COMPETENCE, MOTIVATION AND EMPLOYEE PERFORMANCE AT BAITUL MAAL WA TAMWIL:
Influence Analysis and Recommendations for Human Resource Development

Muhammad 'Isa Gautama[1], Puji Solikhah[2], Baharuddin[3]

[1,2] Institut Ilmu Al Qur'an An-Nur Yogyakarta,[3] Madrasah AlJunied Al-Islamiah Singapore
Ngrukem Street Pendowoharjo, Bantul, Yogyakarta
E-mail: gautamamuhammadisa@gmail.com, pujisolikhah@nur.ac.id, baharudin@aljunied.edu.sg

Abstract: Human resources are an important element for organizational sustainability, yet organizations often face challenges in maximizing their potential. To support optimal work results, this potential must be optimized through adequate competency development and motivation. This study aims to determine the effect of competence and motivation on employee performance directly at Baitul Maal wat Tamwil (BMT) Tamzis Yogyakarta Area. Respondents in this study were 50 permanent employees of BMT Tamzis Yogyakarta Area, with the variables studied including competence, motivation, and performance. Data collection techniques were carried out using a questionnaire, and data analysis was carried out using the Partial Least Squares (PLS) method. The results showed that competence has a positive and significant effect on employee performance with a Path Coefficient value of 0.359, a standard deviation of 0.119, and a significance level of 0.002 ($p<0.050$). In addition, motivation also has a positive and significant effect on employee performance with a Path Coefficient value of 0.682, a standard deviation of 0.105, and a significance level of 0.006 ($p<0.050$). This study recommends organizations to improve competency training programs and strengthen motivation systems to maximize employee potential and support optimal performance.

Keywords: Competence, Motivation, Employee Performance, Human Resources

Abstrak: Sumber daya manusia adalah elemen penting bagi keberlangsungan organisasi, namun sering kali organisasi menghadapi tantangan dalam memaksimalkan potensinya. Untuk mendukung hasil kerja yang optimal, potensi ini harus dioptimalkan melalui pengembangan kompetensi dan motivasi yang memadai. Penelitian ini bertujuan untuk mengetahui pengaruh kompetensi dan motivasi terhadap kinerja karyawan secara langsung pada Baitul Maal wat Tamwil (BMT) Tamzis Area Yogyakarta. Responden dalam penelitian ini adalah 50 karyawan tetap BMT Tamzis Area Yogyakarta, dengan variabel yang diteliti meliputi kompetensi, motivasi, dan kinerja. Teknik pengumpulan data dilakukan menggunakan kuesioner, dan analisis data dilakukan menggunakan metode Partial Least Squares (PLS). Hasil penelitian menunjukkan bahwa kompetensi memiliki pengaruh positif dan signifikan terhadap kinerja karyawan dengan nilai Path Coefficient sebesar 0,359, standar deviasi sebesar 0,119, dan tingkat signifikansi sebesar 0,002 ($p<0,050$). Selain itu, motivasi juga berpengaruh positif dan signifikan terhadap kinerja karyawan dengan nilai Path Coefficient sebesar 0,682, standar deviasi sebesar 0,105, dan tingkat signifikansi sebesar 0,006 ($p<0,050$). Penelitian ini merekomendasikan kepada organisasi untuk meningkatkan program pelatihan kompetensi dan memperkuat sistem motivasi guna memaksimalkan potensi karyawan dan mendukung kinerja optimal.

Kata Kunci: Kompetensi, Motivasi, Kinerja Karyawan, Sumber Daya Manusia

INTRODUCTION

Human resources in revitalization strategy is a very important factor in organizational fundamentals (Jungang, 2023; Shrestha, 2022). This valuable asset has a role in determining the success or failure of the organization (Setiadi, 2023). In Human Resource Management theory, especially that proposed by Ulrich, it is stated that humans are not only a factor of production but also a strategic resource capable of providing competitive advantage through the development of skills, knowledge, and abilities (Ulrich et al., 2021). Achieving organizational goals and objectives requires Human Resources or individuals who are visionary, reliable, and competent. Human resources in relation to individual competence must have a direction that is aligned with the core competencies of the organization (Sudarmanto, 2018).

According to Brian Becker, the core competencies of an organization have three links, namely first, the human resource system that contains high performance, policies, and strategic practices; second, human resource functions in the form of professionalism, human resources with competency strategies; and third, human resource behaviors that lead to a focus on competency strategies, motivation, and competency-related behaviors (B. E. Becker et al., 2019; S. Becker et al., 2022). This is in line with the theory of competence and employee development proposed by Boyatzis, which states that competency development does not only focus on technical abilities, but also on behavioral aspects that are in accordance with job demands (R. Boyatzis et al., 2024).

