

HUMAN CAPITAL STRATEGY AND ORGANIZATIONAL PERFORMANCE: AN AMO-BASED CASE STUDY OF A REGIONAL DEVELOPMENT BANK

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ABSTRACT: Performance disparities in Regionally Owned Enterprises persist despite substantial investment in human capital development, raising questions about how workforce strategies translate into measurable organizational outcomes. This study advances an integrated AMO-based human resource development model, positioning ability, motivation, and opportunity as structurally aligned drivers of performance in regional banking. Using a descriptive qualitative design, data were obtained from interviews and institutional documents to examine how development architecture shapes operational effectiveness at Bank Sulselbar, Indonesia. Findings indicate that competency-based training strengthens ability, structured performance targets reinforce motivation, and formalized career management institutionalizes opportunity through aligned succession pathways. These interdependent mechanisms produce systemic workforce readiness rather than isolated skill enhancement. For banking executives, the evidence affirms that sustained performance improvement requires designing human resource systems as integrated strategic infrastructure, where training, appraisal, and career mobility operate as a coherent capability-building ecosystem embedded in governance.

Keywords: Human Capital Development; Company Performance; AMO Theory; Ability; Motivation, Opportunity

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INTRODUCTION

Regional development banks and BPR-type institutions confront persistent structural pressures: rising credit risk, consolidation mandates, and accelerated digital transformation, while many human resource systems remain administratively fragmented rather than strategically integrated. According to the Financial Services Authority (OJK), the number of BPR institutions declined from 1,506 in 2020 to 1,356 in December 2024, accompanied by a contraction in branch networks, reflecting industry consolidation and performance strain (Otoritas Jasa Keuangan [OJK], 2024). In the same period, BPR non-performing loans remained substantial, reaching approximately Rp16.27 trillion, signalling continued weaknesses in credit governance and frontline capability (OJK, 2024). Simultaneously, national digital banking transformation policy emphasizes institutional readiness across people, process, and technology dimensions, not merely technological adoption (OJK, 2021). Within regionally owned banks such as Bank Sulselbar, this systemic pressure is compounded by heterogeneous employment statuses that potentially fragment accountability and capability alignment, reinforcing the urgency of strategic human capital integration (Rizki & Sri, 2020).

Throughout the years, the study of Human Capital Department (HCD) roles has emerged (Hassan et al., 2015; Yuzliza et al., 2019). Prior study demonstrated the necessity of human capital-related management (Eftimov & Ristovska, 2019; Fenech et al., 2019; Raeder, 2019) through the HCD in support of corporate performance (Long et al., 2013; Ulrich et al., 2013). Ulrich (1996) identified four well-known HCD positions that have inspired numerous researchers: strategic partner, administrative expert, change agent, and employee champion. Stakeholders support development, and the HCD's relevance is inextricably linked to these variables (Antila & Kakkonen, 2008; Ulrich & Dulebohn, 2015). These elements originate both inside and outside the business. The majority of earlier research (Antila & Kakkonen, 2008; Thite et al., 2014) covered the internal elements of building the HCD function, including adoption of Human Resource Information System (HRIS), line management assistance, and top management support. The two most frequently discussed internal factors are line managers' involvement as the HCD's closest partner (Hassan et al., 2015; Thite et al., 2014) and top management's perception or view of the department's roles, which determines top management support (Intarakumnerd, 2017).

Despite a mature stream on HCD roles and HR's value creation, three gaps persist that limit what this literature can actually explain in practice. First, role typologies such as Ulrich's framework are often treated as universal labels, while empirical work rarely specifies the mechanism by which an HCD role configuration converts into performance capacity, especially under operational constraints and risk exposure typical of regional banking. Second, prior studies concentrate on internal enablers like HRIS adoption, line-manager involvement, and top management support, yet they under-theorize how governance mandates, public ownership logics, and institutional constraints reshape HCD role enactment and dilute the HR–performance linkage in quasi-public financial institutions. Third, the literature is thin on hybrid workforce architectures, where fragmented employment statuses can weaken standardization, accountability, and incentive alignment, creating a structural barrier to capability building that role-based models do not capture. Addressing these gaps, this study contributes by integrating HCD role logic with the AMO lens to explain how ability-building, motivation architecture, and opportunity structures are designed and coordinated as a coherent human capital system in a regionally owned bank context, thereby moving the discussion from “what roles HR should play” to “what capability mechanisms HR must build” to sustain performance under governance and operational complexity.

