The Role of Demographics in Moderation of Talent Recruitment, Training and Development, Compensation on Employee Performance Mediated by Work Engagement at Bank Sultra, Southeast Sulawesi Province

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Abstract

This study was conducted with the aim of examining and understanding the influence of talent recruitment, training and development, and compensation on performance. It also aims to analyze and examine the mediating role of work engagement on the influence of talent recruitment, training and development, and compensation on performance. It also aims to examine the moderating effect of demographics on the influence of talent recruitment, training and development, and compensation on performance. The object of this study was Bank Sultra employees in Southeast Sulawesi Province. The population of this study was all employees with a sample size of 286 people. The data collection method used a questionnaire and the analysis tool used was SEM-PLS Ver. 4. Based on the test results, it can be concluded that (1) talent recruitment has a positive but insignificant effect on performance, (2) training and development has a positive and significant effect on performance, (3) compensation has a positive but insignificant effect on performance, (4) talent recruitment has a positive and significant effect on work engagement, (5) training and development has a positive and significant effect on work engagement, (6) compensation has a positive and significant effect on work engagement, (7) work engagement has a positive and significant effect on performance (8) work engagement mediates the effect of talent recruitment on performance, (9) work engagement mediates the effect of training and development on performance, (10) work engagement mediates the effect of compensation on performance, (11) Demographics do not moderate the effect of talent recruitment on performance, (12) Demographics moderate the effect of training and development on performance, and (13) Demographics moderate the effect of compensation on performance.

Keywords: *Talent Recruitment, Training And Development, Compensation, Work Engagement, Demographics, and Performance*

Introduction

Human Resources are a key asset in determining an organization's success. The quality, competence, and professionalism of employees are key factors influencing a company's progress or decline. Therefore, effective human resource management through appropriate recruitment, training, development, and compensation is crucial to creating a balance between organizational needs and employee well-being. In a competitive banking environment like Bank Sultra, the need for a qualified workforce is increasingly pressing to support organizational stability and growth. Competency- and motivation-oriented HR management will help the organization achieve its strategic goals sustainably.

Talent recruitment is a strategic first step in acquiring superior human resources. This process encompasses not only searching for candidates with technical qualifications but also ensuring a fit between values, culture, and long-term potential with the organization (Salih, 2020; James-MacEachern, 2018). Talent management emphasizes the importance of a comprehensive approach to attracting, developing, and retaining highly competent individuals (Al-Majroob et al., 2020). In the context of Bank Sultra, successful talent recruitment presents a significant challenge given the competition from national and private banks. Effective recruitment enables organizations to acquire individuals with the skills, knowledge, and values that align with the company's vision and mission, ultimately improving overall organizational performance (Hughes & Rog, 2008).

Training and development are vital components in enhancing employee capacity to adapt to changes in a dynamic business environment. Based on Experiential Learning theory (Kolb, 1984), effectively designed training can strengthen employees' technical competencies and work behaviors. Effective development programs not only improve skills but also strengthen work engagement and loyalty to the organization (Dalayga & Baskaran, 2019). At Bank Sultra, training plays a crucial role in addressing the challenges of financial sector digitalization and improving service quality. However, its effectiveness is greatly influenced by planning, budgeting, and the alignment of training materials with organizational needs.

Compensation, work engagement, and demographics also play a crucial role in improving employee performance. Fair and competitive compensation can increase motivation, retention, and work productivity (Vroom, 1964; Suryathi et al., 2023). Job engagement serves as a link between HR policies and performance, where the balance between job demands and organizational resources fosters work enthusiasm, dedication, and focus (Bakker & Demerouti, 2007). Demographic factors such as age, education, and experience can also moderate the relationship between HR practices and performance, as individual characteristics influence how they respond to organizational policies (Eagly, 1987). Based on these theoretical foundations and empirical findings, this study examines the influence of talent recruitment, training and development, and compensation on employee performance through job engagement with demographics as a moderating variable at Bank Sultra, Southeast Sulawesi Province.

Literature Review

Talent Recruitment

Mathis & Jackson (2011) stated that recruitment is only the initial stage of human resource management, while employee performance is greatly influenced by subsequent processes such as training, development, compensation, motivation, and work engagement. Human Capital (Becker, 1993) emphasizes that individual capabilities will only impact organizational performance if the company is able to manage, develop, and retain that talent. Barney (1991) explains that sustainable competitive advantage is achieved through the utilization of valuable, rare, difficult to imitate, and difficult to substitute resources. According to the Person-Job Fit theory (Kristof-Brown, Zimmerman, & Johnson, 2005), the match between individual capabilities and job demands is a major factor driving work engagement. The Job Demands-Resources Model (Bakker & Demerouti, 2007) suggests that a selective recruitment process can ensure that employees have sufficient personal resources, such as self-efficacy, optimism, and resilience. Campion et al. (1997) emphasized that transparency and clarity of recruitment procedures are indeed relevant, but their effect on perceived recruitment quality is relatively smaller compared to perceptions of fairness and objectivity. Talent recruitment is a critical component of organizational success, as the quality and expertise of an organization's workforce directly impact its ability to achieve its goals and remain competitive in an ever-evolving business landscape. Talent recruitment is defined as the process by which an organization finds and attracts individuals to fill job openings (Salih, 2020). Talent recruitment is described as the operation of creating a pool of candidates who are willing to be employed by an entity, from which suitable candidates can be selected (James-MacEachern, 2018). To effectively recruit and retain top talent, organizations must adopt a strategic and comprehensive approach to talent management, encompassing a range of processes and initiatives designed to attract, develop, and retain the right individuals (Al-Majroob et al., 2020).

