

IMPLEMENTATION OF THE AMO MODEL IN IMPROVING EMPLOYEE PERFORMANCE THROUGH EMPLOYEE ENGAGEMENT IN THE BANKING SECTOR IN JAKARTA

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Abstract: This study aims to analyze the implementation of the Ability–Motivation–Opportunity (AMO) model in improving employee performance through employee engagement in the banking sector in Jakarta. A quantitative approach with an explanatory research design was employed. Data were collected through a five-point Likert scale questionnaire administered to 160 banking employees selected using purposive sampling. Data analysis was conducted using Partial Least Squares Structural Equation Modeling (SEM-PLS) with SmartPLS 4.0. The results indicate that ability, motivation, and opportunity have a positive and significant effect on employee engagement. Furthermore, employee engagement has a positive and significant effect on employee performance. The mediation analysis reveals that employee engagement significantly mediates the relationship between ability and motivation with employee performance. However, employee engagement does not mediate the relationship between opportunity and employee performance. The coefficient of determination shows that the model has moderate explanatory power, where AMO variables explain 48.7% of the variance in employee engagement, while the combination of AMO and employee engagement explains 60.7% of the variance in employee performance. These findings suggest that improving employee performance in the banking sector is not only influenced by competence and motivation but also by the level of employee engagement within the organization. This study provides practical implications for banking organizations to enhance employee performance through the strengthening of AMO-based human resource management practices and the continuous improvement of employee engagement.

Keywords: AMO Model, Banking Sector, Employee Engagement, Employee Performance, Jakarta

Abstrak: Penelitian ini bertujuan untuk menganalisis implementasi model Ability–Motivation–Opportunity (AMO) dalam meningkatkan kinerja karyawan melalui employee engagement pada sektor perbankan di Jakarta. Pendekatan penelitian yang digunakan adalah kuantitatif dengan desain eksplanatori. Data dikumpulkan melalui kuesioner dengan skala Likert lima poin terhadap 160 karyawan perbankan yang dipilih menggunakan teknik purposive sampling. Analisis data dilakukan menggunakan Structural Equation Modeling berbasis Partial Least Square (SEM-PLS) dengan bantuan SmartPLS 4.0. Hasil penelitian menunjukkan bahwa ability, motivation, dan opportunity berpengaruh positif dan signifikan terhadap employee engagement. Selanjutnya, employee engagement terbukti berpengaruh positif dan signifikan terhadap kinerja karyawan. Hasil analisis mediasi menunjukkan bahwa employee engagement mampu memediasi pengaruh ability dan motivation terhadap kinerja karyawan secara signifikan. Namun demikian, employee engagement tidak mampu memediasi pengaruh opportunity terhadap kinerja karyawan. Nilai koefisien determinasi menunjukkan bahwa model memiliki kemampuan penjelasan yang moderat, dimana variabel AMO menjelaskan 48,7% variasi employee engagement, sedangkan kombinasi AMO dan employee engagement menjelaskan 60,7% variasi kinerja karyawan. Temuan ini mengindikasikan bahwa peningkatan kinerja karyawan dalam sektor perbankan tidak hanya ditentukan oleh kompetensi dan motivasi, tetapi juga oleh tingkat keterlibatan karyawan dalam organisasi. Penelitian ini memberikan implikasi praktis bagi organisasi perbankan untuk meningkatkan kinerja karyawan melalui penguatan praktik manajemen sumber daya manusia berbasis AMO serta peningkatan employee engagement secara berkelanjutan.

Kata Kunci: AMO Model, Jakarta, Keterlibatan Karyawan, Kinerja Karyawan, Sektor Perbankan

INTRODUCTION

The banking industry is one of the sectors that plays an important role in supporting national economic growth. The development of digital technology, global competition, and changes in customer behavior require banking organizations to continuously improve service quality and organizational performance (Bakker & Albrecht, 2018; Singh et al., 2021). The banking sector is one of the key sectors that contributes to supporting both national and regional economic growth, including in the Province of DKI Jakarta as the center of economic and financial activities in Indonesia. Jakarta has the largest concentration of financial institutions in Indonesia because most national and international bank headquarters are located in this region. Therefore, the performance of the banking sector in Jakarta greatly influences the stability and development of the national economy (Otoritas Jasa Keuangan, 2023). Based on a report from Bank Indonesia (2024), the financial services sector in the Province of DKI Jakarta showed positive growth with a growth rate of approximately 5.39% (year on year) in 2023, increasing compared to the previous year which was only 1.21%. This growth indicates that the financial services sector, including banking, has a significant contribution to supporting economic activities in the Jakarta region. In addition, the banking sector also plays a role as an intermediary institution that channels public funds to productive sectors, thereby supporting both regional and national economic growth (Bank Indonesia, 2024).

The performance of the banking sector can also be seen from the increase in profits and credit distribution carried out by various banks operating in Jakarta. For example, Bank DKI as one of the regional development banks in Jakarta recorded a net profit of Rp1.02 trillion in 2023, which is the highest profit achievement since the bank was established. This achievement shows a profit growth of approximately 8.63% compared to the previous year, driven by increased interest income and credit growth across various economic sectors (Bank DKI, 2023; Antara News, 2024). In addition, credit distribution by Bank DKI also experienced a significant increase. In 2023, the total credit distributed reached approximately Rp52 trillion, increasing compared to the previous year of Rp48.37 trillion. The increase in credit distribution mainly occurred in the retail sector and micro, small, and medium enterprises (MSMEs), which are among the important sectors supporting national economic growth (Antara News, 2024).