In addition to the need for competence, there is also a need to improve abilities by providing the right motivation (Samsudin et al., 2023). In the context of motivation theory, Herzberg's two-factor theory suggests that work motivation is influenced by motivator factors that encourage individuals to achieve certain achievements and maintenance factors that prevent job dissatisfaction (Ewen et al., 1966; Herzberg et al., 2011). There are three things that are very important in motivation, first; motivation as an organizational goal and the purpose of organizational achievement. Second, the effect that motivation itself has on certain efforts in the sense of intensity of will as a measure of one's efforts. Third, the existence of a state of unsatisfied internal individual needs, causing tension in each individual (Ady & Wijono, 2023).

Competence and motivation are steps to optimize performance components in an institution or organization (Basuki, 2023). Related to performance management, Armstrong emphasizes the importance of an integrated approach to performance management, where employee engagement, performance appraisal, and competency development are key elements to achieve optimal performance (Armstrong, 2022). There are three things to focus on in performance related to the development and management of human resources in an organization, first; how

leaders and managers work together with their subordinate employees to work effectively. Second, how each employee cooperates with managers in encouraging work enthusiasm to improve the quality of employee performance. Third, how to develop employee expertise, improve skills or expertise and knowledge with the competencies possessed in the institution as an effort to improve employee performance (Hamzah & Sitorus, 2021).

Baitul Maal Wa Tamwil Tamzis is one of the Islamic microfinance institutions that plays an important role in providing financial services to the community in Yogyakarta. The city of Yogyakarta, known as the City of Students and Culture, has its own uniqueness in the context of developing employee competence and motivation. Yogyakarta as a center of education and culture creates its own dynamics where individuals working in the city often have high expectations of self-development and professional achievement. However, the challenges faced by Baitul Maal Wa Tamwil Tamzis in Yogyakarta are very specific, including how to maintain and improve the competence of employees who come from diverse educational and cultural backgrounds. In addition, local economic challenges, such as fluctuations in customer income and instability in employee salaries, also affect employee motivation and performance in this institution (Martini, 2011; Rahayu, 2020).

From the focus of this performance, after the researchers conducted observations at Baitul Maal Wat Tamwil Tamzis in the Yogyakarta area, the results showed that the competencies used in the Baitul Maal Wat Tamwil Tamzis institution for employees or staff had not been achieved as expected. In addition, the level of work efficiency or timeliness in completing work is still not appropriate. The abilities and skills of employees are considered to still need improvement and redirection. The motivation and direction of managers to subordinate employees in each branch is still lacking, so that deep pressure or encouragement is still needed to increase employee professionalism in accordance with their fields. In addition, it is also due to the factor of unstable employee salaries or salaries that always change according to the amount of income earned by each customer, so that employee salaries are obtained depending on how much money is collected from customers each month (personal interview with AR, 23/07/2023).

There are at least several previous studies that discuss similar studies, but this research certainly has a research distinction compared to previous studies. The distinction lies in a unique focus and context compared to previous studies. First, Kartika Juanita and Agus Friyanto's research examines the effect of competence and motivation on employee performance in general, with results showing that competence has a more significant effect than motivation (Nurwin & Frianto, 2021). Meanwhile, this study places special emphasis on the context of BMT Tamzis in Yogyakarta, an Islamic financial institution that has specific challenges related to

limited resources and more complex motivational needs due to the characteristics of the area. Secondly, Ida Rosnidah et al.'s research focuses on regional financial management, in contrast to this research which specializes in baitul maal wa tamwil, a sharia-oriented microfinance institution, so the operational context and challenges faced are also different (Rosnidah et al., 2022). Third, Octavianus Sumardana Pratama and Ni Luh Komang Mia Putri Riana's research conducted in the hospitality sector, with different industry characteristics, is not fully comparable to the challenges faced by employees at Baitul Maal Wa Tamwil Tamzis (Pratama & Riana, 2022). Finally, Ajmal As'ad's research, although examining the influence of competence and motivation in the work environment, still has differences in terms of organizational and industrial settings (Pratama & Riana, 2022). Therefore, this study not only extends the scope of previous studies, but also provides a more in-depth understanding of how competencies and motivation affect performance in the context of Baitul Maal Wa Tanwil Tamzis, with an emphasis on local characteristics and specific challenges faced in Yogyakarta.

For this reason, from this background and reinforced by the absence of research related to Baitul Maal Wa Tanwil in Yogyakarta related to the competence and motivation of its employees, here the researcher will reveal the effect of competence on employee performance at Baitul Maal Wat Tamwil Tamzis in the Yogyakarta area and the effect of motivation on employee performance at the institution. It is at this point that this research is interesting to reveal, because after all the city of Yogyakarta is a City of Students and Culture, so that individual employees have differences in other places.

As part of the effort to improve employee performance at Baitul Maal Wa Tanwil Tamzis Yogyakarta, this research provides important recommendations for more holistic and sustainable human resource development. One of the main recommendations is the need to implement training programs that not only focus on improving technical skills but also on developing soft skills, such as leadership, communication, and time management. In addition, the study also highlights the importance of establishing a fair and performance-based incentive system, which can encourage employees' intrinsic motivation and create a work environment conducive to innovation and increased professionalism. This approach will not only improve individual competencies, but will also strengthen the alignment between employees' personal goals and the strategic vision of Baitul Maal Wa Tanwil Tamzis, thereby improving the overall competitiveness of the organization.

