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Bank Himbara's Employee Organizational Performance Model Through Employee Competencies

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Abstract. Digital banking has become an integral part of the modern banking industry, especially for the State-Owned Bank Association (Himbara). This transformation significantly affects operations and organizational structures, including workforce restructuring, where many employees are transferred to sales units with higher targets. However, this placement poses a challenge when most employees do not have the appropriate competencies for their new roles. This study explores the role of Strategic Human Resource Management (SHRM) and workforce restructuring in improving employee performance through adjusting their competencies. This study uses a quantitative descriptive method, with data collected through a survey of 205 permanent employees of Bank Himbara in the North Sumatra region, selected using the Slovin formula. This study uses regression analysis to test the relationship between these variables. The results show that the right SHRM can improve employee performance, but this success depends on employee competencies following the demands of their new roles. Restructuring that is not balanced with competency development causes a decrease in productivity. These findings provide important insights for HR managers in designing effective policies in the digital banking era.
Keywords: Strategic Human Resource Management, Employee Restructuring, Employee Competence, Employee Performance.

INTRODUCTION

Digital transformation has significantly impacted various industrial sectors, including banking, especially the Association of State-Owned Banks (Himbara) consisting of BNI, BRI Mandiri, and BTN, which is currently in a phase of massive disruption due to technological advancements. Digital banking, which includes electronic banking services such as mobile banking, internet banking, and other technologies, has become a key driving force in modern banking efforts to innovate, improve efficiency, and expand the reach of its services (Marous, 2019). Banks now face not only the need to improve customer accessibility and comfort but also to fundamentally change their operational structure to accommodate the demands of the digital age (Baker & McKinsey, 2021).

Digital banking allows customers to access banking services anywhere and anytime without visiting a branch office. This technology has been proven to increase efficiency, reduce operational costs, and increase customer satisfaction (Deloitte, 2020). For the banking industry, digitalization allows the automation of many processes that previously relied on human labor, such as transaction administration, account opening, and customer service. Banks can reduce reliance on employees who do manual tasks and shift their focus to more strategic value-added activities, such as business development and product innovation (Capgemini, 2021).

However, in these various benefits, digital banking also presents significant challenges, especially regarding human resource management. The role of employees, especially in the operational department, has changed drastically after implementing Digital Banking in each Himbara Bank. Many tasks previously performed by employees are now being taken over by automation systems, reducing the need for manual labor in banking branches (Klynveld Peat Marwick Goerdeler, 2020). As a result, many banks are responding to this situation by restructuring their workforce, which often involves reducing the number of employees in traditional positions and moving them to more business-target-oriented units, such as sales (Lowell & William, 2020).

In such a situation, strategic human resource management (HRMS) plays a vital role. In order for the employee restructuring process to run successfully, an adaptive human resource management approach is needed that can support employees in dealing with these changes (Ulrich & Dulebohn, 2020). This strategy should include appropriate training programs, skill development relevant to the new role, and ongoing evaluation and support that allows employees to adapt to new demands. Without adequate support from management, many employees will face difficulties in adjusting, which ultimately negatively impacts the organization's overall performance (Baker & McKenzie, 2021).

This employee restructuring generally aims to increase efficiency and productivity. For example, employees who previously served in the administration or branch operational services are now transferred to sales units more focused on achieving business targets, such as increasing customers or selling banking products (Mercer, 2021). However, this process does not always go smoothly. Employees who are transferred to new roles often do not have sufficient skills or experience in the field of sales or marketing, leading to a decline in individual and team performance (Ernst & Young, 2021).

This competency problem is the main challenge for many banks that implement digital banking. Employees who previously worked in operations may have good technical skills but often lack the interpersonal or sales skills required in sales roles (Gartner, 2020). This causes them to have difficulty adapting to the demands of a new job, which impacts their overall performance.

Many fail to meet the set targets, which, in some cases, also negatively impacts the overall productivity of the sales team (Henderson Bruce, 2020).

The performance of employees at the Bank of the Association of State-Owned Banks (Himbara) in the North Sumatra Province region still has many employees who have not worked optimally, where the practice of strategic human resource management and employee restructuring, as well as the adjustment of employee competencies, has resulted in Bank Himbara employees not showing high productivity after the implementation of digital banking in supporting the progress of the organization.

The literature has widely discussed employee restructuring and performance in the digital banking era, but most of it focuses on technological and operational aspects, with little attention to human resources aspects (Mercer, 2021). Previous studies tended to ignore the direct impact of workforce restructuring on employee competencies and performance. This study aims to fill the gap by exploring how strategic human resource management can help employees adapt to changing roles after workforce restructuring in the banking sector.

