot be billed. congested). In addition, based on observations and interviews conducted with the head of the LPD in Mengwi District, Badung Regency, there are other problems regarding employee absenteeism. Where in the last 1 year, namely 2020, employee attendance fluctuated so that it hampered the completion of the work carried out. Good

or bad the level of employee absenteeism will greatly affect the company's goals. Employee absence affects the high and low employee performance. This is due to the lack of development and motivation given to LPD employees in Mengwi District, Badung Regency. With high absenteeism, work is delayed so that the company cannot run optimally.

Basrie(3), Rohayati(4) and Supriadi(5) empirical studies conclude that human resource development has a positive and significant influence on employee performance. However, this is contrary to the research of Karo and Tamami(6) and Jatmika and Andarwati (7) which state that human resource development has no effect on employee performance.

Research by Siregar(8), Sembiring(9) and Fitrianto(10) which states that motivation has a positive and significant effect on employee performance. This means that motivation plays an important role in influencing the level of ability in carrying out its functions, so that a harmonious atmosphere can encourage good work performance and affect employee performance. However, research by Adha, et al(11) and Sinaga and Hidayat(12) explains that motivation has no effect on employee performance.

The difference in the results of one study with other studies causes it to be necessary to conduct a review of human resource development on employee performance with motivation as an intervening variable in order to prove the influence of each of these variables directly or indirectly on employee performance.

The purpose of this study is to answer the formulation of the research problem, namely to determine the influence of human resource development, either directly or indirectly, on employee performance with motivation as an intervening variable at LPD in Mengwi District, Badung Regency.

LITERATURE REVIEW

Human Resources Development

States that development is an effective way to deal with some of the challenges faced by many large organizations. Human resource development is an effort to develop the quality or capability of human resources through the education planning process, training and management of personnel or employees to achieve an optimal result(13).

Motivation

Argues that motivation is the process of influencing or encouraging from outside a person or work group so that they want to carry out something that has been determined. Motivation is the strength of an individual's tendency to engage in goal-directed activities at work(14). It is not a feeling of pleasure relative to the results of various jobs as well as satisfaction, but rather a feeling of being willing/willing to work to achieve the goals of the job.

Employee Performance

Performance is the result of work that can be achieved by a person or group of people in a company in accordance with their respective authorities and responsibilities in an effort to achieve organizational goals illegally, not violating the law and not contrary to morals and ethics(15). Performance is the implementation of the plans that have been prepared. Performance implementation is carried out by human resources who have the ability, competence, motivation, and interests. How the organization values and treats its human resources will affect its attitudes and behavior in carrying out performance.

