

DETERMINANTS OF EMPLOYEE PERFORMANCE IN SHARIA FINANCE COMPANIES IN INDONESIA

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Abstract

This study aims to determine the effect of work motivation (X1), work environment (X2) and religiosity (X3) on employee performance (Y2) of sharia finance companies in Indonesia with competence (Y1) as an intervening variable. Data collection was carried out through the distribution of questionnaires carried out to 380 employees of sharia finance companies in Indonesia. Data analysis in this study used SEM (Structural Equation Modelling) operated through the LISREL (Linear Structural Relationship) 8.70 program. The results showed that there was a positive and significant direct effect on the variables of work motivation (X1) and religiosity (X3) on employee performance (Y2) of Islamic finance companies with a coefficient of determination of 74%. In addition, the influence (indirect effect) of work motivation variables (X1), work environment (X2) and religiosity (X3) affect the performance of employees of Islamic finance companies with competence as an intervening variable

Keywords : *Employee Performance, Work Motivation, Work Environment, Religiosity, Human Resource Competence*

1. INTRODUCTION

Human Resources in an organization plays a very vital role. Soetjipto (2008) explained that the availability of superior, reliable and skilled Human Resources for companies or organizations that have different goals and forms is an absolute requirement so that their existence can respond to an era full of fierce competition at this time. Human Resources are residents who are ready or able to contribute to the efforts of an organization to be able to achieve its goals (Samsuni, 2017). Therefore, the success of an organization depends on the ability of human resources in the organization. Armstrong and Baron in Wibowo (2011), explained that the performance of Human Resources is influenced by personal factors including skill level, motivation, competence, and individual commitment. The next factor is the leadership factor in an organization, work team, work system and environment at work. The influence on this performance is also in accordance with the opinion of Achmad (2019) who explained that employee performance is influenced by several factors, namely work competencies including HR abilities and skills. To achieve maximum and satisfactory work results, knowledge, skills and abilities possessed by an employee are needed in carrying out their job duties so that their performance can increase (Faisal, Murwaningsari, et al. 2023; Fulliani et al. 2022). Faktor Another that can encourage performance is the motivation of employees, it has become a necessity in carrying out work activities, an employee must be based on high work motivation. According to Robbins (2008), motivation is a willingness for a person to make efforts in terms of achieving organizational goals and to meet his needs individually. When an employee has high motivation, it will directly impact his performance, so that he can make a

good contribution to the organization. Conversely, lack of work motivation in an employee will directly impact his low performance and encourage poor organizational performance. Motivation at work can also come from the work environment where employees are. The work environment is very important for an employee because it will affect the resulting performance. A conducive work environment will have a positive impact in the form of increasing employee morale to achieve the company's goals that have been set. Rahmawanti et al., (2018) explained that the work environment is all things that exist around employees, both physical and non-physical work environments so that they can have an influence in doing all work.

The current condition of the Islamic financial industry in Indonesia, both the Islamic banking industry and the non-Islamic bank financial industry, cannot be separated from the role and contribution of Human Resources in it. In the study of the Indonesian Sharia Economic Master Plan 2019-2024, improving the quality and quantity of human resources is one of the basic strategies in supporting the development of the Islamic economy in Indonesia. On the other hand, the lack of optimal support for Human Resources has made the government make this field one of the top priorities for Islamic economic and financial development in Indonesia. The development of the Islamic financial industry over the past five years has a fairly good growth rate with a market share of 6.55%. However, if reviewed further, the growth of the Islamic financial industry was not followed by the growth of the Islamic Financing industry. Based on data from the Financial Services Authority (OJK), Sharia Non-Bank Financial Industry (IKNB) assets over the last five years have grown by 12.98%, the last asset in 2020 was 116.53 trillion with a market share of 4.19% of the total IKNB assets. This condition is different from the performance of the Sharia Financing Industry which for almost four years (2016-2020) continued to decline both in terms of marketing performance (market share) and total assets with an average asset decline of 29.34% per year.

The urgency of the role of Human Resources is also widely found in the Quran and Al Hadith. In the Qur'an there is Sura At-Tawbah 105:

فَيُنَبِّئُكُمْ بِمَا كُنْتُمْ تَعْمَلُونَ لَشَهِدَةٌ أَوْ لَعْنَةٌ أَوْ كِتَابٌ مُرْتَدُّونَ إِلَىٰ عِلْمِ لُؤْمِنُونَ أَوْ وَعَدْتُمْ أَنَّكُمْ تُعْمَلُونَ لَشَهِدَةٌ أَوْ لَعْنَةٌ أَوْ كِتَابٌ مُرْتَدُّونَ إِلَىٰ عِلْمِ لُؤْمِنُونَ أَوْ وَعَدْتُمْ أَنَّكُمْ تُعْمَلُونَ

And say: "Work you, and Allah and His Messenger and the believers will see your work, and you will be returned to (Allah) Who knows the unseen and the real, and He will tell you what you have done." (QS. At-Tawbah: 105).