THEORETICAL REVIEW

According to Zahari et al. (2022), human resources is a division that focuses on using people as resources to accomplish company objectives. Today's workforce investments will affect a firm's subsequent strategic capabilities, which in turn affect its ability to execute its strategy, which ultimately affects its performance (Huselid & Becker, 2011). The technique of managing a group of people to achieve organizational, individual, and community goals is known as HR management (Hasibuan, 2015). The process of locating, hiring, choosing, training, keeping, and

employing staff members in order to accomplish organizational and personal objectives is known as human resource management (Handoko, 2016).

Good human resource management must start from how to prepare a work system that can support the best work performance. The characteristics of a high-performance work system are the development of work abilities/skills needed to complete the assigned tasks, establishing remuneration and performance management policies, and providing motivation. Improving performance, especially in developing Ability, Motivation and Opportunity, is very important, because these three approaches are used as alternatives as a form of support for improving BUMD performance (Wijoyo & Mashuri, 2021). Human capital management strategies that focus on improving company performance can be analyzed with the AMO (Ability, Motivation, Opportunity) model. Every employee will provide performance if they have 3 aspects, namely Ability, Motivation, and Opportunity (Armstrong & Brown, 2019). The AMO model, developed by Boxall (2003), is a behavioral viewpoint model linked to the 1990s focus on the relationship between HRM and performance, stating that an individual's ability, motivation, and opportunities determine their performance (Armstrong & Brown, 2019). The AMO model suggests that in order to improve company performance, organizations should focus on enhancing employees' abilities, motivation, and opportunities. This model recognizes that each employee's performance is influenced by their skills and knowledge (ability), their drive and enthusiasm (motivation), and the resources and support available to them (opportunity). By addressing these three aspects, companies can create an environment that fosters high performance and productivity.

First, ability refers to the capacity to carry out duties due to a combination of talent, work ability, and knowledge. Employees who have skills, abilities and experience, supported by proficiency in using them for the benefit of the organization, can contribute significantly to organizational success and are the main key to competitive advantage (Waiganjo et al., 2012). Second, motivation is the need to carry out activities on one's own initiative or the conviction that one must carry out these duties. Increased internal motivation and creativity can improve effectiveness in decision-making, especially in the application of new information and communication technologies (Stock & Seliger, 2016). Third, opportunity, namely the way the work is organized, the friendly atmosphere, and the space for personal expression. Opportunity is gained when the work environment provides the necessary support and avenues to express talent (Wijoyo & Mashuri, 2021). This research focuses on the human capital management strategies that focus on improving company performance can be analyzed with the AMO (Ability, Motivation, Opportunity) model (Armstrong & Brown, 2019). We present the construction of research proposals as in Figure 1.

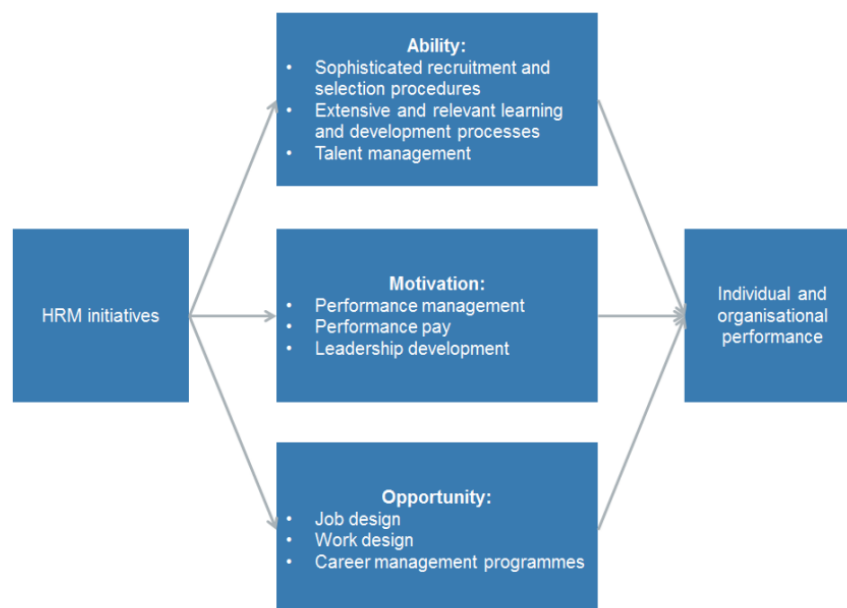


Figure 1. The AMO model as a framework for performance enhancing HRM practices

RESEARCH METHOD

This study employs an interpretive qualitative case study design to investigate how human capital management strategies are structured and enacted to influence organizational performance at Bank Sulselbar. A case study approach is appropriate for examining embedded organizational processes within their real institutional and governance context, particularly when the research seeks to uncover mechanisms rather than test causal relationships statistically (Creswell, 2018). The unit of analysis is the organizational Human Capital system, with analytical focus on the interaction between strategic HR actors and operational implementation.