Training and Development

Bandura (1997), through the concept of self-efficacy, explains that increasing competence through learning will increase an individual's confidence in facing work challenges. Social Exchange Theory; Blau, (1964), explains that the reciprocal relationship between employees and the organization will strengthen commitment and engagement. Training and development are essential components of organizational success, as they enable employees to acquire new skills, improve their performance, and adapt to the ever-changing business environment. Effective training and development programs can increase employee engagement, job satisfaction, and overall organizational performance. One of the main goals of training and development is to equip employees with the knowledge and skills necessary to meet the demands of their roles (Dalayga & Baskaran, 2019). This can involve various learning opportunities, such as workshops, seminars, mentoring, and coaching, which provide employees with the tools and motivation to excel in their responsibilities (Rehman, 2014). Furthermore, training and development can contribute to the development of a strong corporate culture, which is crucial for fostering employee commitment and loyalty. By investing in the growth and development of their workforce, organizations can create a sense of belonging and ownership among employees, leading to increased engagement and a willingness to contribute to the organization's success. Training and development can also serve as a strategic advantage for organizations, as it can help develop the knowledge, skills, and attitudes of their employees, ultimately improving organizational performance and the ability to compete effectively in the marketplace (Dalayga & Baskaran, 2019) (Narendar, 2021) (Ramdhani et al., 2019). Continuous learning and development are crucial for organizations to stay ahead and maintain a competitive advantage.

Compensation

Expectancy theory proposed by Vroom (1964), employees will strive to improve performance if they believe that the effort given will result in high performance, which will then be followed by appropriate rewards. Equity theory (Adams, 1965) emphasizes that the perception of fairness in compensation plays an important role in shaping employee job satisfaction and motivation. Herzberg's Two Factor Theory (1959) explains that rewards, recognition, and development opportunities can be motivational factors that increase employee intrinsic satisfaction. Compensation is an important aspect of organizational management, because it plays a vital role in attracting, retaining, and motivating employees, which ultimately contributes to the overall success of the organization. The concept of compensation includes various financial and non-financial rewards given to employees in return for their contributions to the organization. (Suryathi et al., 2023) (Dina et al., 2017). According to Dessler (2017) compensation is something in the form of payment to employees and things related to employees. Then, according to Sedarmayanti (2019), compensation is everything that employees will receive as a form of remuneration for their work. Compensation is a part of the reward or appreciation that is only related to the economic part, however, after the belief that individual behavior is influenced by a broader spectrum system, compensation is inseparable from the rewards provided by the organization (Widodo, 2014).

Sinambela (2016) also said that compensation is the sum of all gifts given by the organization to employees in return for their services.

Work Engagement

Job engagement is a positive, satisfying, and energetic state characterized by a high level of energy, dedication, and concentration in work. Robbins & Coulter (2012) state that job engagement is the degree to which employees identify with their work, actively participate in their work, and consider their work performance to be more valuable for their own good. Csikszentmihalyi's (1990) Flow Theory defines absorption as an optimal form of engagement, where individuals perceive a balance between job challenges and their skills. Job Demands-Resources Theory (Bakker & Demerouti, 2007) states that the availability of job resources such as training and development can be a motivational factor that increases employees' energy, dedication, and absorption in carrying out their duties. Bakker and Demerouti (2008) through the Job Demands-Resources (JD-R) Model explain that training and development are included in the category of "resources" that can strengthen employees' intrinsic motivation. Flow theory (Csikszentmihalyi, 1990), which states that individuals will more easily experience a state of flow or immersion in work when they feel competent and challenged in a balanced way. Kahn (1990) defines work engagement as a psychological state in which individuals channel cognitive, emotional, and physical energy into their work. Rich, Lepine, and Crawford (2010) show that high work engagement—characterized by vigor, dedication, and absorption—significantly improves individual performance in the workplace.