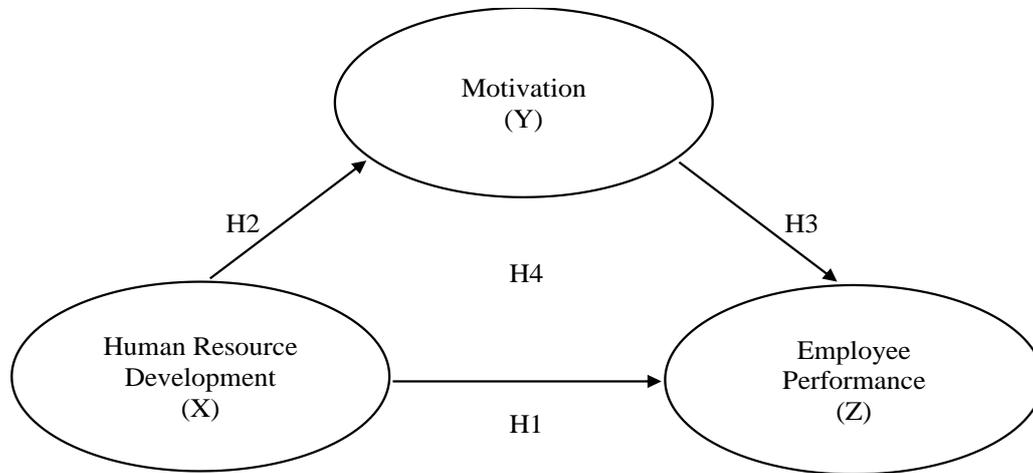
Hypothesis

- H₁ : Human resource development has a positive effect on employee performance at LPD in Mengwi District, Badung Regency.
- H₂ : Human resource development has a positive effect on employee motivation at LPD in Mengwi District, Badung Regency.
- H₃ : Motivation has a positive effect on employee performance at LPD in Mengwi District, Badung Regency.
- H₄ : Motivation as an intervening variable affects the development of human resources on employee performance at LPD in Mengwi District, Badung Regency.

RESEARCH METHODS

This research was conducted at LPD in Mengwi District of Badung Regency. The population in this study is all employees in LPD in Mengwi District of Badung Regency, which amounted to 306 employees. The sample in the study was 75 respondents who were determined using the formula slovin. The sampling method used in this study is probability sampling which is simple random sampling. While the data analysis techniques used in

this study use a variance-based structural equation model or component based structural equation model, known as Partial Least Square (PLS) which is tested through the following stages: conceptualization of the model, determining the algorithm analysis model, determining the method of resampling, drawing path diagrams, model evaluation, hypothesis testing, and testing the influence of mediation using the SmartPLS program version 3.0. The research focuses on the relationship between human resource development, motivation and employee performance described through the following concept framework.



Source: the results of researchers' thoughts

(2021)

FIGURE 1. Framework of Research Concepts

RESEARCH RESULT

Measurement Model Evaluation/Outer Model

a) Convergent Validity

An indicator is said to be valid if the outer loading coefficient is greater than 0.70. However, in the research stage of the scale development stage, loading 0.50 to 0.60 is still acceptable(16), and the p-value <0.05 or significant at the t-statistic 1.96. The measurement results of the outer model in this study are as follows.

TABLE 1. Outer Loading Calculation Results Indicators for Variables HR Development, Motivation and Employee Performance

Variable	Indicators	Outer Loading Coefficient	P-Values
HR Development (X)	Knowledge (X1)	0,786	0,000
	Ability (X2)	0,780	0,000
	Skills (X3)	0,764	0,000
Motivation (Y)	Hard work (Y1)	0,671	0,000
	Future orientation (Y2)	0,815	0,000
	Efforts to move forward (Y3)	0,868	0,000
	Selected co-workers (Y4)	0,620	0,000
	Perseverance (Y5)	0,888	0,000
	Utilization of time (Y6)	0,946	0,000

Employee Performance (Z)	Quality of work (Z1)	0,930	0,000
	Quantity (Z2)	0,981	0,000
	Responsibility (Z3)	0,929	0,000
	Cooperation (Z4)	0,793	0,000
	Initiative (Z5)	0,965	0,000

Source: Data Process, 2021

b) Discriminant Validity

TABLE 2. Cross Loading Calculation Results

	HR Development (X)	Motivation (Y)	Employee Performance (Z)
X1	0.786	0.175	0.219
X2	0.780	0.264	0.251
X3	0.764	0.406	0.179
Y1	0.408	0.671	0.258
Y2	0.131	0.815	0.310
Y3	0.323	0.868	0.324
Y4	0.115	0.620	0.225
Y5	0.349	0.888	0.317
Y6	0.401	0.946	0.349
Z1	0.170	0.349	0.930
Z2	0.333	0.398	0.981
Z3	0.291	0.325	0.929
Z4	0.188	0.249	0.793
Z5	0.258	0.364	0.965

Source: Data Process, 2021

The results of the calculation of factor loading from each construct indicator have the highest factor loading to the intended construct compared to other factor loadings and are declared valid.

c) Reliability

TABLE 3. Calculation Results of Composite Reliability and Cronbach Alpha

Variable	Composite Reliability	Cronbach Alpha
HR Development (X)	0,820	0,781
Motivation (Y)	0,918	0,891
Employee Performance (Z)	0,966	0,955

Source: Data Process, 2021

The calculation results show that the value of all constructs has shown a value greater than 0.70 so that it meets the reliable requirements based on the criteria of composite reliability and cronbach alpha.