Data were collected from 18 informants selected through a two-stage sampling strategy. First, purposive sampling was applied to identify key decision-makers directly responsible for HR development architecture, including 4 senior managers from the Human Capital (HC) Division, 3 executives from the Strategy and Initiative Management Office (SIMO), and 2 senior line managers involved in performance evaluation and workforce planning. Selection criteria included positional authority, minimum three years of tenure, and direct involvement in competency development, performance management, or career planning systems. Second, snowball sampling was employed to identify 9 additional staff members representing different employment categories (permanent employees, special company employees, and non-permanent employees). These participants were recommended by initial informants to ensure representation of heterogeneous workforce statuses and operational exposure. Sampling continued until thematic saturation was achieved, indicated by repetition of patterns and no emergence of new analytical categories.

Data collection involved semi-structured interviews, non-participant observation, and document analysis. Interviews followed a protocol derived from the AMO framework, covering competency-building mechanisms, performance target systems, incentive structures, and career mobility pathways. Each interview lasted 45–90 minutes, was audio-recorded with consent, transcribed verbatim, and anonymized. Non-participant observation was conducted over four weeks within the HC operational setting to document routine practices, performance review interactions, and training coordination processes using structured field-note templates. Documentary sources included internal HR policies, competency frameworks, performance appraisal instruments, training curricula, succession planning documents, and publicly available annual reports to ensure triangulation across formal and enacted practices.

Data analysis followed a rigorous thematic coding procedure. A hybrid coding strategy was implemented, combining deductive codes derived from the AMO constructs (ability, motivation, opportunity) with inductive codes emerging from empirical narratives. Transcripts and documents were coded iteratively using constant comparative techniques to identify convergent and discrepant evidence across managerial and staff perspectives. Codes were aggregated into higher-order categories and mapped into analytical matrices linking HR system components to perceived performance implications. To enhance trustworthiness and reproducibility, the study applied source triangulation, member checking with five key informants, audit trail documentation of coding decisions, and peer debriefing to validate thematic coherence. These procedures ensure methodological transparency, analytical rigor, and credibility of the interpretive findings.

RESULTS

in the competitive banking condition, Bank Sulselbar, Indonesia, implements human capital development programs. The Bank thinks that effective and long-lasting human capital administration is essential. Furthermore, the banking industry requires skilled and knowledgeable personnel to support. Operation Excellent, one of Bank Sulselbar's strategic initiatives for 2022, focuses on elements that support the advancement of HC and IT skills. Investing in information technology and human resources will increase bank capabilities generally and effectively to support business accomplishments. Operation Excellent, one of Bank Sulselbar's strategic initiatives for 2022, focuses on elements that support the advancement of HR and IT skills. Investing in information technology and human resources will increase bank capabilities generally and effectively to support business accomplishments. In 2022, the Bank's organizational development plan will prioritize the Bank's core business, internal strength, and strategic plans for boosting retail funding, providing high-quality, productive loans, and improving the proficiency

of HC staff within the Bank's organizational structure. The company thinks that one of the factors influencing how well it performs is its human capital. Employee excellence led to a number of accomplishments and the company's favorable growth, among other things.

HC must be strengthened, and the HC management process must be improved in 2022–2024 in order to support the bank's strategy and make reference to the BPD transformation plan. The Human Capital Division, as the work unit executing the HC management process, has developed a plan that is in line with the 2021 Corporate Plan–2025 by emphasizing HC development initiatives and enhancing the HR Management System. The following summarizes Bank Sulselbar's HC roadmap:

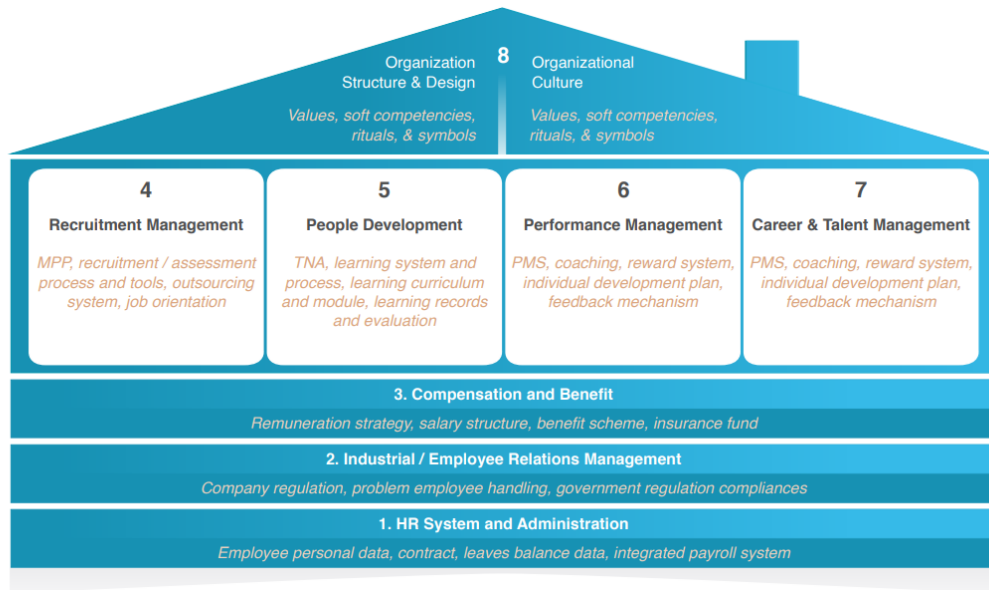


Figure 2. HC Roadmap of Bank Sulselbar

The HC strategy will be implemented in accordance with a number of strategic plans in 2021–2023, which include: 1) Enhancing the internalization of organizational culture; 2) Creating an integrated, digitally-based HR information and management system for Bank Sulselbar Business Plan 2023–2025; 3) Managing organizational design optimally; 4) Developing the competency of the HC work unit; 5) Creating a talent management system within the organization; 6) Constructing a Strategic Competency Development System for Critical Positions; 7) Enhancing the employee performance management system; 8) Creating an equitable and appealing compensation structure; and 9) Ensuring the Bank has enough human resources.

The Human Capital Division (HC Division), which oversees the management and development of HR, plays a crucial role in setting the direction and policies of the banking industry both now and in the future. The President Director is directly in charge of the HC Division in relation to its strategic function. There are three departments in the HC Division, each with distinct roles and responsibilities. The HC Division helps to fully execute organizational tasks by managing professional staff supply, development, and quality enhancement. This is accomplished via developing work principles and a work culture that supports the Bank's vision and objectives through comprehensive HR management. The Employee Development Department, Education and Training Department, and Personnel Administration Department are the three departments that make up the HC Division. Naturally, in terms of power and organization, the three departments have various roles to play. HC management strategies that focus on improving company performance with the AMO model are as follows:

Ability-Enhancing Architecture

The findings indicate that Bank Sulselbar operationalizes the ability dimension of the AMO framework through a structured workforce architecture that integrates recruitment selectivity, workforce planning, and competency targeting. Recruitment and selection are conducted through

open and publicly accessible mechanisms designed to widen applicant pools while aligning talent acquisition with strategic workforce requirements. Informants emphasized that recruitment standards have progressively shifted from administrative screening toward competency-based evaluation, incorporating role-fit assessment, probationary evaluation, and structured orientation processes. Selection decisions are explicitly anchored in meritocratic criteria, with formal safeguards to ensure equal opportunity across gender, ethnicity, religion, and other non-performance-related attributes.

Workforce planning is linked to organizational redesign and workload analysis embedded in the Bank's 2021–2025 Corporate Plan. HR fulfillment strategies are differentiated by capability needs. Frontline requirements are partly addressed through apprenticeship optimization and contract arrangements. Non-core functions are supported through outsourcing mechanisms calibrated to unit-level demand. Strategic capability gaps, particularly in risk management, digital banking, internal audit, treasury, and human capital analytics, are addressed through targeted professional hires (prohire) possessing specialized expertise not internally available. Additionally, experienced credit analysts and account officers are recruited locally to strengthen contextual market intelligence and credit quality.

As of September 2022, 558 outsourced personnel supported non-core operations, reflecting a deliberate segmentation between strategic and transactional roles. Collectively, these layered recruitment and workforce allocation mechanisms demonstrate an intentional capability-building approach rather than ad hoc staffing expansion, positioning talent acquisition as a structural lever for sustaining operational competence and performance resilience.