Theoretically, this research contributes to the development of literature on human resource management, especially in the context of Islamic financial institutions such as Baitul Maal Wat Tamwil. This research strengthens and expands the understanding of the influence of

competence and motivation on employee performance, which has been widely discussed in previous research, but with a specific focus on the organizational environment in Yogyakarta. It also adds a new perspective on how these factors interact in the context of the unique work culture of Yogyakarta, known as the City of Students and Culture.

Practically, the results of this study are expected to be a guide for managers and leaders in Baitul Maal Wa Tanwil Tamzis and other Islamic financial institutions in improving employee performance through more effective competency and motivation management. This research also provides practical recommendations on how competency and motivation improvement strategies can be implemented to achieve higher work efficiency and improve employee professionalism. The findings are expected to assist Islamic financial institutions in formulating more appropriate and sustainable human resource policies.

METHOD

The research method uses a quantitative approach in the form of statistical formulas to help analyze the data and information collected. This type of research is descriptive quantitative which is based on field research (Creswell, 2012). The data used in this field research are primary data and secondary data, so that the implementation is in accordance with the object of the research field whose truth is guaranteed in obtaining data (Sugiyono,

2019). Primary data in this study is based on the source of respondents' questionnaires, while secondary data in this study is based on data sources in the form of documents or archives from related company agencies, media literature, literature studies, previous research, and journals related to the problem being studied (Hair et al., 2014; Sabol et al., 2023).

This research was conducted based on a predetermined location, namely at Baitul Maal Wa Tanwil Tamzis in the Yogyakarta area. The time used in this research starts from May 2023 to early August 2023. The research subjects in this research population are all employees at BMT Tamzis Yogyakarta, totaling 81 active employees based on their status. As well as research sampling using convenience sampling techniques determined as many as 50 respondents. Data collection in this study using a questionnaire method or technique using Likert scale measurements, interviews conducted directly and face to face with respondents, and observations observing the phenomena that occur and employee behavior (Machali, 2016).

In this study, the validity test of the research instrument refers to Chin's theory, for early stage research from the development of a measurement scale, a loading factor value of 0.5 - 0.6 is still considered sufficient. Second, reliability testing using Cronbach's Alpha (the value must be above 0.6) and Composite Reliability (above 0.70). This research in its data analysis technique uses descriptive analysis and hypothesis testing using Smart

Partial Least Square (LPS) version 4.0 (Hair et al., 2014; Sarstedt et al., 2023).

RESULTS AND DISCUSSION
Research Descriptive Analysis Results

Regarding the descriptive characteristics of respondents based on a sample size of 50 employees, the following results were obtained: This study aims to provide a comprehensive overview of the profile of respondents involved in this study. This descriptive characteristics data includes basic information such as age, gender, education level, length of employment, and job position. This information is important to understand the background and context of the respondents, as well as to analyze how these variables might affect the results of the study. By understanding the demographic characteristics of the respondents, we can better interpret the research results and provide more informed recommendations.

Table 1. Respondent Profile

Respondent Identity	Category	Frequency (Number)	Percentage
Gender	Male	31	62%
	Female	19	38%
	Total	50	100%
Age	20 - 25 years	1	2%
	26 - 30 years	19	38%
	31 - 35 years old	8	16%
	36 - 40 years	13	26%
	> 40 years	9	18%
	Total	50	100%
Status	Get married.	42	84%
	Not married.	8	16%
	Total	50	100%
Last education	D3	9	18%
	S1	40	80%
	S2	1	2%
	Total	50	100%
Length of service	≤ 5 years	13	26%
	> 5 years	37	74%
	Total	50	100%

Table 1 above shows that 62% of respondents were male, and 38% were female. The number shows that male respondents are more than female respondents. In the age category, in Baitul Maal Wa Tanwil Tamzis Yogyakarta Area, the majority is dominated by respondents aged 26-30 years as much as 38% and some of them have occupied structural positions authorized in decision making. Then followed by respondents aged 36-40 years as much as 26%; then respondents aged> 40 years as much as 18%; and respondents aged 31-35 years as much as 16% and there

is also 1 respondent aged 20-25 years with a percentage of 2%.

Based on the status of respondents, the majority are married or married, namely 42 people with a percentage of 84%, far more than respondents who are single or unmarried, which is only 8 people or equivalent to 16%. In addition, based on the latest level of education, respondents in this study consisted of D3 as many as 9 people or 18%; S1 as many as 40 people or 80%; and S2 only 1 person or 2%. Educational background will form a professional workforce and also human resources capable of improving the performance of the agency and of course this maximum performance will also be felt by members or customers. With the number of respondents at BMT Tamzis Yogyakarta Area dominated by S1 educational background and followed by D3 level, of course this will facilitate each employee in working and occupying certain positions in accordance with their education and competence.