Evaluation of the Structural Model/Inner Model

a) Evaluation of Structural Models Through R-Square (R²)

TABLE 4. R-Square and AVE Calculation Results

Variable	R-Square	AVE
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HR Development (X)	0,000	0,603
Motivation (Y)	0,149	0,656
Employee Performance (Z)	0,158	0,850

Source: Data Process, 2021

The R² value for human resource development (X) on motivation (Y) is 0.149, which means that 14.90% motivation is influenced by human resource development, while the remaining 85.10% is other factors outside the research model. The R² value of 0.149 is classified as a weak model.

R² value of 0.158, indicated by the influence of human resource development and motivation on employee performance. This means that 15.80% of employee performance is influenced by the development of human resources and motivation, the remaining 84.20% is other factors outside the research model. The R² value of 0.158 is included in the weak category.

b) Evaluation of Structural Models through Q-Square Predictive Relevance (Q²)

The results of the calculation of Q-Square Predictive Relevance (Q²) are as follows.

$$\begin{aligned}
 Q^2 &= 1 - (1 - R^2_1) (1 - R^2_2) \\
 &= 1 - (1 - 0,149) (1 - 0,158) \\
 &= 1 - (0,851) (0,842) \\
 &= 1 - (0,716542) \\
 &= 0,2834
 \end{aligned}$$

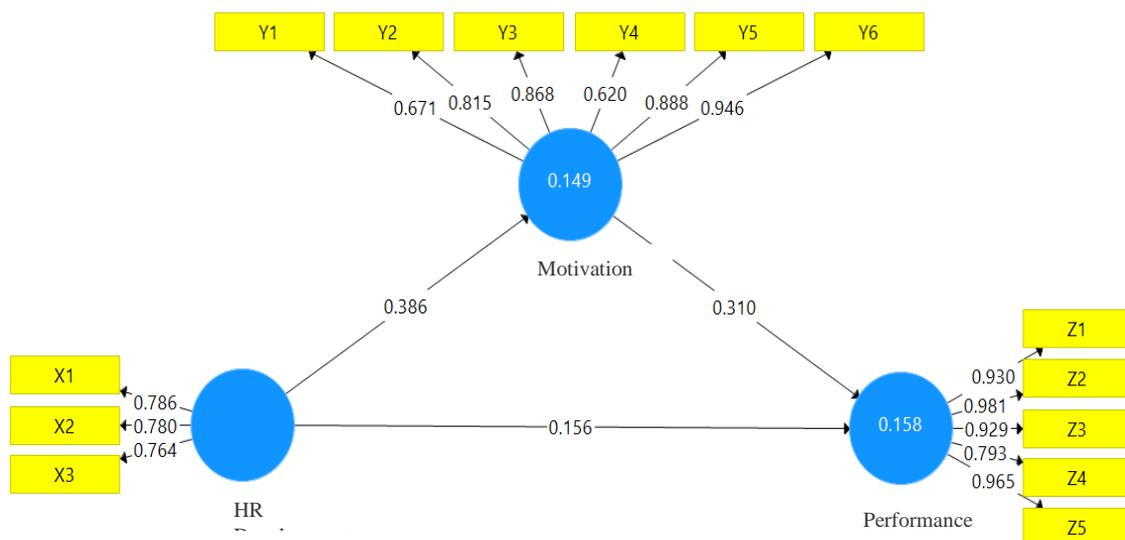
The results of the Q² calculation of 0.2834 (28.34%) can be explained through the relationship between the variables of human resource development, motivation and employee performance, while the remaining 71.66% are other factors outside the research model. Referring to the criteria for the strength and weakness of the model based on the value of Q-Square Predictive Relevance (Q²), this model is classified as strong.

c) Evaluation of Structural Models through Goodness of Fit (GoF)

The results of the measurement of the strength of the model based on the Goodnes of Fit (GoF) are as follows.

$$\begin{aligned}
 GoF &= \sqrt{(AVE \times R^2)} \\
 GoF &= \sqrt{[(0,603 + 0,656 + 0,850)/3] \times [(0,149 + 0,158)/2]} \\
 GoF &= \sqrt{[2,109/3] \times [0,307/2]} \\
 GoF &= \sqrt{0,703 \times 0,1535} \\
 GoF &= \sqrt{0,1079105} \\
 GoF &= 0,3284
 \end{aligned}$$

The results of the GoF calculation above show a value of 0.3284, then referring to the criteria for the strength of the measurement model through the Goodness of Fit (GoF), this model is classified as a strong model.