Extensive Competency Development through Structured Learning Investment

The data show that Bank Sulsebar treats learning and development as a capability-building system rather than a compliance routine, and this orientation is central to the ability pillar of the AMO framework. Informants consistently framed “ability” as a function of role-relevant knowledge, technical banking skills, and service competence, and they described training as the primary mechanism through which the Bank reduces capability variance across units and employee categories. The Bank implements continuous education and development programs, but participation is not positioned as discretionary or symbolic. Instead, training engagement is formally anchored in organizational needs and individual role requirements, which supports the interpretation that learning is deployed as a performance instrument, not an employee perk.

A key mechanism is competency-based development designed to ensure workforce readiness for core banking operations and service excellence. This strategy explicitly links development content to performance expectations, emphasizing operational reliability, customer-facing quality, and risk-sensitive execution. The Bank's approach also reflects a long-horizon logic: human capital development is framed as an investment intended to strengthen current performance while building future capacity. Practically, this investment logic is operationalized through individualized training pathways aligned with employees' developmental needs, with program design guided by Training Need Analysis and translated into an Annual Training Plan. This sequence indicates a structured “diagnose–design–deploy” learning cycle that increases internal coherence and reduces the likelihood of generic training that fails to transfer into job performance.

The Bank's documentary evidence further suggests that learning and development is not marginal in resource allocation. In 2022, the education and training budget reached IDR 22.790 billion, increasing by IDR 10.820 billion (90.38%) compared with 2021 (IDR 11.971 billion). Participation also expanded, from 6,402 employees in 2021 to 6,804 in 2022 (+6.28%), while total training hours rose from 1,067 to 1,752 (+64.20%). These parallel increases in investment, reach, and intensity imply a deliberate scale-up of capability formation, not merely cost inflation. The projected rise in training expenditure to IDR 27.85 billion in 2023 reinforces this trajectory, signalling continued prioritization of competence formation as a strategic lever. Within an AMO interpretation, this pattern strengthens the claim that Bank Sulsebar is building ability through systematic competency infrastructure, aiming to ensure that performance outcomes are supported by a pipeline of standardized skills, reliable service behaviors, and banking-specific expertise.

Talent Management: Leadership Pipeline and Motivational Architecture

The findings indicate that Bank Sulselbar structures talent management as a formalized leadership pipeline rather than an informal succession preference. Central to this architecture is the establishment of a Talent Pool, designed to identify high-performing employees with demonstrated potential and prepare them for future leadership roles. Selection into the Talent Pool is performance-based and competence-driven, signaling an institutionalized differentiation between general workforce development and accelerated leadership preparation. Once identified, talents undergo tiered development pathways consisting of structured training modules, enrichment assignments, professional certification, executive coaching, and targeted mentoring. This multi-layered approach suggests that the Bank does not equate leadership readiness with tenure, but with capability accumulation and behavioral maturity.

Beyond formal training, the Bank deploys coaching, counseling, and mentorship programs as behavioral reinforcement mechanisms. These interventions aim to cultivate performance discipline, strengthen intrinsic motivation, and expand managerial perspective. Knowledge-sharing initiatives are optimized through both formal platforms and community-based learning structures, where employees are mapped into professional clusters aligned with their career tracks. This community-based diffusion model enables peer learning and tacit knowledge transfer, reducing silos while reinforcing professional identity within functional domains.

In parallel, motivational sustainability is anchored in procedural fairness. Performance appraisal, compensation systems, competency development access, and career promotion mechanisms are formally structured to ensure equal treatment across employee categories. This commitment is codified not only in the Collective Labor Agreement but also aligned with national labor regulations and anti-discrimination frameworks. Within the AMO lens, these mechanisms collectively reinforce the motivation and opportunity pillars by institutionalizing meritocracy, safeguarding equity, and embedding upward mobility within a transparent governance structure.

Performance Management: Strategic Control and Motivational Alignment

The evidence demonstrates that Bank Sulselbar operationalizes performance management as a structured control and alignment mechanism rather than a periodic administrative exercise. Performance targets are formalized through clearly defined Key Performance Indicators (KPIs), which are cascaded from organizational objectives to unit-level and individual responsibilities. Informants described this cascading process as a mechanism to ensure vertical alignment between corporate strategy and daily execution. Supervisors are required to conduct periodic coaching sessions to monitor target achievement, transforming performance monitoring into a continuous managerial dialogue rather than a retrospective evaluation ritual.