In that verse, Allah commands man to always work earnestly but also need to pay attention to everything he does because Allah knows everything and every work done will be accounted for. While in Al Hadith, the urgency of the role of Human Resources one of them is found in HR Thabrani & Baihaqi: From Aisha r.a., the Prophet said: "*Verily Allah loves someone who when working, does it professionally*". (HR. Thabrani, No: 891, Baihaqi, No: 334) In accordance with the explanation above, the author aims to conduct research on factors that can affect the performance of Human Resources of Islamic finance companies in Indonesia. It is expected that the results of this research will be useful and can be implemented so as to contribute to improving the performance of sharia finance companies in particular and contributing to the sharia economy in Indonesia in general.

2. LITERATURE REVIEW

Employee performance.

According to Hasibuan (2006) Performance is a result of work achieved by a person in performing the tasks assigned to him based on skills, experience, and sincerity and time. The following are the dimensions and performance indicators according to Bangun (2007):

Table. 1 Performance Dimensions and Indicators

| Dimension | Indicators |
|--------------------------|--|
| Number of Jobs | 1. Have standards in working 2. Have Skills and abilities |
| Quality of Work | 1. Have quality in work 2. Has good performance |
| Timeliness | 1. Work on time 2. Time discipline |
| Cooperation capabilities | 1. Teamwork |

Source : (Bangun, 2007)

Compensation

Competence is defined as knowledge (Faisal and Sudibyo 2020), skills and basic values that are reflected in the habit of thinking and acting (Haryadi 2021) Another meaning of compatibility is the specification of the knowledge, skills and attitudes that a person has and their application in work in accordance with the performance standards required by the organization (Ratnasari 2021) Some aspects contained in the concept of competence according to Gordon in Sutrisno (2011):

Table. 2 Competency Dimensions and Indicators

| Dimension | Indicators |
|--------------------------------------|---|
| Knowledge (<i>Knowledge</i>) | 1. Employees know sharia financing contracts 2. Employees can calculate transactions in detail with these contracts |
| Understanding | 1. Employees can explain and show the history of sharia multifinance in Indonesia 2. Employees are able to answer questions about sharia multifinance |
| Abilities/Skills (<i>Skill</i>) | 1. Employees are skilled in recording and counting every transaction 2. Employees are able to use information technology and also financial recording technology |
| Attitude | 1. Employees must be patient and responsive in providing services to visitors. 2. Employees are open and show friendly smiles to every visitor |

Source: Gordon in Sutrisno (2011)

Work Motivation

Work motivation is a physiological or psychological deficiency that plays a role in eliciting individual behavior, drive, and effort in its orientation in the form of work realization and performance (Faisal, Busneti, et al. 2023). Maslow's hierarchy of needs, a theory of human motivation developed by Abraham Maslow. Maslow grouped human needs into 5 categories in a

specific order. Before fundamental needs are met a person will not strive to meet higher needs (Daft, 2006).

Maslow's Hierarchy of Needs theory consists of:

1. Physiological needs are the most basic physical needs of human beings, including food, water, and oxygen. In the organizational structure physiological needs are reflected in the needs for passion, space, and basic salary to ensure survival.
2. The need for security, is the need for a safe physical and emotional environment protected from threats, namely the need for freedom from power, and an orderly society. In an organizational work environment, the need for security reflects the need for secure work, additional employee benefits, and job protection.
3. Social needs: These needs reflect the desire to be accepted by friends, make friendships, be part of a group, and be loved. In organizational organizations these needs affect the desire to have good relationships with fellow workers, participation in work groups, and positive relationships with supervisors.
4. These needs are concerned with the desire for a positive impression of self and to receive attention, recognition, and appreciation from others. In organizations the need for rewards reflects the motivation to gain recognition, increased responsibility, and praise for contributions to the organization.
5. Self-actualization needs, these represent self-fulfillment needs, which are the highest category of needs. This need is concerned with developing one's maximum potential, improving one's competence, and becoming a better person. Self-actualization needs can be met within organizations by giving employees opportunities to grow creatively, and gain attention to perform challenging tasks as well as advancement.

Table. 3 Dimensions and Indicators of Work Motivation

| Dimension | Indicators |
|--------------------------|---|
| Physiological Needs | <ol style="list-style-type: none"> 1. I was given proper service rewards and pension guarantees by the company 2. I am allowed to take time off work for certain justified reasons for 3 days 3. I was given enough rest hours by the company for 1 hour |
| The Need for Security | <ol style="list-style-type: none"> 1. I work and get guaranteed work safety insurance 2. I work to get an old age guarantee from the company 3. I was allowed to complain about various work-related complaints |
| Social Needs | <ol style="list-style-type: none"> 1. Every time I get into trouble, my colleagues are willing to give me help 2. If there is a problem, my boss always provides a solution 3. My boss and co-workers at work care about me as an employee |
| The Need for Awards | <ol style="list-style-type: none"> 1. The company gave me a bonus for satisfactory work 2. I get praise from the leadership for the work I do. |
| Self-Actualization Needs | <ol style="list-style-type: none"> 1. The leadership gave me the opportunity to do creativity at work 2. The company provides an opportunity to participate in decision-making |

Source: Maslow in Daft (2006)

Working environment

Work environment as everything that is around the workers and that can affect him in carrying out the tasks charged (Moekijat, 1986). The work environment is divided into two dimensions, namely the Physical Environment, which is something that is around the workers which includes light, color, noisy air, sound and music that affects him in carrying out the tasks charged. While the non-physical work environment is all conditions that occur related to work relationships, both relationships with superiors and fellow colleagues, or relationships with subordinates (Nitisemito, 1996, 2000). The dimensions of the work environment used in this study are:

Table. 4 Dimensions and Indicators of the Work Environment

| Dimension | Indicators |
|-------------------------------|---|
| Physical Work Environment | <ol style="list-style-type: none"> 1. Existing lighting (sunlight and electricity) in the workspace is in accordance with the needs 2. Air conditions in the workspace provide comfort while working 3. The work environment of employees is quiet and free from engine noise 4. The wall color in my workspace is very supportive of my state of mind for work 5. The presence of security officers in the office environment |
| Non-Physical Work Environment | <ol style="list-style-type: none"> 6. The relationship between colleagues is very harmonious 7. Everyone has equal opportunities for career advancement |

Source : (Nitisemito, 1996, 2000)

Religiosity

Religiosity is a belief about one's religion and belief in worship behavior which means covering various aspects of life and obligations that must be carried out in accordance with the beliefs they profess, namely Islam. Based on the operational definition, the author compiles dimensions and indicators to facilitate the preparation of items and aspects to be measured, among others.

Table. 5 Dimensions and Indicators of Religiosity

| Dimension | Indicators |
|----------------------------|--|
| <i>Religious belief</i> | <ol style="list-style-type: none"> 1. Belief in the existence of a god 2. Belief in angels 3. Believing in heaven and hell 4. Believing in the existence of an end day |
| <i>Religious practice</i> | <ol style="list-style-type: none"> 5. Performing the five daily prayers in an orderly manner 6. Observing Ramadan fasting in an orderly manner 7. Carrying out sunnah fasting in accordance with the teachings of the apostle 8. Practicing the sunnahs of the apostle |
| <i>Religious feeling</i> | <ol style="list-style-type: none"> 9. Always be grateful for what Allah SWT has given us. 10. Always draw close to God |
| <i>Religious knowledge</i> | <ol style="list-style-type: none"> 11. Able to understand religious teachings |

| Dimension | Indicators |
|------------------|--|
| Religious effect | 12. Able to apply religious teachings in everyday life |

Source : (Hood, 1996)

2. IMPLEMENTATION METHOD

This research was conducted using field research methods by means of surveys, namely research that takes a number of samples from the population using questionnaires as the main data collection tool. The approach used in this study is a quantitative approach. Quantitative research methods are methods for testing certain theories by examining relationships between variables. The aim is to develop and use mathematical models, theories and / or hypotheses related to the phenomenon under study. A population is a whole set of elements that exhibit certain traits that can be used to make inferences. The population in this study is all employees who work actively in Sharia Finance Companies in Indonesia. The sample is part of the number and characteristics possessed by the population Sugiyono (2010). The sample used in this study was employees in Sharia Finance Companies throughout Indonesia. Sample selection in this study uses *purposive sampling* techniques or methods, namely sample selection based on certain criteria. The criteria are as follows:

1. Employees who work actively in Sharia Finance Companies, both Sharia Business Units and sharia finance companies that are *full fledge* throughout Indonesia.
2. Muslim employees
3. Employees who work for at least 3 months or pass the probationary period.
4. Employees who have at least a high school education.

The number of samples used in this study is adjusted to the analysis method used, namely the *Structural Equation Model (SEM)*. In the SEM method, the number of samples required is at least 5 times the number of indicator variables (Ferdinand, 2014). The number of indicators in this study is 47 indicators, so a minimum of 47 x 5 or 235 samples are needed. The data used in this study are primary data. Primary data were obtained by distributing questionnaires on a five-point Likert scale (1-5) to selected samples in the population. Based on the purpose of this study, the research method used is the questionnaire method. The questionnaire method aims to obtain data or information from individual respondents. In this case, the researcher prepares questionnaires or statements that are then submitted or read to respondents for answer.

Table. 5 Questionnaire Scoring Scores

| Weight | Category |
|--------|-------------------------|
| 1 | Strongly Disagree (STS) |
| 2 | Disagree (TS) |
| 3 | Disagree (KS) |
| 4 | Agree (S) |
| 5 | Strongly Agree (SS) |

Source: Sugiyono (2009)

3. RESULTS AND DISCUSSION

Based on the Confirmatory Factor Analysis (CFA) test, all indicators on each variable are declared to pass the CFA test and are valid. Furthermore, validation is carried out to find out

whether the variable factors used for each latent are in accordance with what will be measured. The picture below is the *Standardized loading factors* of all research variables.