In 2024, the performance of the banking sector in Jakarta continued to show relatively stable conditions. Several regional banks as well as national banks still recorded positive performance despite facing various global economic challenges. For instance, Bank DKI recorded a net profit of approximately Rp779 billion in 2024 with total credit distribution reaching around Rp53.18 trillion, indicating continued growth in the banking sector in Jakarta (Liputan6, 2024). In such conditions, human resources become a key factor determining the success of organizations in achieving competitive advantage. Employee performance is one of the main indicators used to assess organizational effectiveness. Employees with high performance are able to provide optimal contributions through increased productivity, service quality, and customer satisfaction (Aguinis, 2019). Therefore, organizations need to implement human resource management strategies that are capable of increasing employee engagement and performance.

One of the approaches widely used in human resource management research is the Ability–Motivation–Opportunity (AMO) model. This model explains that employee performance will improve when organizations are able to enhance employees' abilities, provide adequate motivation, and create opportunities for employees to participate in work activities and decision-making processes (Jiang & Messersmith, 2019; Bos-Nehles et al., 2023). In addition, employee engagement is also an important factor in improving employee performance. Employee engagement reflects the level of employees' emotional and psychological involvement in their work and organization (Schaufeli, 2019). Employees with high levels of engagement tend to demonstrate strong commitment, higher productivity, and greater loyalty to the organization (Bakker & Demerouti, 2020). Therefore, employee engagement can serve as a mechanism that links human resource management practices with employee performance.

Empirical studies show that AMO-based human resource management practices have a positive influence on employee engagement. Research conducted by Malik and Meher (2024) found that AMO-based HR practices significantly increase employee engagement and positive work behavior. Other research findings also indicate that the implementation of AMO-based work systems can enhance employee involvement within organizations because employees feel supported by the organization in developing their competencies, motivation, and work participation (Duong et al., 2024). Other studies indicate that AMO-based HR practices such as training and development, reward systems, and employee empowerment can improve organizational performance and employee work effectiveness (Kim et al., 2022; Malik & Meher, 2024). In the banking sector, the implementation of AMO-based HR practices becomes particularly important because this industry is highly dependent on the competence and service quality provided by employees.

Research by Bakker and Demerouti (2020) shows that employee engagement has a positive relationship with various organizational outcomes such as job satisfaction, organizational commitment, and employee performance. Employees who have high levels of engagement tend to be more productive, innovative, and demonstrate higher loyalty to the organization (Saks, 2022). In the context of modern organizations, employee engagement is viewed as one of the key factors that can enhance a company's competitive advantage. Several studies indicate that employee engagement has a positive effect on employee performance. Employees who are highly involved in their work tend to show higher levels of productivity and better performance compared to those with lower engagement levels (Saks, 2022; Kim et al., 2022). Therefore, organizations need to create a work environment that can enhance employee involvement in their work.

Several empirical studies indicate that AMO-based human resource management practices have a positive influence on employee performance. Research conducted by Duong et al. (2024) shows that high-performance work systems based on the AMO model are able to improve employee performance through increased positive work behaviors such as knowledge sharing and work collaboration. Another study conducted by Malik and Meher (2024) also found that AMO-based HR practices have a positive influence on various organizational outcomes, including employee performance.

Based on the above explanation, this study aims to analyze the implementation of the AMO model in improving employee performance through employee engagement in the banking sector in Jakarta.

LITERATURE REVIEW

The Ability–Motivation–Opportunity (AMO) model is a conceptual framework that explains how human resource management practices can influence employee performance. This model states that individual performance will be optimal if employees have adequate abilities, high motivation, and opportunities to participate in organizational activities (Jiang & Messersmith, 2019). Ability relates to the knowledge, skills, and competencies that employees possess to carry out job tasks effectively. Motivation relates to internal or external drives that encourage employees to give their best effort at work. Meanwhile, opportunity refers to the chances provided by the organization for employees to participate in decision-making and various organizational activities (Bos-Nehles et al., 2023).

Employee engagement is a concept that describes the level of employees' psychological, emotional, and cognitive involvement in their work and organization. Schaufeli (2019) defines employee engagement as a positive and fulfilling state of mind related to work, characterized by three main dimensions: vigor, dedication, and absorption. Vigor refers to the level of energy and mental resilience at work, dedication reflects a sense of pride and enthusiasm toward the job, while absorption describes a condition in which employees are highly focused and deeply immersed in their work.

Employee performance is the work outcome achieved by individuals in carrying out the tasks and responsibilities assigned by the organization. Performance is typically measured based on the quality of work, quantity of work, timeliness, and the ability to work collaboratively in teams (Aguinis, 2019). In the banking sector, employee performance plays an important role in improving service quality for customers and maintaining the organization's reputation.