Performance appraisal extends beyond output metrics to incorporate multidimensional assessment criteria, including technical competence, discipline, interpersonal relations, and leadership behaviors, adjusted to occupational level and role complexity. This broadened evaluative scope indicates that performance is conceptualized as both behavioral and results-based, thereby integrating capability, conduct, and contribution. The annual evaluation cycle functions as both diagnostic and developmental: it identifies strengths and performance gaps at the individual level while simultaneously generating aggregate insight into organizational capability distribution.

Crucially, appraisal outcomes are institutionally linked to compensation adjustment, bonus allocation, and career progression decisions. Remuneration and promotion eligibility serve to document performance results, as the Bank reinforces performance accountability and motivational clarity. Within the AMO framework, this architecture strengthens the motivation dimension through transparent reward contingencies while sustaining the opportunity dimension via performance-based mobility. Collectively, the system positions performance management as a strategic lever for cultivating loyalty, reinforcing meritocracy, and embedding disciplined execution within the Bank's aspiration to lead financial services in Eastern Indonesia.

Performance Pay: Incentive Structuring and Productivity Signaling

The findings reveal that Bank Sulselbar designs its compensation system as a structured incentive architecture intended to reinforce productivity, accountability, and organizational commitment. Compensation is not positioned merely as welfare provision but as a strategic instrument aligned with performance and role contribution. The Bank adopts a three-layered remuneration logic: pay for performance, pay for position, and pay for person. This tripartite structure differentiates rewards based on individual results, positional responsibility, and professional competence, thereby integrating output accountability with role complexity and skill valuation.

Performance-based elements are explicitly linked to annual appraisal outcomes and business plan achievement, ensuring that compensation differentials reflect measurable contribution. Positional pay reflects hierarchical responsibility and decision authority, while person-based pay acknowledges specialized expertise and individual capability accumulation. This layered system indicates an attempt to balance fairness, competitiveness, and motivational clarity within a governance-bound public banking context.

Beyond fixed salary components, employees receive a comprehensive benefits portfolio, including allowances, healthcare coverage, overtime compensation, religious and holiday benefits, communication allowances for designated roles, regional hardship allowances, long-service recognition, retirement-related benefits, and performance bonuses tied to business plan realization. Educational and financial assistance programs further reinforce long-term commitment. Within the AMO framework, this compensation architecture strengthens the motivation pillar by institutionalizing transparent reward contingencies, while simultaneously supporting the opportunity dimension through structured mobility and professional growth incentives. Collectively, performance pay operates as a productivity signal, reinforcing meritocracy and sustaining performance discipline across organizational levels.

Leadership Development: Cultural Internalization and Strategic Cadre Formation

The evidence indicates that Bank Sulselbar conceptualizes leadership development as both a motivational driver and a cultural transmission mechanism. Within the AMO lens, motivation is not treated as an individual psychological state alone, but as an outcome shaped by institutional climate and leadership norms. The Bank explicitly directs its cultural policy toward strengthening high-performance orientation and embedding risk awareness across all operational activities. This dual emphasis reflects the regulatory and competitive pressures facing regional banking institutions, where disciplined execution and prudent risk management are inseparable. Informants described leadership development as the primary vehicle through which these cultural values are internalized and sustained.

Structured leadership education is mandatory for strategic managerial positions, including Branch Managers, First Line Managers, and Sub-Branch Managers. This indicates that leadership capability is institutionalized rather than assumed through tenure. Candidates for leadership cadre appointments are drawn from employees demonstrating sustained high performance and assessed potential, signaling a merit-based pipeline linked to documented track records. Development pathways combine formal training, managerial simulation exposure, and mentorship relationships with senior leaders. This architecture reinforces motivation through aspirational mobility and identity formation. By linking cultural expectations, performance history, and leadership opportunity, the Bank creates a visible pathway between individual achievement and strategic influence. Within the AMO framework, leadership development thus strengthens motivation through cultural alignment and recognition, while simultaneously expanding opportunity through structured succession preparation.

Opportunity Architecture: Job Design, Work Systems, and Career Mobility

Within the AMO framework, opportunity refers to the structural and environmental conditions that enable employees to apply their abilities and sustain motivation. At Bank Sulselbar, opportunity is institutionalized through deliberate job design, structured work systems, and formalized career mobility mechanisms.