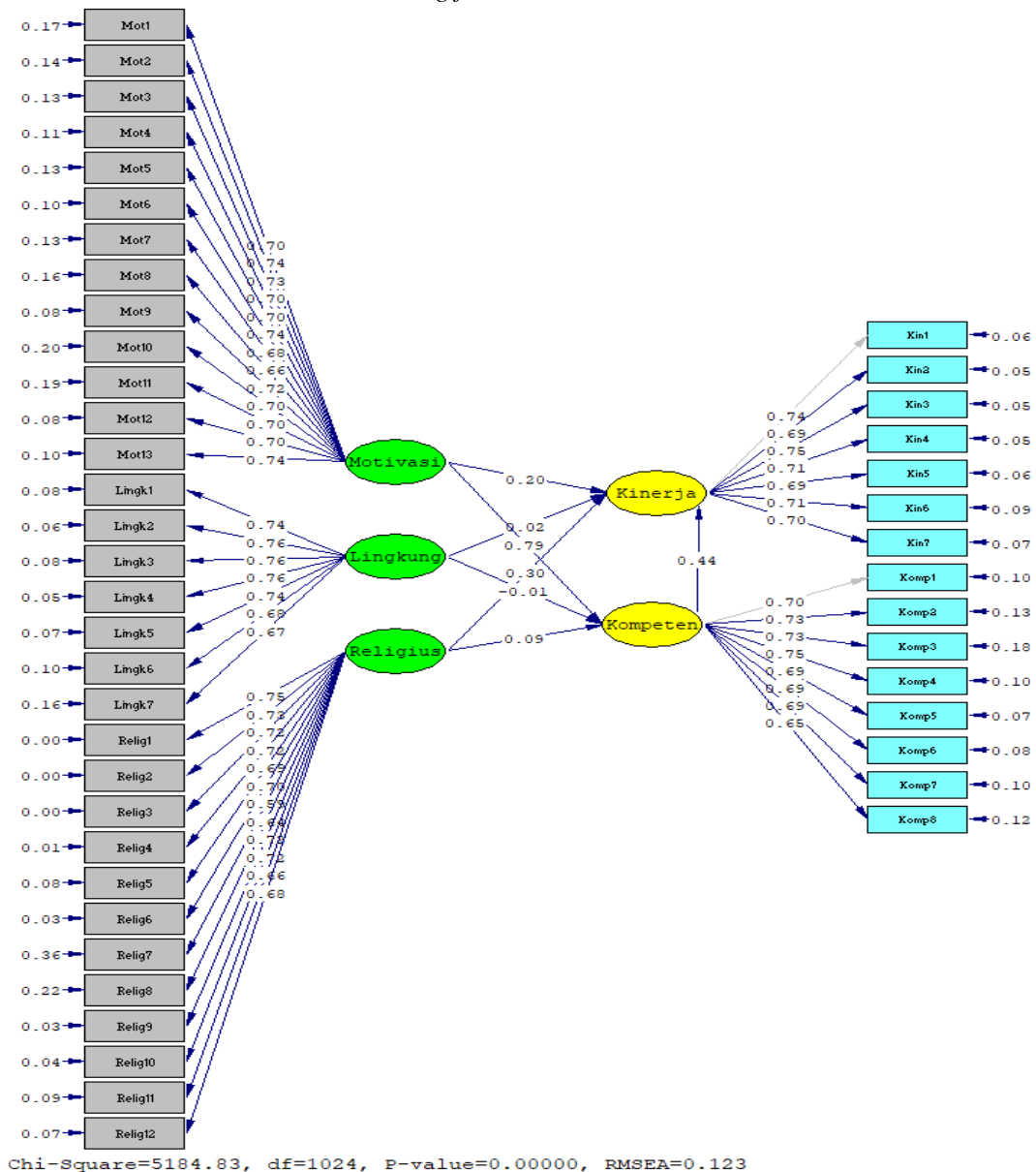


Figure 1
Hasil Uji Confirmatory Factor Analysis (CFA)

Based on the output above, obtained chi-square value of 5,184.83, degree of freedom (degree of freedom) of 1,024, P-Value = 0.0000 and RMSEA = 0.123 (standard < 0.05). This shows that this research model does not have a good level of model suitability and does not meet the CFA Test. To improve the suitability of the model can use modification index (*modification indeces*) by adding trajectories or adding *error covariances*. After *modification indeces* are obtained, the following measurement model is obtained:

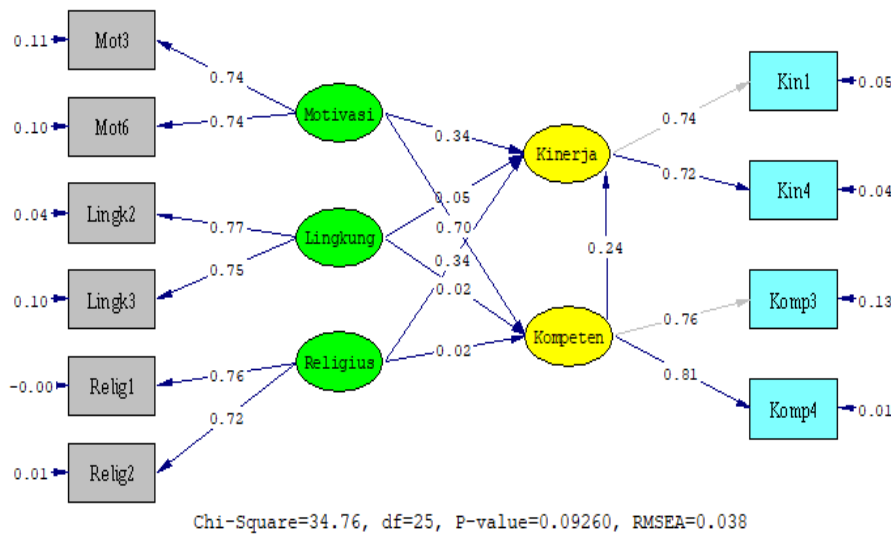


Figure 2. Modified Confirmatory Factor Analysis (CFA) Test Results

Based on the results of the Modified Confirmatory Factor Analysis (CFA) test, it can be seen that the Chi Square value = 61.88, degree of freedom (df) = 49, Chi Square / df = 1.262 (< 2.00), P-value of 0.10240 and RMSEA = 0.040 (< 0.08). This means that the model has met the Confirmatory Factor Analysis (CFA) test and can be used for hypothesis testing. However, if reviewed further, only 2 indicators passed on each variable that passed after this Modified Confirmatory Factor Analysis (CFA) Test and indicators that did not pass were declared invalid and deleted). In addition, the indices produced to determine the suitability of the model appear in table 4.23 below:

