Analysis of Factors Influencing the Performance of Account Officers at PNM Kabanjahe Branch Through Employee Competency as an Intervening Variable

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Abstract: This study aims to examine whether recruitment and selection have a significant positive effect on the performance of Account Officers at PT PNM Kabanjahe Branch, either directly or through competency as an intervening variable. There are four variables used in this study: Recruitment (X1) and Selection (X2) as independent variables, Performance (Y) as the dependent variable, and Competency (M) as the intervening variable. This research is quantitative in nature. The research instrument used was a questionnaire distributed to the respondents. The sampling technique employed total sampling, where the entire population was used as the research sample. The research respondents consisted of 22 Account Officers at PT PNM Kabanjahe Branch. The results show that Recruitment (X1) has a positive but not significant effect on the Performance of Account Officers at PT PNM Kabanjahe Branch. Selection has a positive but not significant effect on the Performance of Account Officers at PT PNM Kabanjahe Branch. Competency has a positive but not significant effect on the Performance of Account Officers at PT PNM Kabanjahe Branch. Recruitment has a positive but not significant effect on the Competency of Account Officers at PT PNM Kabanjahe Branch. Selection has a positive but not significant effect on the Competency of Account Officers at PT PNM Kabanjahe Branch. Recruitment has a positive but not significant effect on the Performance of Account Officers at PT PNM Kabanjahe Branch through Competency. Selection has a positive but not significant effect on the Performance of Account Officers at PT PNM Kabanjahe Branch through Competency.

Keywords: Recruitment, Selection, Performance, Competency

INTRODUCTION

Recruitment in a company usually involves various methods, ranging from closed recruitment which only involves internal personnel, to open recruitment which is accessible to the general public. The purpose of all recruitment processes is to find the best talents to fill certain positions within the company. Recruitment is the initial process for a company to seek the best talents available. Recruitment only provides information about job vacancies within a company so that unemployed individuals can apply.

After the recruitment process, the second stage carried out by companies to obtain the best employees is selection. Employee selection is a very important part of the overall human resource management process. This is because, in an organization, obtaining a group of employees who meet the organization's demands largely depends on how carefully the selection process is conducted. Thus, selection is a specific stage used to decide which applicants will be accepted. According to Rivai (2017), selection is an activity in human resource management that is conducted after the recruitment process. Selection can also be defined as a process of obtaining and using information about job applicants to determine who will be hired to fill a position either for a long or short period.

The main goal of recruitment and selection processes conducted by a company is to acquire employees who have good competency and performance. Performance can be defined as an employee's ability to achieve the work targets set by the company or the company's ability to complete the tasks.

There are many factors that influence company performance. According to Silaen et al. (2021), these factors include: work quantity, work quality, job knowledge, activity planning, authority, discipline, and initiative. Meanwhile, according to Panjaitan et al. (2023), one of the factors influencing performance is individual factors.

Another factor influencing employee performance is competency. Competency can be defined as the ability to work according to established standards. Competencies owned by employees can help accelerate their career development and contribute to the success of the organization. Employees who possess good competency will certainly have good performance as well. Employee competency is also a result of good human resource management processes such as recruitment and selection. Proper recruitment and selection processes will produce employees with competencies that meet company needs. Therefore, it can be stated that competency is influenced by selection and recruitment. Competency also affects employee performance, so indirectly, selection and recruitment influence employee performance.

PT Permodalan Nasional Madani (Persero) is a State-Owned Enterprise (BUMN) engaged in financial services. PT Permodalan Nasional Madani (PNM) has many branches throughout Indonesia, including the Kabanjahe Branch in Karo Regency, North Sumatra. PT PNM Kabanjahe Branch has been established for more than 2 years and has many employees. As one of the larger companies, PT PNM Kabanjahe Branch certainly has a significant number of employees.

According to official PT PNM data, in 2022 there was a significant increase in the number of employees at PT PNM Kabanjahe Branch compared to 2021. In 2022, the total recorded employees were 178, consisting of 93 men and 85 women. Whereas in 2021, the total number of employees was only 121, with 86 men and 35 women. With this significant increase in the number of employees, PT PNM Kabanjahe Branch surely conducted recruitment and selection.

Table: Number of Recruitment at PNM Kabanjahe Branch for the Period 2020-2022

Year	Number of Male Employees (Persons)	Number of Female Employees (Persons)	Total Employees (Persons)	Increase (Persons)
2020	80	33	113	-
2021	86	35	121	8
2022	93	85	178	56

Source: Micro Madani Institute (2023)

There are many employee positions at PT PNM Kabanjahe Branch. One of them is the Account Officer (AO). Typically, each year PT PNM Kabanjahe Branch opens recruitment and selection processes that are attended by dozens of applicants. In the recruitment and selection

for Account Officers, PT PNM Kabanjahe usually hires between 10 to 25 Account Officers who are considered to have passed. The average recruitment pass rate for Account Officers at PT PNM Kabanjahe is above 40%. This percentage of Account Officers recruited is quite significant for a branch-level finance company.