Job design is structured to reduce monotony, mitigate stress, and control operational risk. Rotational assignments across frontline roles such as teller and customer service are

implemented not only to enhance task variety but also to reduce fraud exposure and reinforce internal control. In credit operations, strengthened standard operating procedures (SOPs) are integrated into workflow redesign to accelerate approval cycles while maintaining prudential discipline. The increasing integration of automation and digital systems further streamlines routine tasks, reallocating employee effort toward advisory and customer-centric functions. Cross-training initiatives ensure operational continuity during peak demand or staffing constraints, reducing vulnerability to service disruption.

Work design extends beyond task allocation to encompass governance communication and compliance architecture. Job descriptions, authority matrices, disciplinary procedures, and operational policies are disseminated through both written manuals and intranet systems, reinforced by routine managerial briefings. A formal fraud reporting mechanism, accessible internally and externally, strengthens ethical oversight and procedural accountability. These layered communication channels embed clarity of responsibility while supporting regulatory compliance and customer service standards.

Innovation is institutionalized as an opportunity platform through the annual "Innovation Award" and the Ideku initiative. Since 2018, employees have been invited to submit individual or team-based proposals aimed at improving business processes and service delivery. Selected proposals are evaluated by the Personnel Management Committee and presented before executive management. Implemented innovations receive recognition and additional performance assessment credit, reinforcing participatory engagement. Following the introduction of this program, the Bank's Innovation Culture Index, measured through the Organizational Culture Health Index (OCHI) survey, demonstrated measurable improvement. This indicates that opportunity is not confined to formal hierarchy but extends to ideational contribution.

Career management constitutes the long-term structural opportunity system. The Bank applies a graded framework (Job Grade 1–12) to guide vertical and lateral mobility. Promotion criteria are explicitly codified, incorporating tenure requirements, minimum performance rankings, behavioral assessment, and absence of disciplinary sanctions. Advancement is competitive within defined Career Path Groups and is determined by comparative performance value rankings. This transparent system aligns self-actualization with organizational succession planning, ensuring that critical roles are filled by competent, performance-validated personnel.

Organizational Performance Outcomes

The institutionalization of ability, motivation, and opportunity mechanisms coincides with demonstrable financial and governance outcomes. In 2022, Bank Sulselbar recorded net profit of IDR 653.723 billion, reflecting sustained earnings capacity. Total assets expanded by 6.72% to IDR 29.653 trillion, while conventional lending grew to IDR 20.488 trillion and sharia financing increased significantly by 23.50% to IDR 1.239 trillion, indicating diversification strength. Equity rose 6.55% to IDR 4.508 trillion, and the Capital Adequacy Ratio strengthened to 27.54%, reinforcing capital resilience amid broader banking liquidity pressures.

Although Return on Assets slightly moderated to 2.95%, profitability remains within acceptable industry thresholds, and the Net Interest Margin of 6.66% reflects stable intermediation performance. Governance and risk oversight are similarly affirmed, with a risk-based soundness rating of "2" and a Good Corporate Governance rating of "3," indicating adequate institutional control systems.

Performance recognition further substantiates operational credibility, with multiple awards in financial performance, risk management, governance excellence, and corporate social responsibility. By the end of 2022, the Bank maintained an extensive distribution network comprising head offices, conventional and sharia branches, sub-branches, cash offices, mobile units, and 581 ATMs, as an sustained operational reach. These indicators suggest that the Bank's integrated human capital architecture operates within a financially stable and governance-aligned system, supporting resilience, growth, and institutional legitimacy.

DISCUSSION

The findings reposition the Human Capital Department (HCD) from an administrative support unit to a structurally embedded strategic actor, aligning with Ulrich's (1996)

conceptualization of HR as strategic partner and change agent, yet extending it into a governance-bound regional banking context. Unlike prior studies that isolate HR roles as categorical descriptors (Ulrich et al., 2013; Ulrich & Dulebohn, 2015), this study demonstrates that role enactment becomes consequential only when translated into integrated capability systems. In Bank Sulselbar, recruitment selectivity, competency-based development, performance-linked incentives, and leadership pipeline structuring operate as mutually reinforcing mechanisms rather than discrete initiatives. This integrative pattern advances the argument of Huselid and Becker (2011) on workforce differentiation by illustrating how segmentation between strategic hires, outsourced roles, and frontline development supports institutional resilience. The findings thus shift the debate from “HR role presence” to “HR system coherence,” particularly within regulated public-sector financial institutions.