Conceptual Framework

Based on the theoretical review and previous studies, the conceptual framework of this research is as follows:

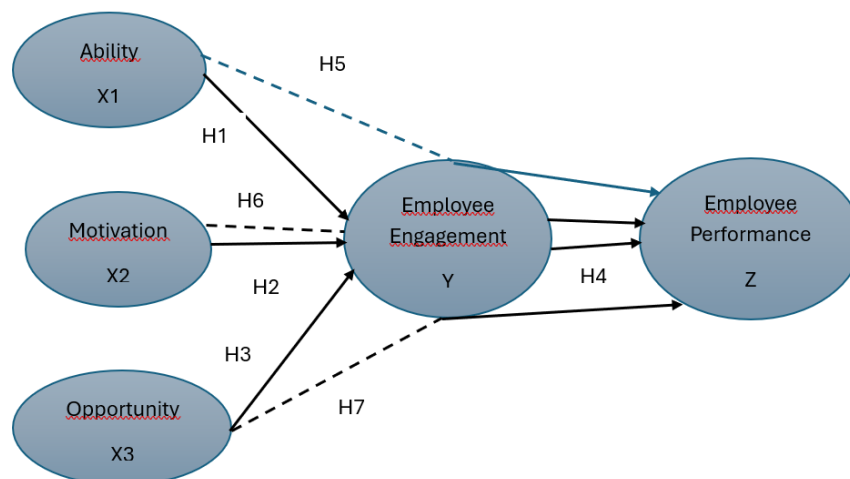


Figure 1. Research Framework

Hypothesis

The Effect of Ability – Motivation – Opportunity on Employee Engagement

Ability refers to the competencies, knowledge, and skills possessed by employees in carrying out their job tasks. Organizations that provide training, competency development, and effective recruitment systems will enhance employees' ability to perform their work. When employees feel that they have adequate abilities, they tend to have higher self-confidence in performing their tasks, which in turn

increases their engagement in organizational activities (Bos-Nehles, Bondarouk, & Nijenhuis, 2023). Motivation is related to both internal and external drives that encourage employees to exert their best efforts at work. Fair compensation systems, performance rewards, and career development opportunities can enhance employee motivation. Employees with high motivation tend to demonstrate higher levels of engagement with their work and organization (Saks, 2022). Opportunity refers to the opportunities provided by the organization for employees to participate in decision-making and organizational activities. A work environment that allows employees to express ideas, collaborate, and be involved in organizational processes can increase their sense of ownership and strengthen employee engagement (Kim, Kolb, & Kim, 2022).

Based on the above explanation and previous studies, the following hypotheses can be formulated:

H1: Ability has an effect on Employee Engagement

H2: Motivation has an effect on Employee Engagement

H3: Opportunity has an effect on Employee Engagement

The Effect of Employee Engagement on Employee Performance

Employee engagement is a positive psychological condition that reflects the level of employees' emotional, cognitive, and behavioral involvement in their work and organization. According to Schaufeli (2019), employee engagement is a positive and fulfilling state of mind characterized by three main dimensions: vigor, dedication, and absorption. Vigor refers to the level of energy and mental resilience at work, dedication reflects a sense of pride and enthusiasm toward the job, while absorption describes a condition in which employees are highly focused and deeply immersed in their work.

Employees with high levels of engagement tend to exhibit more positive work behaviors, such as higher productivity, stronger organizational commitment, and better quality of work. This occurs because employees who are emotionally engaged in their work are more likely to exert extra effort to achieve organizational goals (Bakker & Demerouti, 2020). Previous research shows that employee engagement has a significant relationship with employee performance. A study by Kim, Kolb, and Kim (2022) found that employee engagement positively affects individual performance and organizational effectiveness. In addition, research by Saks (2022) indicates that employees with higher engagement levels tend to demonstrate higher productivity and make greater contributions to the organization. Another study conducted by Albrecht, Breidahl, and Marty (2021) also found that employee engagement is an important factor in improving various organizational outcomes such as job satisfaction, organizational commitment, and employee performance. In the context of modern organizations, employee engagement is considered a strategic factor that can enhance competitive advantage through improved human resource performance.

Based on the above explanation and previous studies, the following hypotheses can be formulated:

H4: The Effect of Employee Engagement on Employee Performance

The Effect of Ability – Motivation – Opportunity on Employee Performance through Employee Engagement

Ability – Motivation – Opportunity not only affects employee engagement but also has a direct impact on employee performance. From a strategic human resource management perspective, HR practices based on ability, motivation, and opportunity can enhance employee competence, motivation,

and participation, thereby positively influencing both individual and organizational performance (Jiang & Messersmith, 2019). High ability enables employees to complete tasks more effectively and efficiently because they possess adequate knowledge and skills. Strong motivation encourages employees to exert maximum effort in their work. Meanwhile, opportunity provides employees with the space to actively contribute to the organization through participation and empowerment (Bos-Nehles et al., 2023).

In this relationship, employee engagement can act as a mediating variable that strengthens the effect of the AMO model on employee performance. When employees have high levels of engagement, the influence of ability, motivation, and opportunity on performance becomes stronger. This is because engaged employees tend to be more enthusiastic, focused, and committed in performing their job tasks (Saks, 2022). Conversely, when employee engagement is low, the effect of AMO-based HR practices on employee performance also tends to be weaker. Therefore, employee engagement can serve as an important factor that strengthens the relationship between AMO-based HR practices and employee performance (Bakker & Demerouti, 2020).