Performance

Performance has been the subject of extensive academic inquiry, with scholars and researchers exploring various perspectives and theoretical frameworks to understand the underlying mechanisms that drive individual, team, and organizational outcomes. Performance is a multifaceted construct encompassing multiple dimensions of individual or organizational achievement, productivity, and effectiveness. At the organizational level, performance is often viewed as the extent to which an organization achieves its strategic objectives, satisfies its customers, and contributes to its economic success (Mitrea-Curpanaru, 2021) (Wijayanti, 2021). At the individual level, performance refers to an employee's goal-relevant actions and behaviors, reflecting their ability to utilize their skills and efforts to contribute to organizational goals (Gong et al., 2019). One key aspect of performance is its relationship to emotional intelligence. Individuals with higher emotional intelligence, which includes the ability to recognize, understand, and manage emotions, have been shown to exhibit better work performance. (Lu et al., 2011) This is because emotional intelligence enables employees to effectively cope with work-related stress, regulate their emotions, and maintain positive relationships with coworkers, all of which can increase their productivity and contribution to the organization. (Lu et al., 2011). Performance is also influenced by various other factors, such as interpersonal communication, teamwork, and work motivation (Lu et al., 2011) (Gong et al., 2019) (Wijayanti, 2021) (Syafriansyah et al., 2019). Effective communication and collaboration within a team can foster a supportive work environment, enabling employees to improve their skills and knowledge to achieve better results (Gong et al., 2019) (Lu et al., 2011). Furthermore, employees who are intrinsically motivated and have a clear understanding of their role in the organization's success are more likely to demonstrate higher levels of performance. (Syafriansyah et al., 2019) In short, the concept of performance is multidimensional, encompassing both individual and organizational aspects. Effective performance management requires a strategic and integrated approach that considers the various factors contributing to employee and organizational success (Mitrea-Curpanaru, 2021).

Demographics

Employee demographics refer to the statistical characteristics and attributes of an organization's workforce, such as age, gender, race, ethnicity, education level, job role, tenure, and income level. Understanding this demographic composition is important for human resource management because it helps identify patterns and trends relevant to decisions related to hiring, training, compensation, and job satisfaction (Kim & Wiggins, 2011; Ferreira, 2017). Age distribution, for example, provides insight into an organization's ability to attract and retain talent and the need for succession planning and knowledge transfer (Ferreira, 2017), while understanding generational differences helps tailor leadership and communication styles for effectiveness in a multigenerational workplace (Sujansky, 2004). Furthermore, analyzing gender and racial/ethnic composition is important for assessing aspects of diversity, equity, and inclusion, as well as identifying imbalances in representation within an organization (Ferreira, 2017). Demographics related to education level and job role also play an important role in aligning talent development strategies with competency needs and in determining areas requiring upskilling or cross-training (Sujansky, 2004).

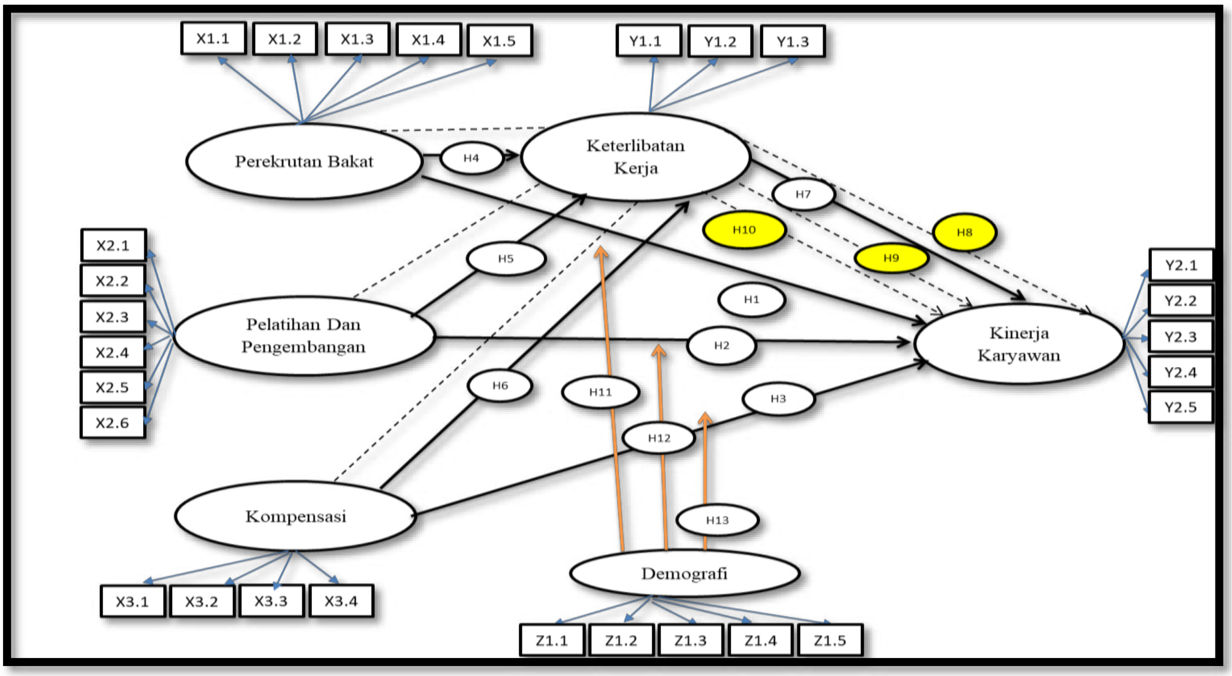

Figure 1 Conceptual Framework

Research Hypothesis

H1. Talent Recruitment Has a Positive and Significant Impact on Employee Performance at the Southeast Sulawesi Regional Development Bank