Table: Ratio of AO Applicants at PNM Kabanjahe Branch

Year	Number of AO Applicants (Persons)	Number of AOs Passed	Pass Ratio (%)
2020	36	22	61.11
2021	35	17	48.57
2022	43	18	41.86
2023	46	22	47.82
Total	160	79	49.38

Source: Personnel Department of PNM Kabanjahe Branch (2024)

Similar to other positions, Account Officers at PT PNM Kabanjahe Branch must also go through the recruitment and selection process. However, some employees consider the recruitment and selection system at PNM Kabanjahe Branch to be less strict. This less strict recruitment and selection system mainly occurs for the Account Officer position. The recruitment and selection system is suspected to be one of the reasons why the competency level of AO employees at PT PNM Kabanjahe is still not satisfactory. Although no formal competency assessment has been conducted, based on interviews with one of the senior officials at PT PNM Kabanjahe, it was stated that employee competency, especially for Account Officers, remains unsatisfactory. According to him, many AOs lack competency in marketing and bad debt collection, which results in many distribution targets not being achieved. Meanwhile, competencies in marketing and bad debt collection are the main technical competencies that an Account Officer must have.

From observations and interviews, it is suspected that the less strict recruitment and selection system is the root cause of why AOs at PT PNM Kabanjahe have low competency, which affects the poor performance of AOs at PNM Kabanjahe Branch. If PT PNM Kabanjahe conducts the recruitment and selection process properly, it will certainly produce employees with good competencies as well.

And this is also why the poor competency affects the performance of Account Officers (AO) at PT PNM Kabanjahe Branch.

The issues of recruitment, selection, and competency ultimately impact employee performance. Due to these factors, the performance of employees, especially those in the Account Officer (AO) role, is still far from satisfactory. According to the data obtained, during 2024, the performance of Account Officers at PT Permodalan Nasional Madani (PNM) Kabanjahe was less than ideal. The actual target achievement of all AOs at PNM Kabanjahe during 2024 was only 55.24%. This target is considered by the company to be far from satisfactory because it is well below the minimum target set by the company, which is at least 80% for all branches and units. However, in reality, these Account Officers only reached a target below that threshold.

Given the problems related to recruitment and selection of AOs at PT PNM Kabanjahe Branch, further research is necessary to determine whether recruitment and selection have a positive effect on the performance and competency of AOs at PT PNM Kabanjahe. The urgency of this research lies in identifying the root causes of the poor competency and performance of AOs at PT PNM Kabanjahe so far. If recruitment and selection are indeed the causes of the poor competency and performance of AOs, the company needs to evaluate and improve the recruitment and selection system that has been implemented so far. The issues regarding

recruitment, selection, employee competency, and AO performance at PT PNM Kabanjahe Branch are interesting problems to investigate.

This study discusses several factors that influence AO performance, namely: recruitment, selection, and competency, leading to the formulation of research questions as follows:

(1) Does recruitment have a significant positive effect on the performance of Account Officers (AO) at PT PNM Kabanjahe Branch?

(2) Does selection have a significant positive effect on the performance of Account Officers (AO) at PT PNM Kabanjahe Branch?

(3) Does competency have a significant positive effect on the performance of Account Officers (AO) at PT PNM Kabanjahe Branch?

(4) Does recruitment have a significant positive effect on the competency of Account Officers (AO) at PT PNM Kabanjahe Branch?

(5) Does selection have a significant positive effect on the competency of Account Officers (AO) at PT PNM Kabanjahe Branch?

(6) Does recruitment have a significant positive effect on the performance of Account Officers (AO) at PT PNM Kabanjahe Branch through competency?

(7) Does selection have a significant positive effect on the performance of Account Officers (AO) at PT PNM Kabanjahe Branch through competency?

METHOD

This study is quantitative research. Quantitative research produces statistical numerical data that will be used to assess the relationship or influence among research variables. In this study, quantitative methods are used to analyze the influence between independent variables and intervening variables, independent variables and dependent variables, as well as intervening variables and dependent variables. The results will be presented in the form of statistical numbers and then interpreted based on established statistical standards to determine whether the influence among variables is significant or not.

In this study, all subjects in the population are Account Officers (AO) at PT PNM Kabanjahe Branch, currently totaling 22 people. Most of them work in the Karo Regency area, especially in Kabanjahe District. The sampling technique used is total sampling (saturated sampling), with the sample size set at 22 people corresponding to the total population in this study. The sample size is 22 because the total population of research subjects is only 22.

On the other hand, the variables used in this study are:

(1) Selection and Recruitment as independent variables,

(2) Performance as the dependent variable,

(3) Competency as the intervening variable.

The data collection technique used in this research is a questionnaire in the form of open-ended questions. The questionnaire results will be statistically processed using the SmartPLS application.