Furthermore, the study focuses on sales units, where many employees who were previously in operational units are now placed. This area requires special attention because sales roles demand competencies that are very different from operational roles. One of the commonly used approaches by banks is the pick-up or *canvassing* strategy, where employees actively approach potential customers to offer banking products (Marous, 2019). However, without adequate skills, employees will struggle to carry out these tasks effectively (Baker & McKinsey, 2021).

This study also seeks to explore the role of competency as an important mediating variable in the relationship between employee restructuring and employee performance. Employee competencies, which include technical, interpersonal, and sales skills, are key factors in determining how employees can adjust to their new roles (Boyatzis, 2020). By developing relevant competencies, strategic human resource management can minimize the negative impact of employee restructuring and support employees in achieving the expected targets.

The novelty of this research lies in a more in-depth exploration of how strategic human resource management and employee restructuring in the banking sector, especially after implementing digital banking, affect employee performance through competency adjustment. In contrast to previous studies that emphasized technological aspects and operational efficiency, this study pays special attention to the role of strategic human resource management in supporting employees who are transferred to sales units after employee restructuring. This study highlights how the *canvassing* strategy can be successfully implemented when employees have adequate competencies and how competency mismatches affect employee productivity.

This research also offers a new perspective by including employee competencies as a mediating variable that connects strategic human resource management and employee restructuring to employee performance. This approach has not been widely discussed in the literature, especially in the context of digital transformation in the banking industry. The results of this research are expected to make a practical contribution to human resource managers in formulating more effective policies to face the challenges of the digitalization era.

LITERATURE REVIEW

This literature review discusses concepts and theories related to the variables in the research, namely independent variables; Strategic Human Resource Management (MSDMS) and Employee Restructuring to the Dependent Variable: Employee Performance through Intervening Variable: Employee Competence. In addition, literature will be included that is relevant to the changes in the banking industry landscape after the implementation of digital banking.

Employee Performance

Employee performance is defined as the level of achievement of employees in carrying out the tasks and responsibilities given, in accordance with the targets that have been set by the organization. According to Mathis and Jackson (2011:378), employee performance is influenced by several main factors such as ability, motivation, and support from the work environment. Employee performance improvement is a key focus in strategic human resource management, especially in situations where major changes occur in the organization, such as employee restructuring.

In the banking sector, employee performance is usually measured related to productivity in achieving sales targets, customer service, and compliance with internal procedures. In the context of this study, employee performance in the sales unit is a special concern because most of the employees who are transferred from the operational unit may not have experience in sales. This poses a new challenge in terms of how to improve their performance in the new position.

Based on the *Expectancy Theory* put forward by Vroom (1964:12), employees will be motivated to achieve good performance if they believe that the efforts they make will produce the expected performance, and that performance will lead to the desired results. In this context, employees transferred to sales units may face difficulties in seeing the relationship between their efforts and achieving targets, especially if they feel less competent in their new roles. A study by Ernst & Young (2021) shows that workforce restructuring often lowers employee productivity if they are unprepared to face the demands of a new role.

Employee Competencies

Competence combines skills, knowledge, and personal attributes necessary to carry out tasks effectively. Silalahi (2022:35) explained that competencies include two main aspects: hard skills and soft skills. Hard skills involve technical abilities specific to the job task, while soft skills include interpersonal skills such as communication, cooperation, and leadership, which are essential for supporting the organization's productivity and competitiveness.

According to Boyatzis (2020:45), competence is a fundamental characteristic of an individual that is directly related to effective work performance. Competencies include technical skills, interpersonal abilities, and an analytical mindset supporting good decision-making. In the context of modern organizations, Gartner (2020) notes that employee competency development is a key factor in bridging the skills gap that often arises due to the restructuring or digitalization of company operations.

In addition, the influence of organizational culture is also important in competency development. According to Silalahi (2022:67), an organizational culture that supports continuous learning and employee development can accelerate competency improvement through training, performance recognition, and a collaborative work environment.

In the context of this study, the competence of employees in the sales unit is the key to the success of workforce restructuring. Employees who were previously in operational or administrative units may have good technical competence, but they may lack the interpersonal, negotiation, and communication competencies required in sales roles. This has the potential to lead to a decline in performance if no effort is made to develop competencies that are in line with the demands of the new role.

Employee competence is an intervening variable in this study because it is the link between workforce restructuring and employee performance. In other words, appropriate competencies will mediate the relationship between restructuring and performance. If the employee's competencies are not suitable, their performance in the sales unit will tend to decrease; on the other hand, if their competencies match the new role, their performance will increase.

Strategic Human Resource Management

Strategic human resource management (HRMS) refers to policies and practices that support an organization's strategic goals. Ulrich and Dulebohn (2020:28) stated that MSDMS involves managing the workforce to achieve efficiency through adaptive training, job rotation, and evaluation. In digital banking, MSDMS plays an important role in preparing employees for significant changes in organizational operations (Mercer, 2021).