The length of service of an employee certainly adds to the experience, dedication, knowledge, and loyalty to the institution. Table 1 shows that respondents with tenure or length of service at Baitul Maal Wa TanwilTamzis Yogyakarta region ≤ 5 years are 13 people or 26%, most of whom are employees in the field of collectors or under the supervision of AO (Account Officer), followed by respondents with tenure > 5 years as many as 37 people or 74%. It is hoped that these employees will be able to carry out their duties and mandates and responsibilities, especially those related to individual skills. The length of service or length of work related to individual competence and motivation is expected to improve the performance of each individual.

Descriptive analysis in this study describes the description of each variable which includes competence, motivation and employee performance. This research is based on the average value of each variable with the following conditions: Minimum score: 1 (Strongly Disagree), Maximum score: 5 (Strongly Agree)

By dividing the interval class into 5 classes, the interval values are: $\frac{5-1}{5} = 0,8$

Table 2: Interval Range

No.	Average	Category
1	1.00 to 1.79	Very low/Strongly Disagree
2	1.80 to 2.59	Low/Disagree
3	2.60 to 3.39	Moderately/Disagree
4	3.40 to 4.19	High/Agree
5	4.20 to 5.00	Very High/Strongly Agree

The following are the results of the descriptive analysis of the variables that have been carried out in this study. This analysis involves presenting the basic statistics of each variable studied, including the mean, standard deviation, and frequency distribution. The results of this analysis provide insight into general trends,

emerging patterns, and data variability. With the results of this descriptive analysis, it is hoped that a deeper understanding of the characteristics of each variable studied can be obtained as well as how these variables interact in the context of this research.

Competency Variable (X1)

The calculation results are as in the table below:

Table 3. Respondents' Assessment of Competency Variables

Scale Interval	Category	Frequency	Percentage
1.00 to 1.79	Strongly Disagree	0	0%
1.80 to 2.59	Disagree	0	0%
2.60 to 3.39	Disagree	0	0%
3.40 to 4.19	Agreed.	21	42%
4.20 to 5.00	Strongly Agree	29	58%
Total		50	100%
Average		4,58	

Based on table 3, it can be seen that BMT Tamzis employees in the Yogyakarta area who responded to the competency variable question items, no one stated "strongly disagree", "disagree", and "disagree less". There were 21 people or 42% who stated "agree" and 29 people (58%) who stated "strongly agree". Overall, the level of competence at Baitul Maal Wa Tanwil Tamzis in the Yogyakarta area is classified as very high. This can be seen from the results of the average value (mean) of 4.58 which is in the range of 4.20 to 5.00 which means that the competency variable is very high.

Motivation Variable (X2)

The calculation results are as in the table below:

Table 4. Respondents' Assessment of Motivation Variables

Scale Interval	Category	Frequency	Percentage
1.00 to 1.79	Strongly Disagree	0	0%
1.80 to 2.59	Disagree	0	0%
2.60 to 3.39	Disagree	0	0%
3.40 to 4.19	Agreed.	32	64%
4.20 to 5.00	Strongly Agree	18	36%
Total		50	100%
Average		4,36	

Regarding the descriptive characteristics of respondents based on a sample size of 50 employees, the following results were obtained: This study aims to provide a comprehensive overview of the profile of respondents involved in this study. This descriptive characteristics data includes basic information such as age, gender, education level, length of employment, and job position. This information is important to understand the background and context of the respondents,

as well as to analyze how these variables might affect the results of the study. By understanding the demographic characteristics of the respondents, we can better interpret the research results and provide more informed recommendations.

The following are the results of the descriptive analysis of the variables that have been conducted in this study: This analysis involves presenting the basic statistics of each variable studied, including the mean, standard deviation, and frequency distribution. The results of this analysis provide insight into general trends, emerging patterns, and data variability. With the results of this descriptive analysis, it is hoped that a more in-depth understanding of the characteristics of each variable studied can be obtained as well as how these variables interact in the context of this research.

Based on Table 3, it can be seen that Baitul Maal Wa Tamwil Tamzis employees in the Yogyakarta area who responded to the question items of the motivation variable, no one stated "strongly disagree", "disagree", and "disagree less". There were 32 people or 64% who stated "agree" and 18 people (36%) who stated "strongly agree". Overall, the level of motivation in Baitul Maal Wa Tamwil Tamzis Yogyakarta region is classified as very high. This can be seen from the results of the average value (mean) of 4.36 which is in the range of 4.20 to 5.00, which means that the motivation variable is classified as very high. This finding indicates that the majority of employees have a very good level of motivation, which may contribute to their job performance and satisfaction in the organization.

Employee Performance Variable (Y)

The calculation results are as in the table below:

Table 5. Respondents' Assessment of Employee Performance Variables

Scale Interval	Category	Frequency	Percentage
1.00 to 1.79	Strongly Disagree	0	0
1.80 to 2.59	Disagree	0	0
2.60 to 3.39	Disagree	2	4%
3.40 to 4.19	Agreed.	31	62%
4.20 to 5.00	Strongly Agree	17	34%
Total		50	100%
Average		4,18	

BMT Tamzis Yogyakarta region who responded to the employee performance variable question items, the results showed that no one stated "strongly disagree", "disagree", and "disagree". There were 2 people (4%) who stated that they disagreed, 31 people or 62% stated "agree" and 17 people (34%) stated "strongly agree". Overall, the level of competence at BMT Tamzis Yogyakarta region is high. This can be seen from the average value (mean) of 4.18 which is in the range of 3.30 to 4.19

which means that the employee performance variable is very high.