Table 6. Model Suitability Testing

| No. | Parameter | Model Suitability Size | Test Results / Estimates | Information |
|-----|------------|------------------------|---------------------------------|--------------|
| 1 | Chi-Square | P > 0,05 | $\chi^2 = 34,76$ P = 0,09260 | Good Fit |
| 2 | RMSEA | RMSEA ≤ 0,08 | 0,038 | Good fit |
| 3 | NFI | NFI ≥ 0,90 | 0,98 | Good fit |
| 4 | NNFI | NNFI ≥ 0,90 | 0,99 | Good fit |
| 5 | CFI | CFI ≥ 0,90 | 0,99 | Good fit |
| 6 | IFI | IFI ≥ 0,90 | 0,99 | Good fit |
| 7 | RFI | RFI ≥ 0,90 | 0,98 | Good fit |
| 8 | GFI | GFI ≥ 0,90 | 0,85 | Marginal Fit |
| 9 | AGFI | AGFI ≥ 0,90 | 0,82 | Marginal Fit |

The results of model conformity testing in table 4.23 above show that of the nine model conformity testing parameters, there are seven model conformity measurements that are declared good (*good fit*), namely Chi-Square, RMSEA, ECVI, NFI, NNFI, CFI, IFI, and RFI while GFI and AGFI are at moderate levels. According to Hair et. al (2013) that none of the *goodness of fit indices* (GOFI) measures can be exclusively used as a basis for overall model fit evaluation. Thus it can be stated that from the results of these tests, a model can be used. This means that empirically the influence of work motivation variables, work environment and religiosity with intermediary

variables of HR competence is in accordance (*fit*) with the theoretical model. Furthermore, in the following description, the results of testing the path coefficient and t_{are} calculated to determine the acceptance or rejection of the hypothesis formulated, especially on the indirect influence of exogenous variables on endogenous variables or through intervening variables. Table of direct effect of exogenous variables on endogenous variables (through intervening variables) obtained in this study as follows:

Calculating Direct Effect

The following are the test results of the direct influence of exogenous variables on endogenous variables in Table 7 below:

Table 7 Model of the Influence (Direct Relationship) of Exogenous to Endogenous Variables

| Relationship Forms | Standardized Loading Factor | Standar Error | t count | Conclusion |
|--|-----------------------------|---------------|---------|---------------|
| H ₁ : MOT → KIN (X ₁ → Y ₂) | 0,34 | 0,093 | 3,52 | Significant |
| H ₂ : LINGK → KIN (X ₂ → Y ₂) | 0,05 | 0,075 | 0,62 | Insignificant |
| H ₃ : RELIG → KIN (X ₃ → Y ₂) | 0,34 | 0,059 | 5,48 | Significant |
| H ₄ : MOT → KOMP (X ₁ → Y ₁) | 0,70 | 0,110 | 6,32 | Significant |
| H ₅ : LINGK → KOMP (X ₂ → Y ₁) | 0,02 | 0,097 | 0,24 | Insignificant |
| H ₆ : RELIG → KOMP (X ₃ → Y ₁) | 0,02 | 0,073 | 0,32 | Insignificant |
| H ₇ : KOMP → KIN (Y ₁ → Y ₂) | 0,24 | 0,056 | 4,07 | Significant |

Based on the table above, it can be seen that the direct influence between exogenous variables, namely Work Motivation (X1), Work Environment (X2), and Religiosity (X3) on endogenous variables, namely Employee Performance (Y2), Work Motivation and Religiosity variables have the most significant contribution with the same path coefficient, which is 0.34 with t count of 3.52 and 5.48 respectively. While the direct influence on the endogenous variable Competency (Y1), the motivation variable has the most significant contribution with a path coefficient of 0.70 and t count of 6.32. Table 7 also explains that the direct influence of the three exogenous variables, namely Work Motivation (X1), Work Environment (X2), and Religiosity (X3) on endogenous variables, namely Competence (Y1), Motivation variable (X1) is the variable with the greatest contribution, because it has the largest loading factor coefficient, which is 0.70. The direct effect can be presented in the form of a path equation:

$$Y_1 = 0.70.X_1 + 0.02.X_2 + 0.02X_3$$

The equation has a coefficient of determination (R²) value of 0.55. This means that 55% of the variation in Competency is explained by variations in Work Motivation (X₁), Work Environment (X₂), and Religiosity (X₃). This shows that the contribution of Work Motivation (X₁), Work Environment (X₂), and Religiosity (X₃) to Competence is 55%, while the rest is influenced by other things outside factors. In Table 7, it can be analyzed the direct influence of the three exogenous variables, namely Work Motivation (X₁), Work Environment (X₂), and Religiosity (X₃) as well as the intervening variable Competence (Y₁) on the variable Performance (Y₂), the variable Work Motivation (X₁) and Religiosity (X₃) is the variable that contributes the most, because both have the value of the path coefficient (*loading factor*) the largest, which is 0.34. The direct effect can be presented in the form of a path equation:

$$Y_2 = 0.24.Y_1 + 0.34.X_1 + 0.05.X_2 + 0.34.X_3$$

The equation has a coefficient of determination (R²) of 0.74. This means that 74% of Performance variation is explained by Competency (Y1), Work Motivation (X1), Work Environment (X2), and Religiosity (X3). In other words, the contribution of Competency (Y1), Work Motivation (X1), Work Environment (X2), and Religiosity (X3) to Performance is 74%, while the rest is influenced by other things outside factors.

