

Exploring Work Experience, Risk Management, and Job Performance: The Moderating Effect of Employee Competency

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Abstract—This study examines the relationship among work experience, risk management, employee competency, and job performance in a regional banking organization. The study focuses on risk management as the mechanism through which work experience contributes to job performance and on employee competency as a condition that strengthens the use of work experience in managing risk. A quantitative explanatory design was applied, and data were collected from employees of PT BPR Bahteramas (Perseroda) across Southeast Sulawesi. The proposed relationships were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The findings indicate that work experience supports better risk management practices, while stronger risk management is associated with higher job performance. Risk management also serves as an important mediating mechanism linking work experience with job performance. In addition, employee competency strengthens the contribution of work experience to risk management. These findings suggest that experience becomes more valuable when employees possess the competencies needed to interpret prior work situations, apply appropriate procedures, and respond to risk consistently. The study highlights the importance of integrating experience-based learning, competency development, and risk management practices in employee performance management.

Keywords: work experience; risk management; job performance; employee competency; PLS-SEM

1. INTRODUCTION

Employee performance in banking institutions is determined not only by target achievement but also by procedural accuracy, decision quality, and the ability to control work-related risks. Risk management is increasingly viewed as a process embedded in decision making, control, and the achievement of organizational objectives (Arena et al., 2010; Bromiley et al., 2015; Aven, 2016; Anton & Nucu, 2020). On this basis, the present study focuses on the relationships among work experience, risk management, employee competency, and job performance.

Work experience represents accumulated learning obtained through repeated task execution and problem solving. Meta-analytic evidence indicates that tenure and experience are related to work outcomes, although the strength of the relationship may vary depending on how accumulated experience is converted into knowledge and work behavior (Ng & Feldman, 2010a, 2010b). Human capital evidence also suggests that education and work experience contribute to job performance by providing employees with knowledge and capabilities that can be applied to work demands (Huang et al., 2021).

In this study, risk management is positioned as the mechanism linking work experience to job performance. Earlier studies have shown that more developed risk management practices are associated with organizational value, operating performance, and stronger internal control (Hoyt & Liebenberg, 2011; Grace et al., 2015; Florio & Leoni, 2017). Research in the Indonesian banking sector likewise reports a positive association between risk management and bank performance (Saiful, 2017; Tjun et al., 2022; Tewu et al., 2024; Yoewono & Prabowo, 2024). These findings suggest that the benefits of employee experience may be realized when that experience is translated into more disciplined risk identification, assessment, and control.

Employee competency is also important because similar levels of experience do not necessarily produce the same quality of risk management. Competency reflects the ability to use knowledge, skills, and work-related capabilities to produce effective performance (Kolibáčová, 2014). Banking studies further emphasize that competency development is essential in risk functions because employees must combine technical knowledge, learning capacity, and cross-functional understanding (Koh et al., 2015, 2016; Koh, 2019). Evidence from banking also links employee

competencies with organizational performance (Salman et al., 2020), while research on Islamic banking in Indonesia shows that employee competency is relevant to employee performance processes (Zulkifli et al., 2023).

The study was conducted among employees of PT BPR Bahteramas (Perseroda) across Southeast Sulawesi. The analysis is limited to four constructs: work experience, risk management, job performance, and employee competency. The study does not examine financial performance at the firm level or portfolio-level risk. The purpose of the study is to analyze the effect of work experience on risk management, assess the effect of risk management on job performance, examine the mediating role of risk management in the relationship between work experience and job performance, and analyze the moderating role of employee competency in the effect of work experience on risk management. The study is expected to provide empirical evidence for integrating employee development and risk management in performance management.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1 Work Experience and Risk Management

Work experience reflects learning acquired through repeated exposure to tasks, problems, and decisions. Human capital formed through experience can improve understanding of work and the effectiveness of work behavior (Ng & Feldman, 2010a). However, the relationship between organizational tenure and performance may weaken as tenure becomes longer, indicating that experience must be translated into relevant learning rather than treated only as length of service (Ng & Feldman, 2010b). Huang et al. (2021) also show that work experience, as a component of human capital, contributes to job performance. In banking work, accumulated experience may help employees recognize recurring risk patterns, interpret unusual situations, and apply control procedures more accurately.

H1: Work experience has a positive effect on risk management.

2.2 Risk Management and Job Performance

Risk management is a systematic process of identifying, assessing, responding to, and monitoring risk. Enterprise risk management literature emphasizes the integration of risk considerations with organizational decision making and objectives (Arena et al., 2010; Bromiley et al., 2015; Aven, 2016; Anton & Nucu, 2020). Empirical evidence shows that risk management is associated with firm value and performance (Hoyt & Liebenberg, 2011; Grace et al., 2015; Florio & Leoni, 2017). In Indonesian banking, ERM and related risk management practices have also been associated with performance (Saiful, 2017; Tjun et al., 2022; Tewu et al., 2024; Yoewono & Prabowo, 2024). At the employee level, better risk management is expected to support performance by improving procedural consistency, decision accuracy, and control over work errors.