In the context of banking that implements digital banking, MSDMS plays an important role in ensuring that employees can adapt to changes in technology and the business environment. This includes managing training and development, adjusting MSDMS policies, and managing performance appraisal processes relevant to the changes.

Some of the relevant policies in strategic human resource management in the digital banking era include:

1. Training and development programs designed to enhance employees' ability to carry out their new roles in the sales unit.
2. A system of compensation and incentives based on performance, especially for employees involved in sales.
3. Job rotation management to ensure that employees are placed in positions that match their competencies.

In this study, HR strategic management is seen as an influential factor in helping employees adapt to their new roles and improve performance, especially in situations where they are transferred to sales units that demand new skills.

Employee Restructuring

Employee restructuring refers to changes an organization makes to the composition and roles of employees, usually in response to changes in the company's external or internal environment. In the context of digital banking, workforce restructuring generally involves reducing employees in operational and administrative positions whose tasks have been automated and relocating them to more strategic units such as sales.

According to Cascio (2010:89), restructuring is often carried out to improve operational efficiency and adjust labor needs to new business strategies. However, restructuring can also have negative impacts, such as decreased employee morale, job uncertainty, and mismatch between employee competencies and their new roles. These impacts can have a direct effect on employee performance and ultimately affect the overall performance of the organization. However, a strategically designed competency development program can mitigate these negative impacts. Baker & McKinsey (2021) emphasizes the importance of an adaptive MSDMS approach in the restructuring process. This strategy involves specialized training for employees to ensure they have skills relevant to the new demands.

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In this study, the restructuring carried out was in the form of reducing contract employees and placing permanent employees to sales units. This restructuring was carried out in response to digital banking, where banks no longer need much labor in branch offices but need human resources that focus on sales targets.

Digital Banking and Banking Industry Transformation

Digital banking is a form of banking service that utilizes information technology to provide financial services without having to interact physically at a branch office. It offers various benefits, including operational efficiency, reduced costs, and increased customer satisfaction. According to Marous (2019), digital banking has become a global trend that has forced banks to adapt to major changes in serving customers and managing operations.

The transformation towards digital banking reduces the need for operational labor in branch offices, whose tasks are now taken over by automation systems. This forced the bank to adjust its human resource strategy, including reducing employees and redeploying to positions more oriented to business targets.

METHODS

This study uses a quantitative descriptive approach with the aim of examining the relationship between the variables involved, namely MSDMS, employee restructuring, employee competence, and employee performance in the banking sector after the implementation of digital banking. This methodology is designed to analyze the influence of restructuring and competencies on performance and provide practical recommendations for human resource management in the digital era.

This study uses a causal design to determine the cause-and-effect relationship between independent variables, MSDMS and employee restructuring, the intervening variable, employee competence, and the dependent variable, employee performance. The causal design was chosen because this study wanted to identify factors that affect employee performance after employee restructuring in digital banking.

A quantitative approach is used to measure the extent to which these variables affect employee performance. Quantitative data was collected through surveys filled out by bank employees who had undergone employee restructuring, and role transitions to sales units.

The population in this study is all permanent employees of Bank BNI, BRI, Mandiri, and BTN, which are the Association of State-Owned Banks (Himbara) in North Sumatra. These banks have implemented digital banking and undergone workforce restructuring. This population consists of employees who have been transferred from the operational unit to the sales unit after the implementation of digital banking. The sample was taken using the Slovin Formula.

$$n = \frac{N}{1 + N(e)^2}$$

From the population of 420 Bank Himbara employees, a sample of 205 people was obtained, which is considered representative of the population of Bank Himbara employees who have undergone employee restructuring. This sample size also follows the guidelines of Hair et al. (2010), where the number of samples in quantitative research must be at least 5-10 times the number of items in the questionnaire.

DISCUSSION

The results of the analysis showed that the value of R² = 0.793, which means that the MSDMS (X1) and RESTKAR (X2) variables were able to explain 79.3% of the employee performance variables (KINKAR). An adjusted R² value of 0.791 supports the stability of the regression model, while an R= value of 0.891 indicates a very strong relationship between independent and dependent variables. This confirms that the combination of MSDMS and RESTKAR makes a significant contribution to employee performance.

Table 1 Determination Coefficients

Model Summary

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.891a	.793	.791	0.093

a. Predictors: (Constant), X2:RESTKAR, X1:MSDMS

Table 2 Simultaneous Test Results

ANOVAa

Type		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	232.866	3	77.622	99.510	.000b
	Residual	117.012	201	84.657		
	Total	349.878	204			

a. Dependent Variable: Y:KINKAR

b. Predictors: (Constant), Z:KOMPKAR, X1:MSDMS, X2:RESTKAR

The results of the simultaneous test showed an F value of 99,510 with a significance of 0.000 ($p < 0.05$), which indicates that the variables MSDMS, RESTKAR, and KOMPKAR simultaneously have a significant influence on employee performance (Y). Thus, the regression model used is statistically feasible.