Smart PLS Validity & Reliability Test Results

First, the results of the validity test in this study were carried out using the Convergent Validity test. The Convergent Validity value is the loading factor value on the latent variable with its indicators. This study uses a loading factor limit of 0.5 with the results of loading items on the outer model as follows:

Table 6. External Loading

Variables	Item Indicator	Loading Value	Criteria	Information
Competence (X1)	X1.1	0.685	0.5	Valid
	X1.2	0.658	0.5	Valid
	X1.3	0.761	0.5	Valid
	X1.4	0.703	0.5	Valid
	X1.5	0.683	0.5	Valid
	X1.6	0.688	0.5	Valid
	X1.7	0.694	0.5	Valid
	X1.8	0.721	0.5	Valid
	X1.9	0.734	0.5	Valid
	X1.10	0.695	0.5	Valid
	X1.11	0.757	0.5	Valid
	X1.12	0.715	0.5	Valid
	X1.13	0.654	0.5	Valid
	X1.14	0.670	0.5	Valid
	X1.15	0.714	0.5	Valid
Motivation (X2)	X2.1	0.787	0.5	Valid
	X2.2	0.640	0.5	Valid
	X2.3	0.705	0.5	Valid
	X2.4	0.655	0.5	Valid
	X2.5	0.776	0.5	Valid
	X2.6	0.797	0.5	Valid
	X2.7	0.615	0.5	Valid
	X2.8	0.658	0.5	Valid
	X2.9	0.795	0.5	Valid
	X2.10	0.617	0.5	Valid
	X2.11	0.643	0.5	Valid
	X2.12	0.748	0.5	Valid
	X2.13	0.610	0.5	Valid
	X2.14	0.790	0.5	Valid
	X2.15	0.617	0.5	Valid
Employee performance (Y)	Y.1	0.774	0.5	Valid
	Y.2	0.823	0.5	Valid
	Y.3	0.785	0.5	Valid
	Y.4	0.796	0.5	Valid
	Y.5	0.767	0.5	Valid
	Y.6	0.701	0.5	Valid

Y.7	0.784	0.5	Valid
Y.8	0.632	0.5	Valid
Y.9	0.727	0.5	Valid
Y.10	0.704	0.5	Valid
Y.11	0.781	0.5	Valid
Y.12	0.787	0.5	Valid
Y.13	0.692	0.5	Valid
Y.14	0.748	0.5	Valid
Y.15	0.699	0.5	Valid

The processing results with SmartPLS can be seen in Table 4.5, where the outer model value or correlation between constructs and variables has met the validity criteria. This validity indicates that the constructs tested in this study have a strong and significant relationship with the related variables, ensuring that the model built can describe the phenomenon under study well.

Second, the reliability test results in this study were carried out by testing the composite reliability and Cronbach's alpha values, both of which must be above 0.70 to be considered reliable. The reliability test results show that all variables in this study have a good level of reliability, which reflects the internal consistency of the instruments used. The following are the results of the reliability test:

Table 7. Cronbach's Alpha, Composite Reliability and AVE

Variables	Cronbach's Alpha	Composite Reability	AVE
Competence	0.888	0.981	0.645
Motivation	0.884	0.893	0.539
Employee performance	0.823	0.828	0.579

Based on Table 7, it can be explained that all constructs meet the reliability criteria. This is indicated by the Cronbach's alpha value above 0.6, the composite reliability value above 0.70, and the AVE above 0.50. A high Cronbach's alpha value indicates good internal consistency in measurement, while composite reliability confirms the strength of the relationship between items in each construct. In addition, an Average Variance Extracted value that exceeds 0.50 indicates that the

measured variable can explain more than 50% of the variance of its indicators, signaling adequate construct validity.

Research Hypothesis Test Results

First, the results of the structural model test (inner model) were carried out to see the relationship between constructs and the significance value of the research model. This test aims to evaluate the strength and direction of the relationship between the constructs under study and measure how significant the influence of

each variable in the model is. The following are the results of the path diagram and path coefficient used to test the hypothesis through the inner model. The path diagram illustrates the relationship between constructs visually, while the path coefficient shows the strength and direction of the relationship numerically.