H2: Risk management has a positive effect on job performance.

2.3 The Mediating Role of Risk Management

Work experience can contribute to performance when practical knowledge gained through work is converted into more controlled work processes. In the proposed model, risk management explains this mechanism: experience enriches employees' judgment about work situations, whereas risk management converts that judgment into actions that support reliable performance. Mediation analysis is appropriate for examining such mechanisms among latent constructs, and PLS-SEM provides a suitable framework for estimating direct and indirect effects simultaneously (Sarstedt et al., 2020).

H3: Risk management mediates the effect of work experience on job performance.

2.4 The Moderating Role of Employee Competency

Employee competency refers to the ability to apply knowledge and skills effectively in performing job tasks. Competency has been linked to individual and organizational performance (Kolibáčová, 2014; Salman et al., 2020; Zulkifli et al., 2023). Within bank risk functions, competency development should include technical knowledge, learning capability, and broader understanding of organizational processes so that risk can be managed consistently (Koh et al., 2015,

2016; Koh, 2019). Therefore, competency is expected to strengthen employees' ability to use accumulated work experience in managing risk.

H4: Employee competency moderates the effect of work experience on risk management.

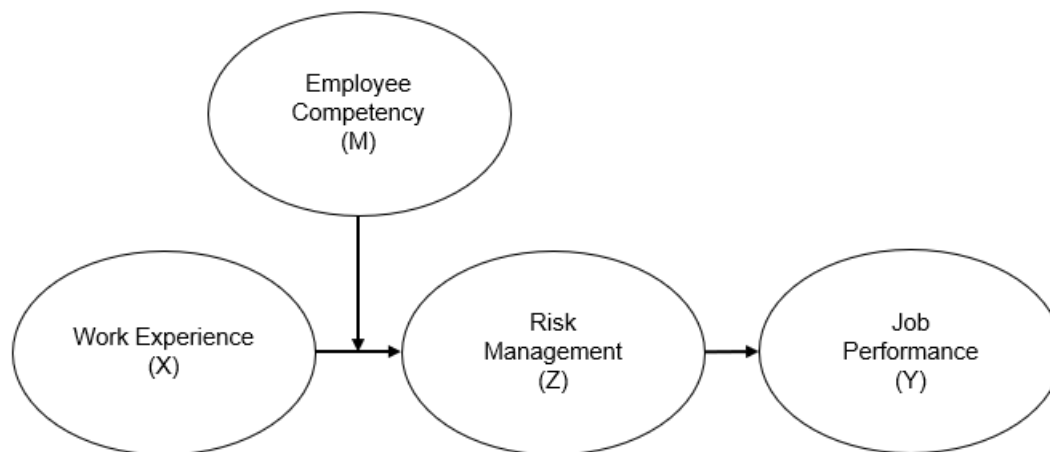


Figure 1. Research model

3. METHODOLOGY

This study employed a quantitative explanatory design. The respondents were employees of PT BPR Bahteramas (Perseroda) located across Southeast Sulawesi and representing 12 BPR Bahteramas units. Data were collected through a questionnaire and analyzed at the individual level. The final dataset consisted of 185 usable responses.

The research model consisted of work experience, risk management, job performance, and employee competency (M). Based on the available measurement results, work experience was represented by six items, risk management by seven items, job performance by five items, and employee competency by six items. Because the available research materials do not contain the full wording of each item, this paper retains the original item codes and does not introduce new indicators.

Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) because the model simultaneously examines direct, mediating, and moderating relationships. The analysis followed established PLS-SEM guidelines by evaluating the measurement model before assessing the structural model (Hair et al., 2019, 2022). Discriminant validity was assessed using the heterotrait-monotrait ratio (HTMT), as recommended by Henseler et al. (2015).

The structural model was evaluated using path coefficients, t-statistics, p-values, R-square (R^2), Q-square (Q^2), indirect effects, and the interaction effect. Statistical significance was assessed at the 5% level. The mediation effect was evaluated through the indirect effect in line with Sarstedt et al. (2020), while predictive relevance was considered together with the explanatory power of the model in accordance with PLS-SEM assessment guidance (Hair et al., 2019; Shmueli et al., 2019).

4. RESULTS AND DISCUSSION

4.1 Respondent Characteristics

The respondent profile was examined based on gender, age, educational background, and work experience. Table 1 presents the distribution of the 185 respondents.