H2. Training and Development Has a Positive and Significant Impact on Employee Performance at the Southeast Sulawesi Regional Development Bank

H3. Compensation Has a Positive and Significant Impact on Employee Performance at the Southeast Sulawesi Regional Development Bank

H4. Talent Recruitment Has a Positive and Significant Impact on Employee Engagement at the Southeast Sulawesi Regional Development Bank

H5. Training and Development Has a Positive and Significant Impact on Employee Engagement at the Southeast Sulawesi Regional Development Bank

H6. Compensation Has a Positive and Significant Impact on Employee Engagement at the Southeast Sulawesi Regional Development Bank

H7. Work Engagement Has a Positive and Significant Impact on Employee Performance at the Southeast Sulawesi Regional Development Bank

H8. Job Engagement Mediates the Effect of Talent Recruitment on Employee Performance at the Southeast Sulawesi Regional Development Bank

H9. Job Engagement Mediates the Effect of Training and Development on Employee Performance at the Southeast Sulawesi Regional Development Bank

H10.Job Engagement Mediates the Effect of Compensation on Employee Performance at the Southeast Sulawesi Regional Development Bank Southeast

H11. Demographics Moderate the Effect of Talent Recruitment on Employee Performance at the Southeast Sulawesi Regional Development Bank
H12. Demographics Moderate the Effect of Training and Development on Employee Performance at the Southeast Sulawesi Regional Development Bank
H13. Demographics Moderate the Effect of Compensation on Employee Performance at the Southeast Sulawesi Regional Development Bank

Research Methods

The location of this research was determined purposively at the Bank Sultra Office in Southeast Sulawesi Province. The population of this research was all 1003 employees of Bank Sultra in Southeast Sulawesi Province spread across 84 offices, both head office and branch and functional offices located in 18 regencies/cities in Southeast Sulawesi Province. The sample size was determined using Slovin's pata with a precision level of 5 percent, resulting in 286 employees. Meanwhile, the research approach used was SmartPLS. The SmartPLS approach is a development of PLS (Partial Least Square) analysis.

Operational Definition of Variables

The talent recruitment variable in the context of this research is a variable measured from 5 (five indicators adopted from Slakovic, et., al, (2018), namely: (1) Clarity; (2) Efficiency; (3) Objectivity; (4) Transparency; and (5) Satisfaction.

The training and development variables in the context of this research are variables that are measured by 6 (six) indicators adopted from Singh (2004), namely: 1) Sustainability of Training Programs, Access to Training, 3) Relevance of Training to Jobs, 4) Quality of Training Materials, 5) Skills Development, 6) Post-Training Feedback.

The compensation variable in the context of this research is a variable measured from 4 (four) indicators adopted from Singh (2004), namely: 1) Salary or Wages; 2) Bonus; 3) Allowances; and 4) Non-Financial Awards.

The work engagement variable in the context of this research is a variable measured from 3 (three) indicators adopted from Schaufeli et al., (2002), namely: 1) Enthusiasm; 2) Dedication; 3) Absorption.

The performance variables in the context of this research are variables measured from 5 (five) indicators adopted from Mathis et al. (2017), namely: 1) Quantity of Results; 2) Quality of Results; 3) Timeliness; 4) Attendance and 5) Cooperation.

Demographic variables in the context of this research are variables measured from 5 (five) indicators, namely: 1) Age; 2) Gender; 3) Work Experience; 4) Education Level; 5) Marital Status;

Research Result

Discriminant Validity

This section will describe the results of the discriminant validity test. The discriminant validity test uses cross-loading values. An indicator is considered to meet discriminant validity if the cross-loading value for its variable is the highest compared to the other variables. The following are the cross-loading values for each indicator:

Table 1 Discriminant Validity Test with Cross Loading

	Talent Recruitment	**Training and Development**	**Compensation**	**Work Engagement**	**Performance**	**Demographics**
	(X1)	(X2)	(X3)	(Y1)	(Y2)	(Z)
X1.1	0,905					
X1.2	0,915					
X1.3	0,940					
X1.4	0,923					
X1.5	0,915					
X2.1		0,858				
X2.2		0,842				
X2.3		0,883				
X2.4		0,875				
X2.5		0,759				
X2.6		0,752				
X3.1			0,710			
X3.2			0,892			
X3.3			0,916			
X3.			0,894			

4						
Y1.1				0,909		
Y1.2				0,928		
Y1.3				0,930		
Y2.1					0,895	
Y2.2					0,883	
Y2.3					0,891	
Y2.4					0,863	
Y2.5					0,916	
Z1.1						0,125
Z1.2						0,547
Z1.3						0,936
Z1.4						0,484
Z1.5						0,636

Source: Processed primary data, 2025

Based on Table 1, it can be seen that each indicator in each research variable used has the largest cross-loading value on the variable it forms compared to the cross-loading values on other variables. Based on these results, it can be stated that the indicators used in this study have good discriminant validity in compiling their respective variables.