RESULTS AND DISCUSSION

Based on the Outer Model test results using SmartPLS 4, it was found that the Outer Model value of the Recruitment variable (X1) toward Performance (Y) is positive at 0.964. This means there is a positive influence of Recruitment (X1) on the Performance (Y) of Account Officers at PT PNM Kabanjahe Branch. In other words, the better the recruitment process conducted by PT PNM Kabanjahe, the higher the performance of the Account Officers. However, based on the Path Coefficient test using SmartPLS 4, the Recruitment (X1) variable's P Value toward Performance (Y) is 0.539, which is greater than 0.05, indicating that Recruitment (X1) does not have a significant effect on the performance of Account Officers at PT PNM Kabanjahe. This insignificant value suggests that other factors may have a greater

influence on the performance of Account Officers at PT PNM Kabanjahe. Based on the partial Outer Model test and Path Coefficient test, it was concluded that Recruitment (X1) has a positive but not significant effect on the Performance (Y) of Account Officers at PT PNM Kabanjahe.

Next, for the Selection (X2) variable toward Performance (Y), the Outer Model value is 0.869 and positive. Like Recruitment, Selection (X2) also has a positive influence on the Performance (Y) of Account Officers at PT PNM Kabanjahe. Thus, the better the selection system implemented by PT PNM Kabanjahe for Account Officers, the better their performance will be. Meanwhile, the Path Coefficient test shows the P Value of Selection (X2) toward Performance (Y) is 0.200, which is greater than 0.05. Therefore, it is stated that Selection (X2) has no significant effect on the Performance (Y) of Account Officers at PT PNM Kabanjahe.

For the Competency (M) variable toward Performance (Y), the test shows an influence value of 1.017 and it is positive. This means Competency (M) positively influences the performance (Y) of Account Officers at PT PNM Kabanjahe. Hence, better competency of Account Officers will increase their performance. However, the Path Coefficient value for Competency (M) toward Performance (Y) is 0.284, which is more than 0.05, meaning the effect of Competency (M) on Performance (Y) is not significant, despite being positive. This insignificance indicates that Competency (M) is only a minor factor influencing the Performance (Y) of Account Officers at PT PNM Kabanjahe.For the Recruitment (X1) variable toward Competency (M), the Outer Model value is 0.900 and positive, indicating Recruitment (X1) has a positive effect on Competency (M) of Account Officers at PT PNM Kabanjahe. In other words, the better the recruitment process, the better the competency of Account Officers. However, the Path Coefficient value is 0.664, which is greater than 0.05, indicating that Recruitment (X1) does not significantly influence Competency (M). Thus, recruitment is a minor factor affecting competency.

Similarly, the effect of Selection (X2) on Competency (M) has an Outer Model value of 0.825 and positive. It means better selection increases competency. Yet, the Path Coefficient value is 0.299 (greater than 0.05), so Selection (X2) does not significantly influence Competency (M). Thus, selection is also a minor factor for competency.

Regarding the indirect effect of Recruitment (X1) on Performance (Y) through Competency (M), the P Value is 0.188, greater than 0.05, indicating no significant indirect effect. Therefore, Competency (M) cannot be considered a main intervening variable between Recruitment and Performance. Nevertheless, it can be interpreted that better recruitment improves competency, which in turn may improve performance.

For the indirect effect of Selection (X2) on Performance (Y) through Competency (M), the P Value is 0.085, also greater than 0.05, indicating no significant indirect effect. Thus, Competency (M) is not a main intervening variable here either. However, better selection is interpreted to improve competency, which can subsequently enhance performance.

Recruitment at PT PNM Kabanjahe for Account Officers has a positive but not significant effect on their performance. Similarly, selection also has a positive but not significant effect on performance. Even through competency, recruitment and selection still have positive but not significant effects on performance.

Likewise, Recruitment and Selection have positive but not significant effects on competency. Competency itself does not significantly affect performance despite having a positive influence. Therefore, recruitment, selection, and competency are not the main factors influencing Account Officers' performance at PT PNM Kabanjahe. There are other factors with more significant impact on performance than recruitment, selection, and competency.

Similarly, recruitment and selection do not significantly affect competency, meaning competency is influenced by factors other than recruitment and selection.

CONCLUSION

After several tests, the conclusions are:

(1) Recruitment (X1) has a positive but not significant effect on the performance of Account Officers at PT PNM Kabanjahe, with a P Value of 0.539 and positive Path Coefficient.

(2) Selection has a positive but not significant effect on performance, with a P Value of 0.200 and positive Path Coefficient.

(3) Competency has a positive but not significant effect on performance, with a P Value of 0.284 and positive Path Coefficient.

(4) Recruitment has a positive but not significant effect on competency, with a P Value of 0.664 and positive Path Coefficient.

(5) Selection has a positive but not significant effect on competency, with a P Value of 0.299 and positive Path Coefficient.

(6) Recruitment has a positive but not significant indirect effect on performance through competency, with a Specific Indirect Effect of 0.539 and positive.

(7) Selection has a positive but not significant indirect effect on performance through competency, with a Specific Indirect Effect of 0.085 and positive.

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