Table 1. Characteristics of respondents

Characteristics	Category	Frequency	%
Gender	Male	112	60.54
	Female	73	39.46
	Total	185	100.00
Age	20-29 years	47	25.41
	30-39 years	72	38.92
	40-49 years	43	23.24
	≥ 50 years	23	12.43
	Total	185	100.00
Educational background	Senior High School	49	26.49
	Diploma (D3)	15	8.11
	Bachelor's Degree (S1)	99	53.51
	Master's Degree (S2)	16	8.65
	Doctoral Degree (S3)	6	3.24
	Total	185	100.00
Work experience	1-3 years	34	18.38
	4-6 years	42	22.70
	7-10 years	77	41.62
	> 10 years	32	17.30
	Total	185	100.00

Male respondents accounted for 60.54% of the sample, while female respondents represented 39.46%. The largest age group was 30-39 years (38.92%), followed by 20-29 years (25.41%). Most respondents held a bachelor's degree (53.51%). In terms of work experience, the largest group had worked for 7-10 years (41.62%). Overall, the sample was dominated by employees in productive age groups with relatively high educational attainment and substantial work experience.

4.2 Measurement Model

Table 2. Outer loadings

Construct	Item	Outer Loading
Work Experience	X.1	0.927
	X.2	0.950
	X.3	0.898
	X.4	0.923
	X.5	0.912
	X.6	0.906
Risk Management	Z.1	0.952
	Z.2	0.905
	Z.3	0.943
	Z.4	0.897
	Z.5	0.925
	Z.6	0.940
	Z.7	0.855
Job Performance	Y.1	0.924
	Y.2	0.956
	Y.3	0.911
	Y.4	0.941
	Y.5	0.907
Employee Competency	M.1	0.937
	M.2	0.880
	M.3	0.907
	M.4	0.868
	M.5	0.894
	M.6	0.838

All outer loadings exceeded 0.70, ranging from 0.838 to 0.956. The lowest loading was M.6 and the highest was Y.2. These results indicate that each indicator contributes adequately to its intended construct, and no item requires elimination based on the available loading results.

Table 3. Reliability and convergent validity

Construct	Cronbach's Alpha	Composite Reliability	AVE
Work Experience	0.963	0.970	0.845
Risk Management	0.968	0.970	0.841
Job Performance	0.960	0.962	0.861
Employee Competency	0.946	0.957	0.788

Cronbach's alpha values ranged from 0.946 to 0.968, composite reliability ranged from 0.957 to 0.970, and AVE ranged from 0.788 to 0.861. These results satisfy commonly used PLS-SEM criteria for internal consistency reliability and convergent validity (Hair et al., 2019, 2022). The high reliability values indicate strong internal consistency across the four constructs.

Table 4. Discriminant validity (HTMT)

Construct	Employee Competency	Work Experience	Job Performance
Work Experience	0.424		
Job Performance	0.400	0.772	
Risk Management	0.455	0.807	0.827

The HTMT values ranged from 0.400 to 0.827. The highest value was observed between risk management and job performance. All HTMT values were below the conservative threshold of 0.85, indicating adequate discriminant validity among the constructs (Henseler et al., 2015). For work experience, the highest loading was recorded for X.2 (0.950) and the lowest for X.3 (0.898). For risk management, Z.1 had the highest loading (0.952), whereas Z.7 had the lowest (0.855). For job performance, Y.2 produced the highest loading (0.956) and Y.5 the lowest (0.907). For employee competency, M.1 had the highest loading (0.937) and M.6 the lowest (0.838). The relatively narrow loading ranges indicate that the indicators make consistently strong contributions to their respective constructs.

Job performance had the highest AVE (0.861), followed by work experience (0.845), risk management (0.841), and employee competency (0.788). Thus, each construct explained a substantial proportion of the variance in its indicators. Together with the reliability results, these findings support the adequacy of the measurement model for structural analysis.

4.3 Structural Model

Table 5. R-square and Q-square

Endogenous Construct	R ²	Q ²
Job Performance	0.688	0.878
Risk Management	0.610	—

The R² value for job performance was 0.688, indicating that 68.8% of the variance in job performance was explained by the construct directed toward job performance in the model. The R² value for risk management was 0.610, indicating that 61.0% of its variance was explained by its predictors. The Q² value reported for job performance was 0.878, indicating predictive relevance. A Q² value for risk management was not reported in the available dataset and is therefore not interpreted. The assessment of explanatory and predictive power follows established PLS-SEM guidance (Hair et al., 2019, 2022; Shmueli et al., 2019).