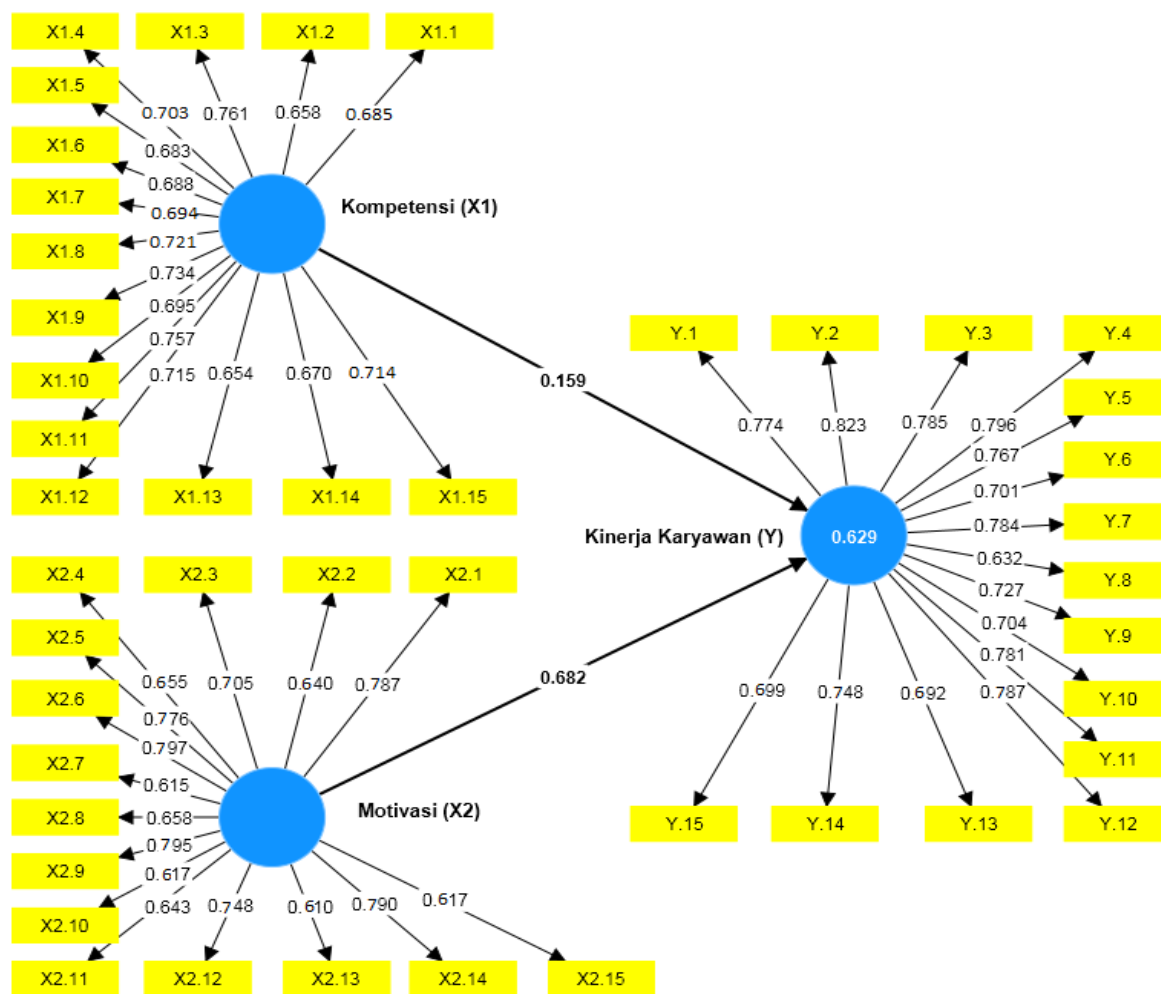The results of hypothesis testing will be explained in the flowchart image using SmartPLS, as shown below:

Figure 2. Path Diagram

Table 8. Path Coefficient

Relationship between Variables	Original Sample (O)	Sample Average (M)	Standard Deviation (STDEV)	T-statistic (O/STDEV)	P-value
Competence → Employee performance	0.359	0.328	0.119	2.854	0.002
Motivation → Employee performance	0.682	0.609	0.105	4.766	0.006

Second, the hypothesis results in this study can be explained by the researcher as follows

a. Hypothesis 1 (Significant positive effect of competence on employee performance)

Testing the effect of competency variables on employee performance at Maal Wa Tamwil Tamzis in the Yogyakarta area has a path coefficient value of 0.359 and a significance level of 0.002 (p <0.05). These results indicate that the first hypothesis which states that competence has a positive and significant effect on employee performance is proven or H1 is accepted.

b. Hypothesis 2 (Positive and significant effect of motivation on employee performance)

Testing the effect of motivation variables on employee performance at Baitul Maal Wa Tamwil Tamzis Yogyakarta region has a path coefficient value of 0.682 and a significance level of 0.006 (p <0.05). These results indicate that the second hypothesis which states that motivation has a positive and significant effect on employee performance is proven or H2 is accepted.

Third, the r-square test results (coefficient of determination) are used to measure how far the model's ability to explain variations in the independent variable. The following are the results of the r-square test:

Table 9. *R-Square* Test Results

	R Square	R Square Adjusted
Performance	0.629	0.614

The regression results using the PLS method obtained R-Square (coefficient of determination) of 0.629 and 0.614, which means that the performance of BMT Tamzis Yogyakarta employees can be explained by competence simultaneously by 62% and motivation simultaneously by 61%, while the remaining 19% and 30% are explained by other variables outside the model.