R-Square (R^2)

Structural model testing or inner model is evaluated by looking at the R2 value of the latent variable using the Geisser Q Square test, then looking at the magnitude of the structural path coefficient. The stability of the estimated structural path coefficient is evaluated using the t-statistic test obtained from the bootstrapping procedure. Inner model testing can be seen from the R-Square on the equation between latent variables. The results of the R-Square calculation can be seen in the following table.

Table 2 R-Square Values

Keterangan	R Square
Work engagement	0,531
Performance	0,548

Source: Processed primary data, 2025

$Q^2 = 1 - (1 - 0{,}531^2) * (1 - 0{,}548^2)$
$Q^2 = 1 - (1 - 0{,}282) * (1 - 0{,}300)$
$Q^2 = 1 - (0{,}718) * (0{,}701)$
$Q^2 = 1 - 0{,}503$
$Q^2 = 0{,}497$ or $0{,}50$

Based on the Q-square (Q2) calculation, the Q-square value obtained was 0.50. This figure can be interpreted that the research model can explain the contribution of the influence of the variables of talent recruitment, training and development, compensation, work engagement, on performance by 50%, so that the model that has been built has a good predictive relevance value or level of prediction.

Hypothesis Testing

Based on the results of the analysis conducted using PLS, the proposed hypothesis to answer the research questions can then be tested by comparing the p-value with an alpha of 5% or 0.05, which is the tolerable error rate. The results of the analysis of the coefficients of influence between the latent variables in question, both the direct influence, mediation influence, and moderation influence, along with the total influence and p-values, can be seen in Table 3 below:

Table 3 Hypothesis Testing

Research Hypothesis				Path Coefficient	p-value	Results
H1	Talent recruitment	→	Performance	0,137	0.060	Rejected
H2	Training and development	→	Performance	0.243	0,003	Accepted
H3	Compensation	→	Performance	0,212	0.007	Accepted
H4	Talent recruitment	→	Work engagement	0,222	0.003	Accepted
H5	Training and development	→	Work engagement	0,317	0.000	Accepted
H6	Compensation	→	Work engagement	0,284	0.000	Accepted
H7	Work engagement	→	Performance	0.231	0.002	Accepted
The influence of mediation						
H8	Talent recruitment	Work engagement	Performance	0,051	0,048	Partial Mediation

Research Hypothesis				Path Coefficient	p-value	Results
H9	Training and development	Work engagement	Performance	0,073	0,027	Partial Mediation
H10	Compensation	Work engagement	Performance	0,066	0,034	Partial Mediation
Moderation Influence						
H11	Talent recruitment	Demographics	Performance	0,014	0.866	No Moderation
H12	Training and development	Demographics	Performance	-0,238	0.040	Weaken
H13	Compensation	Demographics	Performance	0,203	0.034	Strengthen

Source: Processed primary data, 2025

Discussion

Talent Recruitment on Employee Performance

The results of the study indicate that talent recruitment has a positive but insignificant effect on employee performance. This finding suggests that although the recruitment process has been carried out well in the sense that it is relatively clear, objective, transparent, efficient, and provides satisfaction to applicants, the success of the recruitment process has not directly contributed significantly to improving employee performance. This is in line with the view of Mathis & Jackson (2011) who emphasize that recruitment is only the initial stage of human resource management, while employee performance is greatly influenced by subsequent processes such as training, development, compensation, motivation, and work engagement. In other words, good recruitment is indeed the foundation, but not the sole determining factor of performance.

This positive but insignificant finding can also be explained by Human Capital theory (Becker, 1993), which emphasizes that individual abilities will only impact organizational performance if the company is able to manage, develop, and retain that talent. This means that even though Bank Sultra has successfully recruited qualified employees, employee performance will not automatically improve without ongoing development strategies, such as training, coaching, and an appropriate reward system. Furthermore, these results are consistent with research by Widyastuti (2019), who found that good recruitment does not necessarily improve performance but rather contributes to increased employee satisfaction and commitment. Meanwhile, performance will improve significantly when recruitment is combined with other factors such as the work environment, motivation, and work engagement. Similar results were also presented by Sutrisno (2020), who stated that recruitment has a positive effect on performance, but is not significant because this variable tends to function as a basic factor (hygiene factor) that plays a greater role in preventing dissatisfaction than promoting high performance.

Training and Development on Employee Performance

The research results show that training and development have a positive and significant impact on employee performance. This finding indicates that the higher the quality and effectiveness of an organization's training and development programs, the higher the resulting employee performance. Empirically, this reinforces the view that training and development are key factors in building highly competitive human resource capacity. Theoretically, these findings are consistent with human capital theory (Becker, 1993), which emphasizes that organizational investment in employee capacity building through training will result in increased productivity and performance. Furthermore, the resource-based view (Barney, 1991) explains that sustainable competitive advantage is achieved through the utilization of valuable, rare, difficult-to-imitate, and difficult-to-substitute resources.