Source: Data Process, 2021

FIGURE 2. Path Diagram of Relationship Between HR Development, Motivation and Employee Performance

TABLE 5. Direct Relationship Between Variables HR Development, Motivation and Employee Performance

Relationship Between Variables	Path Coefficient	T Statistics	P Values	Information
HR Development (X) → Employee Performance (Z)	0,156	0,993	0,321	Not significant
HR Development (X) → Motivation (Y)	0,386	4,213	0,000	Significant
Motivation (Y) → Employee Performance (Z)	0,310	3,265	0,001	Significant

Source: Data Process, 2021

The Effect of Human Resource Development on Employee Performance

The test of the path coefficient between the development of human resources to the construct of employee performance is 0.156 with a t-statistic coefficient of $0.993 < t\text{-table } 1.96$ and a significance value of $0.321 > 0.05$, indicating that human resource development has a positive effect but not significant to employee performance. The results of this test prove that hypothesis 1 (H_1), which states that human resource development has a positive effect on employee performance, is accepted. This means that the human resource development program implemented at the LPD in Mengwi District, Badung Regency can be said to be good, but the results that show no significance mean that there is still a lack of human resource development programs that are provided and are not carried out routinely. In this case the LPD in Mengwi District, Badung Regency must dare to take action to improve human resource development programs such as providing education and training to increase knowledge, abilities and skills to be more useful for employees and not just an obligation, if human resource development programs are implemented. effectively, the program will have a good impact on employee performance, and can even improve the quality of employees at the LPD in Mengwi District, Badung Regency in the future.

Human resource development is a process carried out to develop the knowledge, skills, and abilities of workers. Likewise, the competencies developed through training and development, organizational learning, leadership management, and knowledge management for the sake of improving performance. Human resource development needs to be done to train and improve skills in real terms and can complete a job (17).

The results of this study are supported by research by Lande, et al. (2017) which states that training and development have a positive and insignificant effect on employee performance.

The Effect of Human Resource Development on Motivation

The test of the path coefficient between the development of human resources to the motivational construct is 0.386 with a t-statistic coefficient of $4.213 > t\text{-table } 1.96$ and a significance value of $0.00 < 0.05$, indicating that human resource development has a positive and negative effect. significant to motivation. The results of this test prove hypothesis 2 (H_2), which states that the development of human resources has a positive effect on motivation and is acceptable. That is, the increasing development of human resources provided, the work motivation of employees at LPD in Mengwi District, Badung Regency will also increase.

Human resource development has a vital role in efforts to direct, encourage, motivate the improvement/development of the capabilities and skills of employees who are implemented in their work to achieve the effectiveness of human resources in the organization. If the individual has high motivation then he will perform high so that the goals to be achieved and what the company wants can be realized. A number of studies have been conducted to determine the effect of human resource development on motivation.

The results of research by Syaiful(2016), Mota (2014) and Chauhan (2019) show that human resource development has a positive and significant effect on motivation.

The Effect of Motivation on Employee Performance

The test of the path coefficient between motivation to construct employee performance is 0.310 with a t-statistic coefficient of $3.265 > t\text{-table } 1.96$ and a significance value of $0.01 < 0.05$, indicating that motivation has a positive and significant influence on employee performance. The results of this test prove hypothesis 3 (H_3), which states that motivation has a positive effect on employee performance and is acceptable. That is, the increasing motivation given, the performance of employees at the LPD in Mengwi District, Badung Regency also increases.