The Effect of Competence on Employee Performance

The results of this study indicate that competence has a positive and significant influence on employee performance at BMT Tamzis Yogyakarta, with a path coefficient of 0.359 and a p-value of 0.002 (P <0.05). This finding indicates that competence contributes 65.9% to employee performance, while 34.1% is influenced by other variables. This finding is in line with the Competency theory proposed by Spencer, which states that competence includes the knowledge, skills, and behaviors required for effective task performance. (Spencer, 2019). This research is also consistent with the research of Kharisma and Rosia, who assert that competence is key in

improving the quality and quantity of work in organizations (Kharisma & Rosia, 2022).

Spencer & Spencer's theory of competence underscores that competence involves broader dimensions than just technical skills. In-depth knowledge of the task, relevant skills, and appropriate behaviors form the basis for high performance. In the context of Baitul Maal Wa Tamwil Tamzis Yogyakarta, the specifics of the industry and the types of jobs that require specialized expertise give emphasis to competence as a dominant factor. Employees who possess the right competencies are not only able to complete their tasks more efficiently, but are also better able to adapt to emerging challenges, thereby improving the quality and quantity of their work.

This opinion is reinforced by the theory expressed by Boyatzis, who emphasizes that competence is not just about having technical skills but also about the ability to adapt to the environment and job demands. Boyatzis added that competence includes factors such as motivation, personality, and interpersonal skills, which are very important in the context of dynamic and fast-changing work. Therefore, in the environment of Baitul Maal Wa Tamwil Tamzis Yogyakarta, which may face specific challenges related to the microfinance industry, employees' competence to adapt and deal with change becomes even more crucia (R. E. Boyatzis, 2018). This explains why the results of this study found a greater contribution of competencies compared to Iskandar et al.'s study, which showed a 50% contribution of competencies to performance (Iskandar et al., 2024). This research reflects that in the specific context of Baitul Maal Wa Tamwil Tamzis, competencies have a greater impact due to the direct link to more specific and complex job demands.

However, this research should also take note of the skeptical view of Hollenbeck & Williams (1989), who argue that competence may not always be the dominant factor in all organizational contexts. Hollenbeck & Williams propose that other factors such as work experience, work environment, and situational factors may also play a significant role in determining employee performance. Work experience, for example, provides practical insights and context that are not always gained through formal training. The work environment, including organizational culture and managerial support, can also influence how competencies are applied and utilized in daily work (Hollenbeck et al., 1989).

Therefore, although competence is an important factor, the results of this study should be considered in a broader context. The influence of competencies on employee performance at BMT Tamzis Yogyakarta depends not only on the level of individual competencies but also on how those competencies are applied in a supportive work environment. By

considering other variables such as work experience, work environment, and situational factors, organizations can develop a more holistic approach to improving employee performance.

Overall, the results of this study confirm that competencies play a major role in determining employee performance, especially in the context of occupations that demand specialized skills. However, in order to maximize the impact of competencies on performance, it is important to also consider contextual and situational factors that can influence how competencies are applied and utilized in daily work practices.

The Effect of Motivation on Employee Performance

The results of this study indicate that motivation has a positive and significant influence on employee performance at Baitul Maal Wa Tamwil Tamzis Yogyakarta, with a coefficient of 0.359 and a p-value of 0.002 (P<0.05). This finding indicates that motivation contributes 78.4% to performance, emphasizing the importance of motivation in improving employee performance. This contribution reflects the depth of the relationship between motivation and job performance, making it a key factor in human resource development strategies.

Herzberg's (1966) theory of work motivation provides a strong framework for understanding these findings. Herzberg identified two main categories of motivational factors: motivator factors (such as achievement, recognition, and responsibility) and hygiene factors (such as working conditions, salary, and company policies). This research is in line with Herzberg's theory, which suggests that high motivation is influenced by adequate rewards, good working conditions, and a sense of accomplishment. Employees who feel valued and recognized for their work tend to show increased productivity and morale, which directly affects their performance (Ewen et al., 1966).

Furthermore, the findings also confirm the important role of intrinsic and extrinsic motivation in influencing employee performance. Intrinsic motivation, which comes from internal satisfaction and a sense of personal accomplishment, and extrinsic motivation, which comes from external incentives and rewards, both contribute to work morale and productivity. These principles focus on organizing and maintaining an orderly and clean workplace, which can create a supportive and pleasant work environment, and increase employee satisfaction.

However, the results of this study differ from the research of Syarif et al., which shows that the contribution of motivation to performance is 65%. This difference may be due to variations in the motivation measurement methods used in this study (Syarif et al., 2024). This study may use a more in-depth and specific measurement tool, which allows the identification of motivational factors that are more relevant to the context of Baitul Maal Wa Tamwil Tamzis Yogyakarta. More

precise and relevant measurements can provide more accurate insight into the effect of motivation on employee performance.