These research findings also align with previous empirical studies. Noe (2017) emphasized that structured training can improve employee work effectiveness and significantly impact the achievement of organizational goals. Ardiyanti & Haryanto (2020) found that training and development significantly impact employee performance in the banking sector in Indonesia, particularly through improving work competencies relevant to their duties and responsibilities. Similarly, research by Jehanzeb & Bashir (2013) demonstrated that effective training can improve employee job satisfaction and performance, as employees feel empowered to develop their potential. The implication of these findings is that Bank Sultra needs to strengthen its training and development strategy, emphasizing not only technical skills development but also aspects of job relevance, accessibility, and program sustainability. This way, training outcomes can be integrated into daily work activities and drive increased productivity and service quality. Furthermore, post-training feedback is crucial to ensure that acquired competencies are truly applied in employees' actual performance.

Compensation for Employee Performance

The research results show that compensation has a positive and significant effect on employee performance at Bank Sultra. A well-designed compensation system—both financial (salary, bonuses, allowances) and non-financial (recognition, rewards, development opportunities)—enhances employee motivation, loyalty, and work quality. According to Expectancy Theory (Vroom, 1964), employees will exert greater effort when they believe that high performance will lead to appropriate rewards, while Equity Theory (Adams, 1965) highlights that fairness in compensation fosters satisfaction and motivation. When employees perceive compensation as fair and aligned with their contributions, they become more disciplined, committed, and productive in achieving organizational goals. Supporting studies by Sudiardhita et al. (2017) and Ismail & Gali (2017) confirm that compensation significantly improves performance through increased job satisfaction and motivation, showing that compensation functions not merely as an administrative tool but as a strategic driver of organizational success.

In addition, non-financial compensation, as described in Herzberg's Two-Factor Theory (1959), strengthens intrinsic motivation through appreciation, recognition, and career development opportunities. At Bank Sultra, acknowledgment of employee achievements fosters enthusiasm, dedication, and a strong work ethic that directly contribute to better performance. Managerially, these findings highlight the need for a competitive and equitable compensation structure that balances financial and non-financial rewards while ensuring transparency and consistency. Factor analysis results reveal that benefits contribute the most to the compensation variable, surpassing base salary (Dessler, 2019), suggesting that flexible benefits—such as health, family, and welfare incentives—are more effective in enhancing employee satisfaction, motivation, and overall performance.

Talent Recruitment towards Work Engagement

The research results show that talent acquisition has a positive and significant impact on work engagement. An effective, selective, and competency-based recruitment process can build employees' emotional, cognitive, and behavioral attachment to their work. Based on the Person-Job Fit theory (Kristof-Brown et al., 2005), the match between individual abilities and job demands is a key factor driving work engagement. Furthermore, through the perspective of the Job Demands-Resources Model (Bakker & Demerouti, 2007), appropriate recruitment can ensure employees possess personal resources such as self-efficacy, optimism, and resilience, which strengthen their ability to cope with job demands and foster high intrinsic motivation. These findings are consistent with research by Albrecht et al. (2015) and Saks (2006), which shows that strategic HR management practices, including talent acquisition, significantly improve work engagement through a sense of fairness, transparency, and appreciation for candidates. In the context of Bank Sultra, recruitment that emphasizes employee quality and integrity is key, given the complexity of banking services that require both technical competence and interpersonal skills. Selective recruitment produces employees who are not only competent but also demonstrate high dedication and absorption in their work, as explained by Schaufeli, Bakker, & Salanova (2006).

Factor testing results indicate that the indicator with the greatest contribution to the talent recruitment variable is objectivity, underscoring the importance of a fair, discrimination-free, and qualification-based recruitment process (Greenberg, 1987). Objectivity strengthens employee trust and commitment from the outset, while clarity of information contributes the least because it is considered less influential than procedural justice (Campion et al., 1997). For the work engagement variable, absorption is the most dominant indicator, reflecting a state in which employees are immersed in their work and experience high intrinsic satisfaction, as explained by Flow theory (Csikszentmihalyi, 1990). Therefore, competency-, value-, and objectivity-based recruitment serves as a strategic foundation for Bank Sultra in strengthening employee work engagement and commitment to the organization.

Training and Development for Work Engagement

The results of this study indicate that training and development have a positive and significant effect on work engagement. This finding demonstrates that organizational investment in training not only improves technical competence but also strengthens employees' psychological aspects, including enthusiasm, dedication, and work absorption. Based on Job Demands-Resources Theory (Bakker & Demerouti, 2007), training functions as a job resource that can foster intrinsic motivation and increase work energy. With relevant training, employees feel more competent and confident in completing their tasks, as explained by Bandura (1997) through the concept of self-efficacy, which states that confidence in one's abilities will increase persistence and work effectiveness.