Based on the above explanation and previous studies, the following hypotheses can be formulated:

H5: Ability affects Employee Performance through Employee Engagement

H6: Motivation affects Employee Performance through Employee Engagement

H7: Opportunity affects Employee Performance through Employee Engagement

RESEARCH METHODOLOGY

This study employs a quantitative approach with an explanatory research design. The quantitative approach is used to empirically examine the relationships among variables in the research model (Hair et al., 2021). The research population consists of employees working in banking companies in the Jakarta area. The sampling technique uses purposive sampling, with the criterion that respondents are employees who have worked for at least one year, ensuring they have sufficient understanding of organizational conditions. One commonly used rule of thumb is that the minimum sample size equals the number of questionnaire items multiplied by five (Hair et al., 2021). Data collection was conducted through the distribution of questionnaires using a five-point Likert scale. The research variables consist of the AMO model as the independent variable, employee engagement as the mediating variable, and employee performance as the dependent variable.

The indicators for the AMO variable were adapted from Jiang and Messersmith (2019), while the indicators for employee engagement are based on the concepts of vigor, dedication, and absorption from Schaufeli (2019). Meanwhile, the indicators for employee performance refer to the concept developed by Aguinis (2019). Data analysis was conducted using Structural Equation Modeling based on Partial Least Squares (SEM-PLS). This method was chosen because it is capable of analyzing relationships among variables simultaneously and is suitable for predictive and exploratory research (Hair et al., 2021).

RESULT AND DISCUSSION

The number of respondents in this study was 160. Based on gender, 39% (62 respondents) were male and 61% (98 respondents) were female. The majority of respondents, accounting for 62%, were aged between 20 and 35 years. In terms of education level, most respondents held a bachelor's degree

(S1), representing 72% (115 respondents). Regarding tenure, the largest proportion of respondents, 41% (67 respondents), had worked for between 1 and 3 years.

In this study, the Implementation of the AMO Model in Improving Employee Performance Through Employee Engagement will be analyzed using Structural Equation Modelling (SEM) analysis techniques with the help of SmartPLS 4.0. Testing the results of structural equation modelling using the PLS approach is carried out by examining the measurement model results (outer model) and the structural model results (inner model) of the studied model. The following is the scheme of the PLS program model being tested:

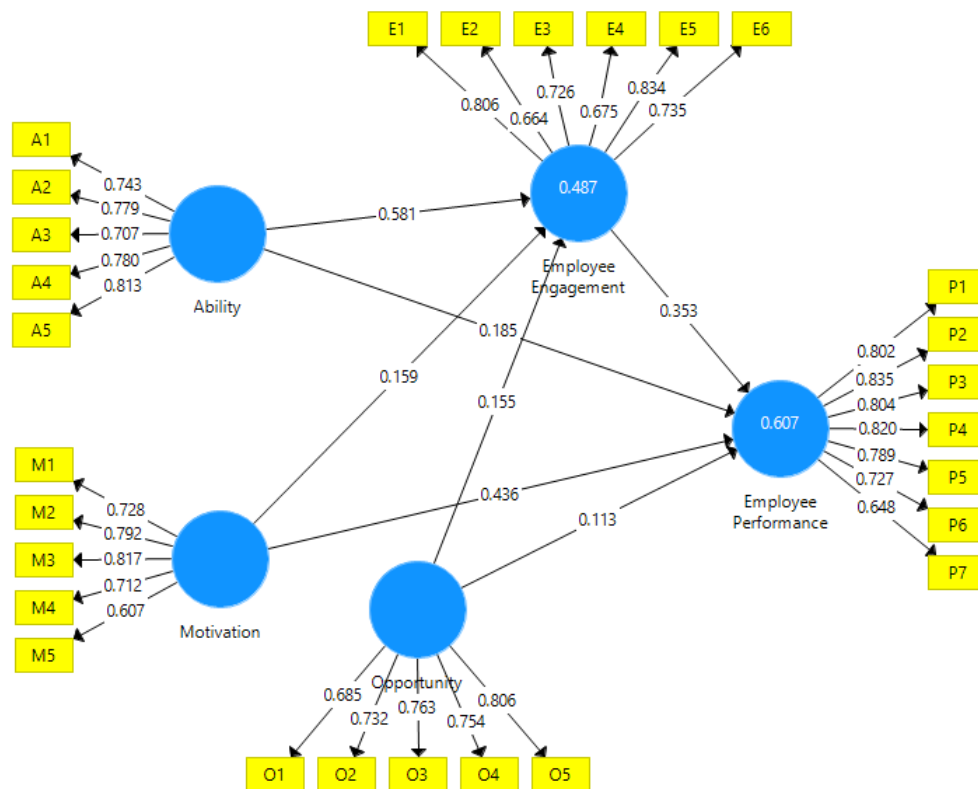


Figure 2. Results of the Full Structural Model (Standardized Output) – PLS Algorithm

Source: Primary Data (processed, 2026)

Based on the PLS method, the testing of the validity of reflective indicators is carried out in 2 stages. The first stage is the testing of convergent validity, which is testing validity based on the loading factor value of each construct, and the next stage is the testing of discriminant validity, which is testing validity based on comparison. Convergent validity values are measured through the outer loading values with the provision that indicator test results (outer loading) of ≥ 0.7 can be declared valid, whereas if the outer loading value is < 0.7 , the indicator is declared invalid. However, Chin (1998) in Ghazali and Latan (2015) stated that a loading factor > 0.60 can still be tolerated. In addition, it can also be seen from the Average Variance Extracted (AVE) value, which must be greater than 0.5.