Calculating the In Direct Effect

After knowing the *direct effect* of exogenous variables (X1, X2 and X3) on Endogenous Variables (Y2) and Intervening Variables (Y1), then testing will be carried out to determine the indirect effect of exogenous variables (X1, X2 and X3) on endogenous variables (Y₂) which is through an intervening variable (Y1) or a mediation variable. Testing the mediation hypothesis can be done with a procedure developed by Sobel (1982) in Ghozali (2018) or known as the Sobel Test. If the statistical test questions ≥ 1.96 with a significant 5%, then these variables can be said to be able to mediate between exogenous variables and endogenous variables (Ghozali, 2018). The sobel test equation is as follows:

$$z = \frac{ab}{\sqrt{(b^2SE_a^2) + (a^2SE_b^2)}}$$

Where:

A : Regression coefficient of exogenous variable to intervening variable

B : Regression coefficient of intervening variable to endogenous variable

SEa: *standard error of estimation* of the effect of exogenous variables on intervening variables

SEb: *standard error of estimation* of the influence of intervening variables on endogenous variables

Based on calculations based on the sobel test, the following results are obtained:

Table 8. Model of the Influence (Indirect Relationship) of Exogenous to Endogenous Variables

| Relationship Forms | Standardized Loading Factor | t count | t table | Conclusion |
|----------------------------|-----------------------------|---------|---------|-------------|
| H8 : MOT → KIN via KOMP | 0,168 | 8,67 | 1,96 | Significant |
| H9 : LINGK → KIN via KOMP | 0,0048 | 2,97 | 1,96 | Significant |
| H10 : RELIG → KIN via KOMP | 0,0048 | 3.94 | 1,96 | Significant |

Based on the sobel test above, all exogenous variables both Work Motivation (X1), Work Environment (X2) and Religiosity (X3) on Performance variables (Y2) through the intervening variable Y1 have a significant influence with t count > 1.96.

Table 9. Summary of Research Hypothesis Test Results

| Hypothesis | Result t count | t table | Information | Decision |
|------------|----------------|---------|------------------------|--------------------------|
| H1 | 3,52 | 1,96 | Significant Positive | Ha accepted, H0 rejected |
| H2 | 0,62 | 1,96 | Insignificant Positive | H0 accepted, Ha |

| Hypothesis | Result t count | t table | Information | Decision |
|------------|----------------|---------|------------------------|--------------------------|
| | | | | rejected |
| H3 | 5,48 | 1,96 | Significant Positive | Ha accepted, H0 rejected |
| H4 | 6,32 | 1,96 | Significant Positive | Ha accepted, H0 rejected |
| H5 | 0,24 | 1,96 | Insignificant Positive | H0 accepted, Ha rejected |
| H6 | 0,32 | 1,96 | Insignificant Positive | H0 accepted, Ha rejected |
| H7 | 4,07 | 1,96 | Significant Positive | Ha accepted, H0 rejected |
| H8 | 8,67 | 1,96 | Significant Positive | Ha accepted, H0 rejected |
| H9 | 2,97 | 1,96 | Significant Positive | Ha accepted, H0 rejected |
| H10 | 3.94 | 1,96 | Significant Positive | Ha accepted, H0 rejected |

Discussion of Research Results

The Effect of Work Motivation on Performance

The first hypothesis test in this study explains that work motivation affects the performance of employees of Islamic finance companies. This can be seen from the calculated t value of 3.52 or greater than the table t of 1.96 which shows that the test results support the hypothesis where Ha is accepted and H0 is rejected meaning that there is an influence of work motivation on the performance of employees of Islamic finance companies. Motivation means exerting by giving encouragement that is the basis for someone to do something or work. According to Don Hellriegel, John W. Slocum, and Richard W. Woodman, motivation indicates the power to act of a person that causes that person to do something specific to achieve a predetermined goal. In this study work motivation is described as everything that drives a person to do a job that is driven by various needs such as physiological which is the basis of human needs such as rewards and rest periods, the need for security, social needs, the need for rewards and the need for self-actualization. Based on the structural model suitability test, in the work motivation variable there are only two indicators that pass the test and are declared valid, namely rest time from daily work which is a dimension of physiological needs and space to complain about various work-related complaints.

As an illustration that finance companies are companies engaged in financial services that always deal directly with consumers, work with strict targets and provisions so that employees will always be under pressure. An employee of a finance company is always required to be able to provide optimal service to consumers while on the one hand the target demands must be achieved every month with the consequence of applying *rewards* and *punishments* for achieving targets each month. This is also in line with the description of respondents based on positions that are more dominant at the staff / officer level as many as 133 respondents or 47.50% and supervisor level as many as 78 people or 27.86%. In finance companies including sharia units, staff / officers and supervisors are the spearhead of the company, including derivatives of the company's target into one of the KPIs (*Key Performance Indicators*) at the largest level of this position. This makes employees at this level work under pressure, so indicators of rest periods and space to raise complaints are important factors to encourage performance.