Training and development also foster dedication through positive perceptions of organizational support. According to Social Exchange Theory (Blau, 1964), when organizations provide learning and development opportunities, employees reciprocate with a greater sense of loyalty, pride, and commitment to their work. Furthermore, continuous learning creates a sense of belonging and emotional attachment to the organization, which strengthens the dedication dimension of work engagement. Well-designed training also helps employees adapt to change and increases resilience to work pressure, ultimately strengthening their overall engagement. Absorption has also been shown to increase through training and development, where employees feel immersed and enjoy their work when their competencies improve and job challenges align with their abilities. This aligns with Flow Theory (Csikszentmihalyi, 1990), which emphasizes the balance between skills and challenges as the key to an optimal work experience. These findings are supported by research by Jehanzeb & Bashir (2013) and Saks (2006), which found that effective training not only strengthens work skills but also creates a strong psychological bond between employees and the organization.

Compensation for Work Engagement

The results of this study indicate that compensation has a positive and significant effect on employee work engagement at Bank BPD Sultra. This means that the better the compensation system implemented, the higher the level of employee work engagement. Compensation serves not only as a financial tool to meet needs but also as a strategic instrument that builds psychological bonds between employees and the organization. Based on Social Exchange Theory (Blau, 1964), a reciprocal relationship between employees and the company arises when the organization provides fair compensation—whether in the form of salary, benefits, bonuses, or non-financial rewards—so that employees respond with increased loyalty, engagement, and performance. In this context, compensation serves as a form of recognition for contributions, strengthening a sense of belonging and commitment to the organization.

This finding also aligns with the Two-Factor Theory of Herzberg, Mausner, & Snyderman (1959), which positions compensation as a hygiene factor that, while not directly motivating, can create job satisfaction that fosters employee engagement. Adequate compensation allows employees to feel economically secure and motivated to focus on self-development and achieving work goals. Empirically, research by Saks (2006) and Al-Dalahmeh et al. (2018) supports these findings by showing that compensation, both financial and non-financial, significantly influences dimensions of work engagement such as vigor, dedication, and absorption. Therefore, fairly and proportionally managed compensation is key to building a committed, enthusiastic, and productive workforce.

Work Engagement on Employee Performance

The results of this study indicate that work engagement has a positive and significant effect on employee performance. This finding confirms that work engagement is a crucial psychological factor driving improvements in the quality and quantity of performance. Employees with high levels of work engagement are characterized by vigor, dedication, and full absorption in their work, which encourages them to work harder, innovate, and provide excellent service (Schaufeli et al., 2002; Bakker & Demerouti, 2008). Based on the Job Demands-Resources Model (Bakker & Demerouti, 2008), work engagement emerges when employees have job resources such as supervisor support, development opportunities, and adequate rewards. These resources not only help them cope with work demands but also enhance their energy, focus, and intrinsic motivation to achieve organizational goals.

Theoretically, the positive relationship between work engagement and performance can also be explained through Social Exchange Theory (Blau, 1964), which states that when employees perceive fairness, support, and appreciation from the organization, they will reciprocate by increasing their contributions and work output. In this context, work engagement serves as a psychological mechanism that connects a sense of appreciation with a commitment to achievement. Engaged employees tend to be highly loyal, take responsibility for their work results, and demonstrate consistent superior performance, thus directly contributing to overall organizational productivity and effectiveness.

Talent Recruitment on Employee Performance in the Mediation of Work Engagement

The results of the study indicate that talent recruitment has a positive and significant effect on employee performance through work engagement, meaning that the quality of the recruitment process not only directly impacts individual performance but also strengthens employees' psychological bonds with their jobs. Objective, transparent, and competency-based recruitment has been shown to significantly contribute to improved performance, in line with Collings and Mellahi's (2009) view that talent recruitment is the main foundation of effective talent management. Theoretically, this finding can be explained through Human Capital Theory (Becker, 1964), which emphasizes the importance of human resource quality in determining organizational performance, as well as Work Engagement Theory (Kahn, 1990) and the Job Demands-Resources Model (Schaufeli & Bakker, 2004), which explain that the match between individual competencies and job demands increases employee vigor, dedication, and absorption. Thus, a fair and competency-based recruitment process not only produces superior workers but also fosters work engagement that ultimately drives productivity and positive work behavior, as supported by the findings of Saks (2006) and Albrecht (2010).

Training and Development on Employee Performance in Work Engagement Mediation

The results of the study indicate that training and development have a positive and significant effect on employee performance through work engagement, meaning that relevant, sustainable, and targeted training programs not only improve technical competencies but also foster employees' emotional, cognitive, and physical attachment to their work. This finding confirms that work engagement acts as a psychological mechanism that channels the benefits of training into productive work behavior, in line with Saks' (2006) research which shows the mediating role of work engagement between HR practices and performance. Based on Human Capital Theory (Becker, 1964), investment in training results in increased capabilities and knowledge that become the basic capital for performance, but its effectiveness depends on the level of work engagement as explained by Kahn (1990) and is reinforced by the findings of Rich, Lepine, & Crawford (2010) that vigor, dedication, and absorption improve individual performance. In addition, according to the Job Demands-Resources Model

(Bakker & Demerouti, 2008), training and development act as motivational resources that strengthen employees' intrinsic energy and commitment, resulting in higher and sustainable performance.