Based on the testing results using SmartPLS 4.0 software for the variables Ability – Motivation - Opportunity, Employee Engagement, and Employee Performance, it is concluded that all indicators of the latent variables Ability (X1), Motivation (X2), Opportunity (X3), Employee Engagement (Y), and Employee Performance (Z) have a loading factor > 0.70 , and some loading factors with values > 0.60 are still tolerable, so they can be considered valid.

Table 1 Value Loading Factor

Variable	Indicator	Loading Factor	Information
Ability (X1)	A1	0.743	Valid
	A2	0.779	Valid
	A3	0.707	Valid
	A4	0.780	Valid
	A5	0.813	Valid
Motivation (X2)	M1	0.728	Valid
	M2	0.792	Valid
	M3	0.817	Valid
	M4	0.712	Valid
	M5	0.607	Valid
Opportunity (X3)	O1	0.685	Valid
	O2	0.732	Valid
	O3	0.763	Valid
	O4	0.754	Valid
	O5	0.806	Valid
Employee Engagement (Y)	E1	0.806	Valid
	E2	0.664	Valid
	E3	0.726	Valid
	E4	0.675	Valid
	E5	0.834	Valid
	E6	0.735	Valid
Employee Performance (Z)	P1	0.802	Valid
	P2	0.835	Valid
	P3	0.804	Valid
	P4	0.820	Valid
	P5	0.789	Valid
	P6	0.727	Valid
	P7	0.648	Valid

Source: Primary Data (processed, 2026)

Table 2 Test Result Average Variance Extracted (AVE)

Variable	Average Variance Extracted	Information
Ability	0.586	Valid
Employee Engagement	0.552	Valid
Employee Performance	0.604	Valid
Motivation	0.540	Valid
Opportunity	0.561	Valid

Source: Primary Data (processed, 2026)

In the measurement of the model (outer model), a construct reliability test is also conducted with the aim of proving the accuracy, consistency, and precision of the instrument in measuring the construct. In PLS, to measure the reliability of a construct with reflective indicators, a composite reliability test can be conducted with the provision that if the construct has a composite reliability and Cronbach's alpha value greater than 0.7, it can be concluded that the manifest variables have good accuracy, consistency, and instrument precision in measuring the construct. The test results using SmartPLS software are presented in the following table:

Table 3 Composite Reliability

Variable	Cronbach's Alpha	Composite Reliability	Information
Ability	0.823	0.876	Reliabel
Motivation	0.786	0.853	Reliabel
Opportunity	0.810	0.864	Reliabel
Employee Engagement	0.835	0.880	Reliabel
Employee Performance	0.890	0.914	Reliabel

Source: Primary Data (processed, 2026)

Based on the table above, it can be seen that the composite reliability and Cronbach's Alpha values for all constructs are very good, namely above 0.7, so it can be concluded that all construct indicators are reliable, or in other words, all manifest variables of the latent variables are proven to have accuracy, consistency, and precision of the instrument in measuring the constructs well.

Inner Model is a test on the structural model conducted to examine the relationships between latent constructs. In this study, the inner model test was carried out by showing the R² and F² values on the endogenous latent constructs. The coefficient of determination (R Square) is a figure that indicates the magnitude of the contribution of the influence exerted by exogenous latent variables on endogenous latent variables. Based on the test results using SmartPLS 4.0 software, the results obtained are as follows:

Table 4 Coefficient of Determination Result (R² Test)

Laten Variable	R ²
Employee Engagement	0.487
Employee Performance	0.607

Source: Primary Data (processed, 2026)

In the table above, it can be seen that the R Square value for the employee engagement variable obtained is 0.487 or 48.7%, indicating a moderate model because R square is in the range of 0.33 - 0.67. These results show that ability, motivation, and opportunity together have an effect of 48.7% on employee engagement, while the remaining (1-R Square) 51.3% represents the contribution of the influence given by other factors that were not studied. Then, the R Square value for the employee performance variable obtained is 0.607 or 60.7%, indicating a moderate model because R square is in the range of 0.33 - 0.67. These results show that ability, motivation, and opportunity, as well as employee engagement together, have an effect of 60.7% on employee performance, while the remaining (1-R Square) 39.3% represents the contribution of the influence given by other factors that were not studied.

The Predictive Relevance Test (Q²) is used to measure how well the values of observations produced by the model and also its parameter estimates. A Q-square value greater than 0 (zero) means that the model has Predictive Relevance, while a Q-square value less than 0 (zero) indicates that the model lacks Predictive Relevance (Ghozali and Latan, 2015). With a Q² value of 0.798, which is greater than 0, it can be concluded that the model is considered relevant to the prediction of the given endogenous factors. This means that the observation values produced by the model are already good (Ghozali and Latan, 2015).