Table 3 Partial Test Results

Coefficientsa

Type		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.157	.957		3.298	.001		
	MSDMS	.085	.032	.132	2.656	.010	.249	4.016
	RESKAR	.219	.066	.209	3.318	.001	.162	3.168
	KOMPKAR	.461	.041	.629	11.243	.000	.207	4.841

a. Dependent Variable: KINKAR

The results of the Partial Test showed:

- MSDMS ($\beta = 0.085$, $p = 0.010$) MSDMS has a significant positive influence on KINKAR. Each increase in one unit of MSDMS increases KINKAR by 0.085. This shows the importance of system management in improving performance.
- RESTKAR **(**$\beta = 0.219$, $p = 0.001$)RESTKAR has a significant positive influence on KINKAR. Each increase in RESTKAR unit results in an increase in KINKAR of 0.209, which indicates the importance of risk management in supporting performance.
- KOMPKAR **(**$\beta = 0.461$, $p = 0.000$)KOMPKAR is the most dominant variable, with a significant positive influence on KINKAR. This shows that employee competence is a critical factor in encouraging optimal performance.

Regression Model (Linear Model)

Table 4 Regression Test Results 1

Coefficientsa

Type		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.017	1.527		5.905	.000
	X1:MSDMS	.187	.055	.214	3.439	.001
	X2:RESTKAR	.998	.089	.700	11.213	.000

a. Dependent Variable: Z:KOMPKAR

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The regression results show that the model can be explained by the equation:

Z : KOMPKAR = 9.017 + 0.187 . X1 + 0.998 . X2

- MSDMS has a significant influence on KOMPKAR (β = 0.214, p = 0.001)
- RESTKAR exerts a greater influence on KOMPKAR, emphasizing the importance of risk management in building employee competencies (β = 0.700, p = 0.000).

Table 5 Sobel Model 1 Test Results

Coefficientsa

Type		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	9.017	1.527		5.905	.000
	X1:MSDMS	.187	.055	.214	3.439	.001
	X2:RESTKAR	.998	.089	.700	11.213	.000

a. Dependent Variable: Z:KOMPKAR

The Sobel test tested the effect of KOMPKAR's mediation on the relationship between MSDMS and RESTKAR on employee performance. The results show that KOMPKAR has a significant mediation influence ($p < 0.05$), reinforcing its important role as an intermediary variable in improving employee performance.

Table 6 Sobel Model 2 Test Results

Coefficients

Type		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	3.157	.957		3.298	.001		
	MSDMS	.085	.032	.132	2.656	.010	.249	4.016
	RESKAR	.219	.066	.209	3.318	.001	.162	3.168
	KOMPKAR	.461	.041	.629	11.243	.000	.207	4.841

a. Dependent Variable: KINKAR

This test confirms the direct and indirect effects of MSDMS and RESTKAR variables through KOMPKAR on employee performance:

- The direct effect of MSDMS (β = 0.132) was smaller than the indirect effect through KOMPKAR (ZX1. ZY = 0.135).
- RESTKAR shows a similar pattern with indirect influence (ZX2. ZY= 0.440) which is greater than the direct influence (β = 0.209). This indicates that KOMPKAR is an

effective mediator in maximizing the contribution of MSDMS and RESTKAR to performance.

Table 7 Results of Direct Influence Analysis, Indirect Influence, Total Influence

DIRECT INFLUENCE	INDIRECT INFLUENCE	TOTAL INFLUENCE
X1Y = 0.132	ZX1 x ZY = 0.135	X1 > Y through Z = 0.267
X2Y = 0.209	ZX2 x ZY = 0.440	X2 > Y through Z = 0.649

The analysis of direct and indirect influences confirmed that the mediation effect of KOMPKAR was significant. The indirect influence of RESTKAR (0.440) is much greater than the direct influence (0.209), emphasizing the importance of strengthening employee competence as a performance improvement strategy. Likewise, MSDMS, the indirect influence is greater (0.135) than direct (0.132), thus employee competence has succeeded in perfectly mediating the influence of MSDMS on KINKAR as well as the influence of RESTKAR on KINKAR.

CONCLUSION

The analysis results confirm that strategic human resource management (MSDMS) and employee restructuring (RESTKAR) significantly affect employee performance (KINKAR), both directly and indirectly, through employee competency mediation (KOMPKAR). Employee competence has proven to be a key variable that mediates the relationship, with employee restructuring (RESTKAR) making a greater contribution. Therefore, optimizing strategic resource management (MSDMS) and employee restructuring (RESTKAR) oriented towards improving employee competencies (KOMPKAR) can be an effective strategy in improving organizational performance.

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