The Effect of Work Environment on Performance

The second hypothesis test in this study explains that the work environment does not affect the performance of employees of Islamic finance companies. This can be seen from the calculated t value of 0.62 or smaller than the table t of 1.96 which shows that the test results do not support the hypothesis where H₀ is accepted and H_a is rejected meaning that there is no influence of the work environment on the performance of employees of Islamic finance companies. This shows that the condition of the work environment described by the physical work environment such as workspace conditions and non-physical work environments such as relationships between colleagues and space to improve careers does not directly affect the performance of employees in Islamic finance companies. Referring to the description of respondents based on age, most respondents under the age of 40 years as many as 198 people or 70.72% where young people tend to have resilience in work so that work environment factors do not have a significant effect. In addition, the dominance of respondents who were mostly at the staff / officer level was 133 respondents or 47.50% and the supervisor level was 78 people or 27.86%. who tend to work in the field who are always faced with a work environment that is not ideal but performance demands must still be optimal. This is one of the causes of the work environment does not affect the performance of employees of the Shariah finance company.

The Effect of Religiosity on Performance

The third hypothesis test in this study explains that religiosity has a positive and significant effect on the performance of employees of Islamic finance companies. This can be seen from the calculated t value of 5.48 or greater than the table t of 1.96 which shows that the test results support the hypothesis where H_a is accepted and H₀ is rejected meaning that there is an influence of religiosity on the performance of employees of Islamic finance companies. Based on the research criteria, it was determined that 100% of respondents were Muslims. In Islam, every human being is required to carry out the teachings of Islam thoroughly. Thus, the implementation of religious values in daily activities is a mandatory thing to do for a Muslim as a form of his responsibility to Allah SWT (Anwar *et al*, 2018). Religiosity is a belief about one's religion and belief in worship behavior which means covering various aspects of life and obligations that must be carried out in accordance with belief. According to Amaliah *et al* (2015), with religiosity, a religious person should always try to do his best and not violate the rules in behaving and behaving in every activity, namely in accordance with the norms and rules that have been regulated in his religion. The influence of religiosity on performance is also in accordance with research conducted by Lestari, *et al.*, (2021) which states that there is a positive and significant influence between religiosity on employees at sharia business unit banks in the city of Palembang. This indicates that someone who has a good level of religiosity has good performance as well.

The Effect of Work Motivation on Competency

The fourth hypothesis test in this study explains that Work Motivation has a positive and significant effect on the competence of employees of Islamic finance companies. This can be seen from the calculated t value of 6.32 or greater than the table t of 1.96 which shows that the test results support the hypothesis where H_a is accepted and H₀ is rejected meaning that there is an influence of work motivation on the competence of employees of Islamic finance companies. The results of this study are in accordance with research conducted by Satria, et al., (2013), Walyono, *et al.*, (2019), Nurfadillah (2017) which overall stated that work motivation has a positive and significant effect on employee competence in sharia finance companies. Thus, it can be concluded that an employee who has high work motivation will have high competence as well. Work motivation is described by Paul Hersey and Ken Blanchard which defines motives as needs, wants, drives, impulses in a person. The motive is directed at the goal, which may reside in the conscious or may reside in the subconscious. Strong weak motives determine a person's motivation. So that

someone who has strong motivation tends to be optimal in doing everything both related to improving performance and increasing competence.

The Influence of the Work Environment on Competency

The fifth hypothesis test in this study explains that the Work Environment does not affect the competence of employees of Islamic finance companies. This can be seen from the calculated t value of 0.24 or smaller than the table t of 1.96 which shows that the test results do not support the hypothesis where H_0 is accepted and H_a is rejected meaning that there is no influence of the work environment on the competence of employees of Islamic finance companies. Referring to the description of respondents that 220 people or 78.57% of the total respondents have S1 and S2 education backgrounds, this makes Human Resources in sharia finance companies have readiness from the aspect of competence. This is also supported by the working period of respondents where 212 people or 75.71% have a working period of more than 1 year so that with this period of service the employees of sharia finance companies already have good competence so that work environment factors do not affect the competence of Human Resources in finance companies.

The Influence of Religiosity on Competence

The sixth hypothesis test in this study explains that religiosity does not affect the competence of employees of Islamic finance companies. Based on the hypothesis test conducted, the calculated t value of 0.32 or smaller than the table t of 1.96 which shows that the test results do not support the hypothesis where H_0 is accepted and H_a is rejected meaning that there is no influence of religiosity on the competence of employees of Islamic finance companies. According to Amaliah *et al* (2015), with religiosity, a religious person should always try to do his best and not violate the rules in behaving and behaving in every activity, namely in accordance with the norms and rules that have been regulated in his religion. Based on this, religiosity is usually directly related to a person's level of performance, not human resource competence, this also confirms that someone who has a high level of religiosity is not always directly proportional to his level of competence.