Table 6. Hypothesis testing results

Relationship	β	t-statistics	p-value	Result
Work Experience → Risk Management	0.781	16.582	< 0.001	Supported
Risk Management → Job Performance	0.534	4.406	< 0.001	Supported
Work Experience × Employee Competency → Risk Management	0.096	2.167	0.031	Supported
Work Experience → Risk Management → Job Performance	0.417	4.299	< 0.001	Supported

4.4 Effect of Work Experience on Risk Management

Work experience had a positive and significant effect on risk management ($\beta = 0.781$, $t = 16.582$, $p < 0.001$), supporting H1. This was the strongest direct relationship in the model, indicating that work experience is a major predictor of employees' risk management practices. The result supports the human capital view that accumulated experience improves work understanding and provides employees with a broader base for recognizing work situations that require particular responses (Ng & Feldman, 2010a, 2010b; Huang et al., 2021).

The magnitude of the coefficient suggests that the value of experience is not limited to years of service. Rather, experience appears to contribute to the ability to recognize risk, follow relevant procedures, and make more controlled work decisions. This interpretation is consistent with banking competency literature emphasizing continuous learning and the development of risk-related capability (Koh et al., 2015, 2016; Koh, 2019).

4.5 Effect of Risk Management on Job Performance

Risk management had a positive and significant effect on job performance ($\beta = 0.534$, $t = 4.406$, $p < 0.001$), supporting H2. The result indicates that stronger risk management practices are associated with better employee performance. This direction is consistent with ERM literature showing that systematic risk management can support value creation and organizational performance (Hoyt & Liebenberg, 2011; Grace et al., 2015; Florio & Leoni, 2017).

The finding is also aligned with empirical evidence from Indonesian banking. Saiful (2017), Tjun et al. (2022), Tewu et al. (2024), and Yoewono and Prabowo (2024) report positive links between risk management and bank performance. Although those studies primarily examine performance at an organizational level, their results reinforce the present finding that disciplined risk management is an important component of effective work performance.

4.6 Mediating Role of Risk Management

The indirect effect of work experience on job performance through risk management was positive and significant ($\beta = 0.417$, $t = 4.299$, $p < 0.001$), supporting H3. This result shows that work experience contributes to job performance through the way employees manage risk. Experience therefore functions not merely as accumulated tenure, but as a resource whose value is realized when it is converted into structured risk-related work practices.

The mediation finding supports the use of risk management as a process variable linking employee experience to performance. It is also consistent with the logic of mediation analysis in PLS-SEM, where indirect effects are used to explain mechanisms among latent constructs (Sarstedt et al., 2020). From a managerial perspective, the finding suggests that learning from previous cases, mentoring, and risk review activities can help transform individual experience into more consistent organizational practice.

4.7 Moderating Role of Employee Competency

The interaction between work experience and employee competency had a positive and significant effect on risk management ($\beta = 0.096$, $t = 2.167$, $p = 0.031$), supporting H4. The positive coefficient indicates that employee competency strengthens the relationship between work experience and risk management. Although the interaction effect is smaller than the main effect of work experience, it remains statistically meaningful.

This finding indicates that employees benefit more from prior experience when they possess adequate knowledge and skills to interpret that experience and apply it to current risk situations. The result is consistent with evidence linking competency to performance (Kolibáčová, 2014; Salman et al., 2020; Zulkifli et al., 2023) and with banking research emphasizing systematic competency development within risk management functions (Koh et al., 2015, 2016; Koh, 2019). Work experience and employee competency should therefore be developed together rather than treated as substitutes.

4.8 Summary of Findings

All hypothesized relationships were supported. The strongest effect was the direct effect of work experience on risk management, followed by the effect of risk management on job performance, the indirect effect of work experience on job performance through risk management, and the interaction effect of work experience and employee competency on risk management. The pattern of results places risk management at the center of the model: work experience strongly contributes to risk management, risk management contributes to job performance, and employee competency strengthens the first stage of this process.

5. CONCLUSION

The study concludes that work experience positively contributes to risk management and that risk management, in turn, positively contributes to job performance. Risk management also mediates the effect of work experience on job performance, demonstrating that experience produces stronger performance outcomes when it is translated into more effective risk management practices. Employee competency moderates the relationship between work experience and risk management, indicating that competent employees are better able to convert prior work experience into risk-related judgment and action.

The practical implication is that employee performance management should not rely on tenure alone. PT BPR Bahteramas can strengthen performance by combining experience-based learning with competency development and consistent risk management practices. Training, mentoring, case evaluation, and periodic competency updates can be directed toward the knowledge and skills needed to identify, assess, and control work-related risks. Future research may test the model in other banking institutions, compare different work units, or introduce additional variables that may explain employee performance and risk behavior.

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