Compensation for Employee Performance in Work Engagement Mediation

The results of the study indicate that compensation has a positive and significant effect on employee performance through work engagement, meaning that providing fair, appropriate, and commensurate compensation not only directly increases work motivation but also fosters work engagement, which ultimately strengthens performance. Although the direct effect of compensation on performance is greater than the indirect effect through work engagement, the mediating role remains important in strengthening the relationship because compensation functions not only as an economic factor but also as a psychological instrument that fosters a sense of belonging, loyalty, and work enthusiasm. Theoretically, this finding is in line with Equity Theory (Adams, 1965), which states that perceptions of fairness in compensation encourage work enthusiasm and dedication, as well as the Job Demands-Resources Model (Bakker & Demerouti, 2008), which explains that compensation is a job resource that increases motivation and engagement. Consistent with research by Al-dalahmeh et al. (2018) and Saks (2006), competitive compensation has been shown to strengthen employee emotional, cognitive, and physical engagement, resulting in more optimal and sustainable performance.

The Moderating Role of Demographics in the Influence of Talent Recruitment on Employee Performance

The results of the study indicate that demographic factors do not play a significant role as moderators in the relationship between talent recruitment and employee performance at Bank Sultra, so that the positive relationship between the two is consistent across various employee groups without being influenced by differences in age, gender, or education level. Theoretically, Person–Job Fit Theory (Kristof-Brown et al., 2005) explains that recruitment success is determined more by the match between individual characteristics and job demands than demographic factors, while Human Capital Theory (Becker, 1993) emphasizes that performance depends on skills, knowledge, and experience, not personal attributes alone. This finding is in line with research by Ng & Feldman (2008), which shows that demographic variables only have a weak effect on performance, and Ployhart (2006), which emphasizes that competency-based and objectivity-based recruitment have a more significant impact on organizational outcomes than demographic factors.

The Moderating Role of Demographics in the Influence of Training and Development on Employee Performance

The results of the study indicate that demographic factors play a role in weakening the relationship between talent recruitment and employee performance at Bank Sultra, meaning that the effectiveness of training and development is uneven across demographic groups. Differences in age, education, and work experience cause individual abilities to absorb the benefits of training to vary, so the same program can produce different levels of effectiveness. Based on Human Capital Theory (Becker, 1993), investment in training does increase productivity, but the results depend on the individual's capacity to learn and adapt. Younger or more educated employees are generally more responsive to new materials, while older or more experienced employees tend to show resistance to change. This is in line with Social Learning Theory (Bandura, 1986), which emphasizes that learning is influenced by personal and environmental factors. Empirically, these findings are consistent with research by Ng & Feldman (2012) and Tharenou, Saks, & Moore (2007), which shows that age, experience, and education level moderate the relationship between training and performance, where more educated individuals receive greater benefits from training compared to those with less education.

The Moderating Role of Demographics in the Influence of Compensation on Employee Performance

The results of the study indicate that demographic variables positively and significantly moderate the relationship between compensation and employee performance, meaning that demographic factors strengthen the effectiveness of compensation in driving performance improvement. When the compensation system is perceived as fair and appropriate to needs, demographic factors such as age, education, experience, and marital status further strengthen its impact on motivation and performance. Theoretically, this finding aligns with Equity Theory (Adams, 1965), which explains that perceptions of compensation fairness arise from a comparison between inputs (education, skills, experience) and outputs (salary, bonuses, and benefits). Employees with higher education or longer experience have greater compensation expectations, and when these expectations are met, they demonstrate optimal performance. Consistent with Expectancy Theory (Vroom, 1964), demographic factors also influence preferences for compensation forms—for example, married employees value family benefits more, while younger employees are more motivated by performance bonuses. Thus, the match between the compensation system and employee demographic needs is key to continuously improving motivation, engagement, and performance.

Conclusion and Recommendations

Talent recruitment has a positive but insignificant effect on the performance of Bank Sultra employees. Training and development has a positive and significant effect on the performance of Bank Sultra employees. Compensation has a positive and significant effect on the performance of Bank Sultra employees. Talent recruitment has a positive and significant effect on the work engagement of Bank Sultra. Training and development has a positive and significant effect on the work engagement of Bank Sultra employees. Compensation has a positive and significant effect on the work engagement of Bank Sultra employees. Work engagement has a positive and significant effect on the performance of Bank Sultra employees. Work engagement mediates the effect of talent recruitment on the performance of Bank Sultra employees. Work engagement mediates the effect of training and development on the performance of Bank Sultra employees. Work engagement mediates the effect of compensation on the performance of Bank Sultra employees. Demographics do not moderate the effect of talent recruitment on the performance of Bank Sultra employees. Demographics moderate the effect of training and development on employee performance but are weakening. Demographics moderate the effect of compensation on the performance of Bank Sultra employees. This research was conducted at a single regional bank, thus potentially differing in its characteristics, organizational culture, and management policies from other regional banks, as well as from government and private banking institutions. This situation limits the generalizability of the research findings. Therefore, further research is recommended to replicate the model in a broader context, involving several regional banks, as well as government and private banks, to strengthen the external validity and generalizability of the findings.

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