Motivation is also a factor that drives a person's performance to perform a certain activity. Providing the right motivation will encourage employees to work more effectively and efficiently. The company not only

expects employees to be capable, capable, and skilled, but most importantly they are willing to work hard and are willing to achieve maximum work results. To achieve this, companies must provide good motivation to all employees in order to achieve work performance and improve performance(18). A number of studies have been conducted to determine the effect of motivation on employee performance.

The results of research by Siregar(8), Sembiring(9) and Fitrianto(10) show that motivation has a positive and significant effect on employee performance.

The Effect of Human Resource Development on Employee Performance with Motivation as an Intervening Variable

TABLE 6. Total Indirect Effect Calculation Results

Relationship Between Variables	Path Coefficient	T Statistics	P Values	Information
HR Development (X) → Motivation (Y) → Employee Performance (Z)	0,120	2,404	0,017	Significant

Source: Data Process, 2021

The test of the path coefficient between the development of human resources through motivation to the construct of employee performance is 0.120 with a t-statistic coefficient of 2.404 > t-table 1.96 and a significance value of 0.017 < 0.05. The results of this test prove hypothesis 4 (H₄), which states that motivation as an intervening variable affects the development of human resources on employee performance is acceptable.

Basically the company does not only expect capable, capable, and skilled employees, but the company needs employees who are willing to work hard and have the desire to achieve optimal performance. So, motivation is needed so that individuals can achieve the expected goals or performance(19).

This is supported by the results of research by Arofah, et al(20) and Putri and Mashudi(21) who explained that motivation was proven to be an intervening variable in the relationship between human resource development and employee performance.

CONCLUSION

Based on the problems and hypotheses, research results able to prove and answer the research problems can be obtained. The conclusions that can be drawn are as follows :

- 1) Human resource development has a positive but not significant effect on employee performance at LPD in Mengwi District, Badung Regency. This shows that the human resource development carried out at the LPD in Mengwi District, Badung Regency can be said to be good, but the insignificant results mean that there is still a lack of human resource development programs provided and not carried out routinely. So that at the LPD in Mengwi District, Badung Regency, it is necessary to carry out a more in-depth human resource development program such as holding education and training activities to increase knowledge, abilities and skills to be more useful in improving employee performance in the future.
- 2) Human resource development has a positive and significant effect on motivation in LPDs in Mengwi District, Badung Regency. That is, the increasing development of human resources provided, the work motivation of employees at LPD in Mengwi District, Badung Regency will also increase.
- 3) Motivation has a positive and significant effect on employee performance at LPD in Mengwi District, Badung Regency. That is, the increasing motivation given, the performance of employees at the LPD in Mengwi District, Badung Regency also increases.
- 4) Motivation as an intervening variable affects the development of human resources on employee performance at LPD in Mengwi District, Badung Regency. This indicates that motivation should be a concern in providing proper development to improve employee performance at LPDs in Mengwi District, Badung Regency.

Recommendations

Based on the conclusions from the research that has been described, it can be submitted suggestions regarding this research :

- 1) To improve the development of human resources, if it is necessary to increase the knowledge indicator. For this reason, the LPD in Mengwi District, Badung Regency needs to provide activities such as more in-depth training and education in order to increase the knowledge of their employees in carrying out their duties so that they will be more useful in the future.

- 2) To increase motivation, if it is necessary to increase the time utilization indicator. For this reason, the LPD in Mengwi District, Badung Regency needs to provide free time opportunities for their employees to work and do what they want without coercion from superiors so that employees do not feel pressured at work.
- 3) To improve employee performance, if it is necessary to increase the indicators of responsibility. For this reason, the LPD in Mengwi District, Badung Regency needs to provide sanctions if employees are negligent in their duties, either in the form of warnings or punishments such as additional assignments, so that with these sanctions employees can be more responsible at work.
- 4) For the next researcher, it is possible to combine indicators for compiling variables from various sources, so that they can define variables more broadly. And it can add independent variables that can affect employee performance such as leadership style, organizational culture, work environment, and knowledge sharing.

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