

Research Article

The Effects of Education, Training, and Career Development on Employee Performance and Human Resource Competence in Islamic Banking: Empirical Evidence from Makassar, Indonesia

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ABSTRAK

This study investigates the impact of education, training, and career development on employee performance and Islamic Human Resource (IHR) competence within Islamic banking institutions in Makassar, Indonesia. Drawing on human capital theory and competency-based management frameworks, the research examines the mediating role of IHR competence in the relationship between these antecedent variables and employee performance. A quantitative cross-sectional design was employed, with primary data collected through structured questionnaires from 200 Islamic bank employees in Makassar between July and September 2020. Data analysis was performed using Structural Equation Modeling (SEM) with AMOS 18.0. The findings indicate that: (i) Education has a significant negative effect on IHR competence; (ii) Training has a significant positive effect on IHR competence; (iii) Career development has a positive but non-significant effect on IHR competence; (iv), training, and career development each have a significant positive effect on employee performance; (v) IHR competence significantly and positively influences employee performance; and (vi) IHR competence significantly mediates the effects of education and training on employee performance, but does not mediate the effect of career development. These results offer important implications for human resource management practices in Islamic banking and contribute to the literature on competency-based performance management within the Islamic finance sector.

KATA KUNCI: education, training, career development, Islamic human resource competence, employee performance

I. LATAR BELAKANG

The rapid expansion of Islamic banking in Indonesia has generated substantial demand for qualified and competent human resources capable of executing Sharia-compliant operations with

professionalism and integrity. Since the formal establishment of Bank Muamalat Indonesia in 1991 and the subsequent enactment of Law No. 21 of 2008 on Islamic Banking, the industry has undergone transformative growth. This progress was accompanied by a transition in regulatory oversight from Bank Indonesia (BI) to the Financial Services Authority (OJK) under Law No. 21 of 2011. This evolving regulatory landscape, combined with the liberalization of regional financial markets under the ASEAN Economic Community framework, has intensified the competitive pressures facing Islamic banks, making the strategic management of human capital a critical determinant of institutional performance.¹

Despite these developments, the Islamic banking sector in Indonesia continues to face a persistent talent gap, characterized by a shortage of personnel who simultaneously possess Sharia knowledge and modern banking expertise.² With Indonesia's Muslim population comprising approximately 88% of its total population the largest Muslim majority in the world the potential market for Islamic banking is enormous. However, its actualization is constrained by deficiencies in human resource competence.³ This tension underscores the strategic importance of education, training, and career development as instruments for building organizational competence and improving employee performance.

Human capital theory, originally articulated by Becker⁴ and Schultz⁵, posits that investments in education and training increase the productive capacity of individuals, thereby enhancing organizational performance. More recent formulations, including competency-based human resource management⁶ and strategic human resource development⁷, extend this logic by emphasizing the mediating role of competence in translating developmental inputs into performance outcomes. However, empirical evidence on these relationships within the specific context of Islamic banking remains sparse, particularly in emerging markets such as Indonesia.⁸

II. METODOLOGI

Human Capital Theory and Employee Competence

¹ Chapra and Ahmed, *Corporate Governance in Islamic Financial Institutions*; Iqbal and Molyneux, *Thirty Years of Islamic Banking: History, Performance and Prospects*.

² Kamaruddin et al., "Assessing Production Efficiency of Islamic Banks and Conventional Bank Islamic Windows in Malaysia"; Hamid et al., "Human Capital Development in Islamic Banking: An Imperative for Effectiveness."

³ Antonio, *Bank syariah: Dari teori ke praktik [Islamic banking: From theory to practice*; Warninda and Hosen, "Murabahah profitability in Indonesian Islamic banking."

⁴ Becker, *Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education*.

⁵ Schultz, "Investment in Human Capital."

⁶ Spence et al., "Student-Scientist Curriculum."

⁷ Garavan, "A Strategic Perspective on Human Resource Development."

⁸ Hamid et al., "Human Capital Development in Islamic Banking: An Imperative for Effectiveness"; Rama, "Perbankan syariah dan pertumbuhan ekonomi Indonesia [Islamic banking and Indonesia's economic growth."

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Human capital theory frames education and training as investments that augment the cognitive and productive capacities of workers.⁹ From this perspective, employees who receive formal education and structured training acquire the knowledge, skills, and attitudes necessary for superior task performance. Subsequent scholars have demonstrated that human capital investments are positively associated with productivity, wages, and career advancement.¹⁰

In an organizational context, Spencer and Spencer define competence as an underlying characteristic of an individual that is causally related to effective or superior performance. This conceptualization encompasses five components: knowledge, skills, self-concept, traits, and motives.¹¹ Similarly, Boyatzis argued that competence represents a capacity that leads to effective performance, making it a central mediating construct between developmental inputs and performance outputs.¹²

Education and Human Resource Competence

Education provides employees with the theoretical and conceptual frameworks needed to navigate complex organizational challenges.¹³ In the Islamic banking context, education serves a dual purpose: providing general financial competencies and imparting the Sharia knowledge necessary for compliant operations.¹⁴

However, the relationship between formal education and competence is not always straightforward. The effect of education depends on the relevance of the curriculum to the organization's specific operational demands.¹⁵ In Islamic banking, a mismatch between conventional university curricula and the practical requirements of Islamic finance may explain why higher education levels do not always yield expected competence gains.¹⁶

III. HASIL DAN PEMBAHASAN

Education and IHR Competence (H1)

Contrary to H1, education had a significant negative effect on IHR competence ($\beta = -0.306$, $p = .008$). This unexpected result is likely due to a mismatch between conventional higher education curricula and the specific operational requirements of Islamic banking in Indonesia. As noted by Kamaruddin et

⁹ Becker, *Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education*; Schultz, "Investment in Human Capital."