Hypothesis testing in this study is based on the values found in the SEM analysis with the hypothesis testing value limits. The following are the complete model test results and hypotheses of this study:

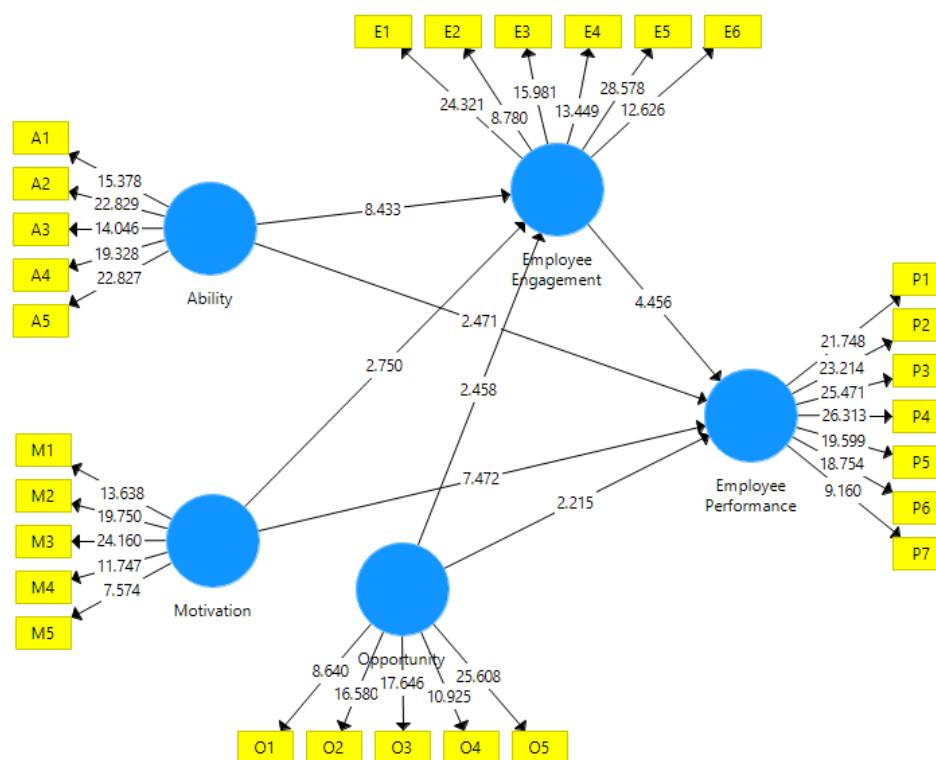


Figure 3. Standardized Output – Bootstrapping
Source: Primary Data (processed, 2026)

The SmartPLS 4.0 program only provides the bootstrap resampling method. The significance value used is 1.96 (significance level = 5%) (Ghozali and Latan, 2015). Therefore, constructs that have t-count > 1.96 are considered to have a significant effect.

H1: The Effect of Ability on employee engagement

Hypothesis 1 explains the effect of ability on employee engagement. By looking at the data processing results in the table 5, a path coefficient of 0.581 was obtained with a t-statistic value of 8.433 > 1.96 and a p-value of 0.000 < 0.05, so H1 is accepted, which means that ability has an effect on employee engagement.

The results of this study prove that ability affects employee engagement. This means that the higher the employee's ability, the higher the employee engagement will be. When employees feel they have adequate skills, they tend to have higher confidence in performing their work, thereby increasing their involvement in organizational activities (Bos-Nehles, Bondarouk, & Nijenhuis, 2023). Employees who feel capable and competent in their work tend to be more enthusiastic, have high initiative, and are more emotionally attached to the company. Adequate ability reduces work frustration, increases self-confidence, and drives productivity. When employees have abilities (knowledge and skills) that match their workload, they feel more confident and less stressed. High abilities trigger motivation, make employees feel comfortable, and enthusiastic about completing tasks, which increases engagement.

H2: The Effect of motivation on employee engagement

Hypothesis 2 explains the influence of motivation on employee engagement. By looking at the data processing results in the table 5, a path coefficient of 0.159 was obtained with a t-statistic value of 2.750 > 1.96 and a p-value of 0.006 < 0.05, so H2 is accepted, which means that motivation has an effect on employee engagement.

The results of this study prove that motivation affects employee engagement. This means that the higher the employee's motivation, the higher the employee engagement will be. Motivation will encourage employees to give their best effort in their work. A fair compensation system, performance rewards, and career development opportunities can increase employee work motivation. Employees with high motivation tend to show higher levels of engagement with their work and organization (Saks, 2022). Motivation acts as the main fuel that drives employees to engage emotionally and physically in their work. High motivation, both intrinsic and extrinsic, makes employees feel appreciated, enthusiastic, and more loyal, which ultimately increases productivity as well as commitment to the company's goals. Fulfilled motivation (e.g., recognition, bonuses) enhances satisfaction, which triggers deeper engagement. In addition, motivated employees have a high sense of belonging to the company, which is at the core of engagement. Thus, both extrinsic motivation (salary, bonuses) and intrinsic motivation (personal interest, self-development) simultaneously strengthen engagement.

H3: The Effect of opportunity on employee engagement

Hypothesis 3 explains the influence of opportunity on employee engagement. By looking at the data processing results in the table 5, a path coefficient of 0.155 was obtained with a t-statistic value of $2.458 > 1.96$ and a p-value of $0.014 < 0.05$, so H3 is accepted, which means that opportunity has an effect on employee engagement.