Deci & Ryan's take on self-determination motivation theory also provides an additional perspective. They argue that intrinsic motivation has a stronger impact in the long run than extrinsic motivation (Deci & Ryan, 1985). Intrinsic motivation, rooted in personal satisfaction and interest in the work itself, can create a more lasting drive for high performance. This emphasizes the importance of not only providing external incentives but also creating a work environment that meets employees' basic psychological needs, such as autonomy, social connectedness, and competence.

Overall, this study shows that novelty of this research both competence and motivation have a significant influence on employee performance. Competence contributes more than motivation, emphasizing the need to focus on developing employees' skills and knowledge as part of a human resource development strategy. However, managing motivation remains important, as high motivation can increase morale and productivity. Therefore, the human resource development strategy at BMT Tamzis Yogyakarta should include integrated efforts to improve competencies through training and development as well as creating a work environment that effectively motivates employees. Implementation of this approach can help maximize employee potential and achieve better organizational performance.

Human Resources Development Recommendations

Based on the research results which show that competence and motivation significantly affect employee performance at Baitul Maal Wa Tamwil Tamzis Yogyakarta, recommendations for human resource development include an in-depth strategic approach in two main aspects, namely competency improvement and motivation management.

Competency improvement should be a top priority in human resource development strategies. With the contribution of competencies to employee performance reaching 65.9%, it is important for organizations to ensure that employees have the knowledge, skills and behaviors required to perform their duties effectively. A well-designed training program is an effective tool for improving competencies. Training should not only focus on technical skills relevant to the job, but should also pay attention to non-technical skills such as interpersonal skills, leadership, and time management. This is in line with Taruna and Nisa's view that emphasizes the importance of comprehensive training for holistic employee development. (Taruna & Nisa, 2024). Periodic evaluation of training needs is essential to ensure that training programs remain relevant and effective in the face of changing needs and emerging

challenges.

Project-based learning is also a highly effective method for improving competencies. By applying skills in a real context, employees can gain in-depth practical experience. This is consistent with the theory of constructivism proposed by Jean Piaget, which suggests that knowledge is best acquired through hands-on experience. In addition, mentoring from senior employees or experienced professionals can provide valuable guidance and accelerate the learning process. According to Bandura's social cognitive theory, observation and interaction with mentors can improve employees' skills and confidence in facing job challenges (Bandura, 2023).

Motivation management is a crucial aspect that must also be considered. With 78.4% of motivation contributing to performance, it is clear that motivation plays an important role in driving productivity and morale. To manage motivation effectively, organizations need to create a supportive work environment. This includes providing fair and meritocratic rewards, creating comfortable working conditions, and recognizing employee achievements. Research by Armstrong and Maslow shows that rewards and recognition are important factors in motivating employees, which contribute to job satisfaction and productivity (Armstrong, 2017; Maslow, 1998).

Motivation management should involve a holistic approach, encompassing both intrinsic and extrinsic aspects of motivation. Intrinsic motivation can be enhanced by providing appropriate challenges and opportunities for personal development. This is in line with Deci & Ryan's self-determination theory of motivation, which emphasizes the importance of meeting basic psychological needs such as autonomy, social connectedness, and competence to motivate employees in the long term. (Deci & Ryan, 1985). Extrinsic motivation, on the other hand, can be managed through clear reward and incentive systems, as well as constructive feedback. The implementation of a transparent and systematic incentive system can increase employee motivation, in accordance with Skinner's reinforcement theory, which states that behaviors followed by positive reinforcement are more likely to be repeated (Echezona & Ojukwu, 2023)..

Overall, effective human resource development at Baitul Maal Wa Tamwil Tamzis Yogyakarta should involve a holistic approach to competency enhancement and motivation management. Integration of relevant training, project-based learning, mentoring, as well as good motivation management will help maximize employee potential and improve overall performance. Implementation of these recommendations will support the achievement of organizational goals and create a productive and harmonious work environment.

In this regard, it is important to constantly evaluate and adjust human resource development strategies based on

performance feedback and results. With an adaptive and responsive approach, organizations can ensure that employees remain motivated and competent, and are able to face challenges and changes in a dynamic work environment.

CONCLUSION

Competence has a positive and significant effect on employee performance. This shows that the higher the competence possessed by employees, the higher the performance of BMT Tamzis employees in the Yogyakarta area. This can be seen from the Path Coefficient results, so that the first hypothesis or H1 is proven and accepted as having a positive and significant effect. Work motivation has a positive and significant effect on employee performance. This shows that the higher and more supportive work motivation, the higher the performance of BMT Tamzis employees in the Yogyakarta area. This can be seen from the results of the original sample Path Coefficient, so that the second hypothesis or H2 is proven and accepted as a positive and significant influence. Findings based on motivation show that there is a need for equal distribution of employee salaries according to their field of work, and the need for additional facilities that support work. These findings suggest that improving competence and managing employee motivation are key to improving performance at BMT Tamzis Yogyakarta region. A focus on training and project-based learning will increase employee effectiveness, while improvements in motivational management through salary equalization and additional facilities will increase morale. Implementation of these recommendations will improve productivity, operational efficiency, and create a more harmonious working environment, supporting the achievement of overall organizational goals.

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