¹⁰ Sweetland, "Human Capital Theory: Foundations of a Field of Inquiry"; Olaniyan and Okemakinde, "Human Capital Theory: Implications for Educational Development."

¹¹ Spencer and Spencer, *Competence at Work: Models for Superior Performance*.

¹² Boyatzis, *The Competent Manager: A Model for Effective Performance*.

¹³ Simamora, *Manajemen sumber daya manusia [Human resource management]*.

¹⁴ Hamid et al., "Human Capital Development in Islamic Banking: An Imperative for Effectiveness."

¹⁵ Alainati et al., "The Effect of Education and Training on Competency."

¹⁶ Kamaruddin et al., "Assessing Production Efficiency of Islamic Banks and Conventional Bank Islamic Windows in Malaysia."

al, many graduates entering the sector hold general business degrees that lack Sharia-specific content, creating a competence gap.¹⁷ This aligns with the argument by Alainati et al. that the effectiveness of formal education depends heavily on its curricular relevance to the organization.¹⁸

Table 1. Goodness-of-Fit Index Comparison: Initial vs. Final Model

χ^2/df	≤ 2.00	2.670	1.174 ✓
p-value	≥ 0.05	.000	.064 ✓
RMSEA	≤ 0.08	.092	.030 ✓
GFI	≥ 0.90	.794	.923 ✓
AGFI	≥ 0.90	.738	.879 ~
TLI	≥ 0.95	.663	.965 ✓
CFI	≥ 0.95	.709	.975 ✓

✓ = meets criterion; ~ = marginally acceptable

Training and IHR Competence (H2)

Training showed a significant positive effect on IHR competence ($\beta = 0.352$, $p = .001$), supporting H2. This confirms that contextualized, job-specific training is more effective than general educational credentials in building relevant competencies for Islamic banking. These results suggest that banks should prioritize structured training modules, particularly in Sharia compliance and customer service, as their primary development tool.

Career Development and IHR Competence (H3)

Career development did not significantly affect IHR competence ($\beta = 0.104$, $p = .306$). Qualitative evidence suggests that advancement in Makassar's Islamic banks may be influenced by non-merit factors such as regional loyalty or proximity to leadership. When employees perceive that progression is not merit-based, their motivation to invest in further competence development diminishes.¹⁹

Table 2. Summary of Structural Path Estimates and Hypothesis Test Results

H1	Education → IHR Competence	-0.306	-2.640	.008	Rejected (negative)
H2	Training → IHR Competence	0.352	3.287	.001	Supported
H3	Career → IHR Competence	0.104	1.025	.306	Not Supported
H4	Education → Performance	0.324	2.968	.003	Supported

¹⁷ Kamaruddin et al., "Assessing Production Efficiency of Islamic Banks and Conventional Bank Islamic Windows in Malaysia."

¹⁸ Alainati et al., "The Effect of Education and Training on Competency."

¹⁹ Greenhaus et al., *Career management*.

H5	Training → Performance	0.206	2.626	.009	Supported
H6	Career → Performance	0.220	2.255	.024	Supported
H7	IHR Competence → Performance	0.492	4.017	<.001	Supported
H8	Education → Competence → Performance	-0.150	—	.021	Supported (indirect)
H9	Training → Competence → Performance	0.173	—	.008	Supported (indirect)
H10	Career → Competence → Performance	-0.169	—	.314	Not Supported

Note. β = standardized path coefficient; C.R. = critical ratio; Indirect effects tested via bootstrapping (5,000 samples, 95% CI).

Antecedents of Employee Performance (H4–H7)

Education, training, and career development all had significant positive direct effects on employee performance. Interestingly, education had a larger coefficient in predicting performance than it did for competence, suggesting it may enhance performance through broader cognitive abilities and professional disposition. However, IHR competence remained the strongest overall predictor of performance ($\beta = 0.492$, $p < .001$), reinforcing the importance of competency-based management.

Mediation Effects (H8–H10)

IHR competence significantly mediated the relationship between education and training with employee performance. However, it did not mediate the relationship for career development, suggesting that career opportunities might influence performance through other factors like motivation or affective commitment rather than through direct skill enhancement.

IV. KESIMPULAN

This study concludes that while training is a powerful driver of IHR competence, formal education—in its current conventional form may actually show a negative correlation with specific Islamic banking competencies due to curriculum misalignment. Furthermore, while career development motivates performance, it does not currently serve as a primary driver for competence building in the studied banks. IHR competence stands as the most critical determinant of overall employee performance.

Based on these findings, Islamic banks in Indonesia should:

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1. Prioritize Targeted Training: Focus on job-specific and Sharia-specific modules rather than relying solely on formal degrees.
2. Academic Collaboration: Work with universities to integrate Islamic finance into standard business curricula to bridge the talent gap.
3. Transparent Career Paths: Implement merit-based and transparent promotion systems to incentivize employees to improve their competencies.
4. Regulatory Standards: Align competency development with OJK standards and international Sharia certification frameworks.

This study is limited by its cross-sectional design and its focus on the city of Makassar. Future research should employ longitudinal designs to observe changes over time and expand the geographical scope to other regions in Indonesia. Additionally, incorporating supervisor-rated performance data would help mitigate the potential for common method bias found in self-reported surveys.

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