The results of this study prove that opportunity affects employee engagement. This means that the higher the opportunity, the higher the employee engagement. Opportunity or the chance given by the organization to employees to participate in decision-making and organizational activities. Companies that provide opportunities for employees to express ideas, work collaboratively, and be involved in organizational processes can increase the sense of ownership towards the organization and strengthen employee engagement (Kim, Kolb, & Kim, 2022). Providing employees with opportunities to grow and contribute directly increases their emotional attachment to the company. Opportunities to learn new things, attend training, and enhance skills make employees feel valued and invested in the long term in the company, which boosts their motivation and loyalty. On the other hand, employees who are given the chance to take on greater responsibilities, provide ideas, or work on challenging projects feel recognized. This creates inner satisfaction and deeper attachment. Furthermore, the availability of promotion opportunities or a clear career path makes employees see a future in the company, so they are more engaged in achieving organizational goals. In the AMO (Ability, Motivation, Opportunity) model, opportunity is a job resource that enables employees to meet job demands and develop, which directly increases productivity.

H4: The effect of employee engagement on employee performance

Hypothesis 4 explains the effect of employee engagement on employee performance. By looking at the results from data processing in the table 5, a path coefficient of 0.353 is obtained with a t-statistic value of $4.456 > 1.96$ and p-value of $0.000 < 0.05$, thus H4 is accepted, which means that employee engagement affects employee performance.

The results of this study prove that employee engagement affects employee performance. This means that the higher the employee engagement, the higher the employee performance will be. Employees with high levels of engagement tend to exhibit more positive work behaviors such as high productivity, strong organizational commitment, and better work quality. This occurs because

employees who are emotionally involved in their work will exert extra effort to achieve organizational goals (Bakker & Demerouti, 2020). The results of this study support previous research by Kim et al. (2022) which found that employee engagement has a positive effect on individual performance and organizational effectiveness. In addition, research conducted by Saks (2022) also shows that employees with high levels of engagement tend to exhibit higher levels of productivity and make greater contributions to the organization.

Employees who are engaged feel they have an important role, are more motivated, and highly dedicated, resulting in increased productivity, work quality, better customer service, and more optimal achievement of organizational goals. Engaged employees work with full dedication and enthusiasm, which directly impacts better work results both in quantity and quality. Engagement drives employees to put in extra effort (using additional effort) and perform tasks beyond their main responsibilities. Moreover, a high level of engagement reduces employees' desire to leave, which maintains team stability and continuity of performance.

Table 5 Hypothesis Test Results of Direct Effect

Hypothesis	Variable	Path coefficient	T-Statistics	P-Value	Information
H1	Ability -> Employee Engagement	0.581	8.433	0.000	Significant
H2	Motivation -> Employee Engagement	0.159	2.750	0.006	Significant
H3	Opportunity -> Employee Engagement	0.155	2.458	0.014	Significant
H4	Employee Engagement -> Employee Performance	0.353	4.456	0.000	Significant

Source: Primary Data (processed, 2026)

H5: The effect of ability on employee performance through employee engagement

Hypothesis 5 explains the indirect effect of ability on employee performance through employee engagement, with a path coefficient of 0.205, a t-statistic value of $4.493 > 1.96$, and a p-value of $0.000 < 0.05$, so H5 is accepted. This means that the ability variable has a significant effect on employee performance through employee engagement. Thus, employee engagement successfully serves as a mediator between ability and employee performance. The results of this study prove that indirectly, ability affects employee performance through employee engagement. Thus, the variable employee engagement successfully mediates the effect of ability on employee engagement. When employees have a high level of engagement, the effect of ability on employee performance will be stronger. This is because engaged employees tend to be more enthusiastic, more focused, and more committed in carrying out their work tasks (Saks, 2022).

Employee engagement functions as a bridge: Good ability makes employees feel competent, generating engagement which results in high performance. Employees with high ability tend to be more engaged because they are confident, thereby increasing productivity and performance. This engagement bridges technical skills with optimal work results. Employees who have the appropriate skills, knowledge, and competencies (ability) feel more confident and are able to complete their tasks well. Meanwhile, engaged employees have energy, enthusiasm, and high focus on their work. They are more

proactive, disciplined, and willing to make extra efforts (extra role) to achieve company targets. Therefore, to improve performance, organizations not only need to enhance employees' abilities (training) but also ensure that employees are actively engaged emotionally and psychologically in their work.

H6: The effect of motivation on employee performance through employee engagement

Hypothesis 6 explains the indirect effect of motivation on employee performance through employee engagement, with a path coefficient of 0.056, a t-statistic value of $2.003 > 1.96$, and a p-value of $0.046 < 0.05$, so H6 is accepted. This means that the motivation variable has a significant effect on employee performance through employee engagement. Thus, employee engagement successfully serves as a mediator between motivation and employee performance. The results of this study prove that indirectly, motivation affects employee performance through employee engagement. Thus, the employee engagement variable successfully mediates the influence of motivation on employee performance. When employees have a high level of engagement, the effect of motivation on employee performance will be stronger. This is because engaged employees tend to be more enthusiastic, more focused, and more committed in carrying out their work tasks (Saks, 2022). An increase in motivation followed by high engagement will have a positive impact on organizational goals.