The results also deepen the theoretical discussion on strategic HRM and performance linkage. Boxall (2003) emphasized that service-sector advantage depends on human capability configuration, yet empirical demonstrations in regionally owned banking have remained limited. Consistent with Armstrong and Brown’s (2019) call to reconnect strategic HRM with value creation, the present findings reveal that AMO integration functions as a governance-compatible performance architecture. Ability formation through structured learning investment, motivation reinforcement via transparent performance pay, and opportunity creation through mobility and innovation platforms collectively produce measurable organizational stability. This echoes Waiganjo et al. (2012) and Wijoyo and Mashuri (2021), who associated strategic HRM practices with BUMD performance, yet the current case provides process-level explanation rather than correlational association. Importantly, in a context of BPR consolidation and liquidity pressures reported by OJK (2024), capability coherence appears to serve as a stabilizing mechanism under institutional strain.

A further contribution lies in addressing the long-standing emphasis on internal enablers such as line manager involvement and top management perception (Hassan et al., 2015; Thite et al., 2014; Yuzliza et al., 2019). While prior literature stresses relational alignment between HR and line functions, this study shows that alignment alone is insufficient without structural embedding into risk governance and digital transformation trajectories. The integration of HR development with risk culture and digital readiness aligns with OJK’s (2021) transformation blueprint and reflects the broader HR repositioning discussed by Fenech et al. (2019) in the digital era. Leadership development and innovation platforms further illustrate how motivational systems can support adaptive capability, resonating with Intarakumnerd’s (2017) coordination perspective and Raeder’s (2019) emphasis on HR in managing change. The implication is that HR effectiveness in banking must be evaluated not merely by relational influence but by its contribution to institutional adaptability and regulatory compliance.

The findings engage with debates on talent retention and sustainability. Eftimov and Ristovska (2019) highlighted the importance of structured talent systems in retaining high-potential employees, while Stock and Seliger (2016) underscored organizational adaptability under Industry 4.0 pressures. Bank Sulselbar’s talent pool, innovation awards, and graded career architecture suggest that opportunity structures can mitigate stagnation risks typical of quasi-public organizations influenced by regulatory changes (Rizki & Sri, 2020). The Bank’s approach reflects dynamic capability accumulation. Theoretically, this reinforces the proposition that AMO systems, when embedded within governance and strategic planning cycles, operate as institutional stabilizers under competitive and regulatory turbulence. The implied finding is that performance sustainability is less dependent on isolated HR best practices and more on systemic coherence across ability formation, motivational incentives, and opportunity design.

CONCLUSION AND FURTHER STUDY

The findings demonstrate that Bank Sulselbar’s human capital system operates as an integrated AMO architecture in which ability is strengthened through competency-based recruitment and sustained learning investment, motivation is reinforced through performance-linked incentives and leadership pipeline clarity, and opportunity is institutionalized through structured job design, innovation platforms, and transparent career mobility. Rather than functioning as isolated HR programs, these mechanisms form a coherent capability infrastructure aligned with governance discipline and financial resilience. The Bank’s positive profitability,

capital adequacy, and operational expansion suggest that human capital alignment contributes to performance stability within a regulated regional banking environment. However, this study is bounded by a single-case qualitative design and relies on managerial and internal documentary perspectives, which limits generalizability and prevents statistical inference regarding causal magnitude. The absence of longitudinal behavioral performance metrics also constrains deeper evaluation of sustainability effects over time.

Future research should extend this framework through comparative multi-bank designs, particularly across BPD and BPR institutions facing consolidation and digital transformation pressures, to examine whether AMO integration moderates risk exposure and profitability volatility. Quantitative modeling using panel data could test the strength of AMO system coherence on ROA stability, credit quality, and innovation output, while mixed-method designs may capture behavioral and cultural mediation effects. For practitioners, the evidence underscores that performance improvement in regional banking cannot rely on incremental HR adjustments; executives must engineer recruitment selectivity, learning systems, incentive structures, leadership succession, and mobility pathways as an integrated governance-aligned ecosystem. Human capital strategy should therefore be treated as strategic infrastructure embedded in risk management and digital transformation agendas rather than as an administrative support function.

ETHICAL DISCLOSURE

This study was conducted in accordance with accepted principles of research integrity and organizational ethics. Participation of all informants was voluntary, and informed consent was obtained prior to interviews. Confidentiality and anonymity were ensured through the removal of identifying information and secure handling of transcripts and institutional documents. The study relied solely on data authorized for academic use and did not involve vulnerable populations or experimental intervention.

CONFLICT OF INTERESTS

The authors declare no financial, professional, or personal conflicts of interest that could have influenced the research design, data interpretation, or reporting of findings.

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