Work motivation significantly improves employee performance through employee engagement as a mediator. Motivation drives enthusiasm, which then increases employees' emotional engagement with the organization, resulting in consistently better productivity, loyalty, and work outcomes. Motivation (both internal, such as satisfaction, and external, such as rewards) triggers employees' actions and drive to work at their best. Motivated employees will feel more emotionally engaged with their company. They care about the future of the company and are willing to contribute their best. Employees who are engaged—as a result of high motivation—will show high productivity, commitment, and better performance compared to less motivated employees.

H7: The effect of opportunity on employee performance through employee engagement

Hypothesis 7 explains the indirect effect of opportunity on employee performance through employee engagement, with a path coefficient of 0.055, a t-statistic value of $1.937 < 1.96$, and a p-value of $0.053 > 0.05$, so H7 is rejected. This means that the opportunity variable has no effect on employee performance through employee engagement. Thus, employee engagement does not successfully mediate between opportunity and employee performance. The results of this study prove that indirectly, opportunity does not affect employee performance through employee engagement. Thus, the variable of employee engagement fails to mediate the influence of opportunity on employee engagement.

Opportunities do not affect employee performance through employee engagement if the opportunities are not considered meaningful, not relevant to employee needs, or if inhibitory factors in the work environment (such as burnout or poor management) are more dominant than the motivation provided. If career development or training opportunities provided by the company do not align with employees' interests, aspirations, or personal development needs, they will not enhance their psychological engagement with the company. Even if there are opportunities, if the work environment is not supportive (for example, a toxic culture, lack of appreciation, or poor leadership), employees will not feel engaged, and engagement will not form. In general, for opportunities to have an impact, there must be a value fit between what the company offers and what employees need to enhance engagement.

Table 6 Results of Hypothesis Test of Indirect Effect

Hypothesis	Variable	Path coefficient	T-Statistics	P-Value	Information
H5	Ability -> Employee Engagement -> Employee Performance	0.205	4.493	0.000	Significant
H6	Motivation -> Employee Engagement -> Employee Performance	0.056	2.003	0.046	Significant
H7	Opportunity -> Employee Engagement -> Employee Performance	0.055	1.937	0.053	Not Significant

Source: Primary Data (processed, 2026)

CONCLUSION

Conclusion

Based on the results of the previous research and discussion, several findings can be concluded as follows:

1. Ability has a significant effect on employee engagement. This means that the higher the employee's ability, the higher the employee engagement will be.
2. Motivation has a significant effect on employee engagement. This means that the higher the employee's motivation, the higher the employee engagement will be.
3. Opportunity has a significant effect on employee engagement. This means that the higher the opportunity, the higher the employee engagement.
4. Employee engagement has a significant effect on employee performance. This means that the higher the employee engagement, the higher the employee performance will be.
5. Ability has a significant effect on employee performance through employee engagement as a mediator. Thus, employee engagement successfully serves as a mediator between ability and employee performance. The results of this study prove that indirectly, ability affects employee performance through employee engagement.
6. Motivation has a significant effect on employee performance through employee engagement as a mediator. Thus, employee engagement successfully serves as a mediator between motivation and employee performance. The results of this study prove that indirectly, motivation affects employee performance through employee engagement.
7. Opportunity does not have an effect on employee performance through employee engagement as a mediator. Thus, employee engagement does not successfully mediate between opportunity and employee performance. The results of this study prove that indirectly, opportunity does not affect employee performance through employee engagement.

Suggestion

Some suggestions that can be conveyed in this study are:

1. Employees are expected to improve their abilities by consistently striving to complete the tasks they are responsible for effectively. Enhancing employee skills effectively can be done through a combination of technical training (hard skills), development of interpersonal abilities (soft skills), mentoring, and providing a conducive work environment. The main strategies include setting clear goals, constructive feedback, job rotation, and utilizing technology for efficiency.
2. Companies can increase employee motivation through a fair, competitive, and performance-based compensation system. Effective strategies include setting salaries above the market average, providing bonuses based on target achievement, comprehensive health/pension benefits, and non-financial recognition. A transparent system makes employees feel valued and encourages productivity.
3. Companies can significantly increase opportunities by giving employees the chance to express ideas. This approach transforms employees from mere task executors into active contributors to innovation, which ultimately drives growth, efficiency, and competitive advantage.
4. Companies are expected to enhance employee engagement emotionally, which requires a human-focused approach, transparent communication, and a sense of ownership. Companies can achieve this by building a culture of appreciation, providing clear career development paths, facilitating honest two-way communication, and ensuring a work-life balance that supports mental health.
5. Employees can improve performance and achieve targets through a combination of effective time management, competency enhancement, proactive communication, and maintaining motivation. Focusing on priorities, avoiding multitasking, utilizing training, as well as receiving constructive feedback are crucial for maximum productivity.
6. The author has limitations in this research related to the area, sample, quantitative approach, and limited variables. Therefore, it is recommended that future researchers expand the object and scope of the study, increase the sample size, use mixed methods, and add other variables such as organizational commitment, resilience, or transformational leadership so that the research results become more comprehensive and have a higher level of generalization.

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