The Effect of Competency on Performance

The seventh hypothesis test in this study explains that competence affects the performance of employees of large Islamic finance companies from t table of 1.96 which shows that the test results support the hypothesis where H_a is accepted and H_0 is rejected meaning that there is an influence of competence on the performance of employees of Islamic finance companies. This is in line with Sedarmayanti's opinion (2017) competence is a combination of knowledge, skills, and behaviors used to improve performance, or conditions / qualities that are adequate / very qualified, have the ability to perform certain roles. Rachmaniza (2020) states that competence is a characteristic that underlies a person related to the effectiveness of individual performance in his work or the basic characteristics of individuals who have a causal relationship or as a cause-and-effect with criteria that are used as references, effective or perform prime or superior at work or in certain situations. Based on this, competence is closely related to good performance in terms of increasing efficient performance, improving the quality of work to the size of a person to display a certain role in work. Based on respondent data, there are at least two respondent characteristics that directly affect competence, namely the respondent's education level and working period. Based on education level, there are 220 respondents who have S1 and S2 backgrounds so that they have good knowledge and skills that directly affect performance.

In addition, based on the length of service in sharia finance companies, there are 212 people or 75.71% who have a working period of more than 1 year so that with this period of service, employees of sharia finance companies already have good competencies based on the experience that these employees have lived so that they have better knowledge, understanding and attitudes and encourage performance improvement. The results of this study are also in accordance with research that has been conducted previously by Fitran, et al., (2012), Fadude, et al., (2019) which

states that competency variables significantly affect employee competence. This explains that an employee at a sharia finance company who has good competence will have good performance as well.

The Effect of Work Motivation on Competency-Mediated Performance as an Intervening Variable

The eighth hypothesis test in this study explains that work motivation (X1) affects employee performance with competence (Y2) as an intervening variable. Based on the hypothesis test conducted, the calculated t value of 8.67 or greater than the table t of 1.96 which shows that the test results support the hypothesis where H_a is accepted and H_0 is rejected meaning that there is an influence of work motivation on the performance of employees of Islamic finance companies mediated by intervening competency variables. This further strengthens the influence of competence both as a variable that has a direct effect *on* competence and competency variables as intervening variables that mediate work motivation on employee performance in Islamic finance companies. The results of this study are also in accordance with research that has been conducted by Zarkasi *et al.*, (2021) which states that competence can be a mediator variable in influencing the performance of work motivation variables. In addition, theoretically competence is closely related to performance. Rachmaniza (2020) states that competence is a characteristic that underlies a person related to the effectiveness of individual performance in his work or the basic characteristics of individuals who have a causal relationship or as a cause-and-effect with criteria that are used as references, effective or perform prime or superior at work or in certain situations.

The Effect of Work Environment on Competency-Mediated Performance as an Intervening Variable

The ninth hypothesis test in this study explains that the work environment (X2) affects employee performance (Y2) with competence (Y1) as an intervening variable. Based on the hypothesis test conducted, the calculated t value of 2.97 or greater than the table t of 1.96 which shows that the test results support the hypothesis where H_a is accepted and H_0 is rejected meaning that there is an influence of the work environment on the performance of employees of Islamic finance companies mediated by intervening competency variables so that the hypothesis can be proven. This shows that competency variables indirectly affect the influence of the work environment on the performance of employees of Islamic finance companies. In the hypothesis test, the *direct effect of* the work environment has no effect on performance, but this is different from the hypothesis test on *indirect effect* which shows that the work environment mediated by competence has a significant effect on employee performance in Islamic finance companies. Sutrisno (2009) stated that one of the benefits of competence is that competence can make it easier for someone to be able to adapt to change. This also applies to a work environment that is constantly changing both due to changes in policy, industry behavior, market demand, consumer expectations and so on.

The Effect of Religiosity on Competence-Mediated Performance as an Intervening Variable

The tenth hypothesis test in this study explains that religiosity (X3) affects employee performance (Y2) with competence (Y1) as an intervening variable. Based on the hypothesis test conducted, a calculated t value of 3.94 or greater than t table of 1.96 showed that the test results supported the hypothesis where H_a was accepted and H_0 was rejected, meaning that there was an influence of religiosity on the performance of employees of Islamic finance companies mediated by intervening variables of competence so that the hypothesis could be proven. This shows that competency variables indirectly affect the influence of religiosity on the performance of employees of Islamic finance companies. According to Sedarmayanti (2017) competence is a combination of knowledge, skills, and behaviors used to improve performance, or adequate / very qualified

conditions / qualities, having the ability to perform certain roles. Based on this definition, one dimension of competence is knowledge. A person who has good competence then knowledge that encourages understanding of everything including matters related to the understanding of the religion he believes in. This makes the variable of religiosity mediated by competence have a positive and significant effect on the kinerha of employees of Islamic finance companies.

4. CONCLUSION

Based on the results of research that has been conducted, related to factors that affect employee performance in sharia finance companies, namely variables of work motivation, work environment and religiosity with the competence of Human Resources (HR) as intervening variables, provide conclusions from the results of the study as follows:

1. Work Motivation Variables have a positive and significant effect on the Performance of Sharia Finance Company Employees in Indonesia. Work motivation is described as the power to act of a person that causes that person to do something specific to achieve a predetermined goal. Thus someone who has good work motivation will affect good performance as well.
2. Work Environment variables do not affect the performance of Sharia Finance Company Employee Performance in Indonesia. The work environment is described by a physical work environment such as workspace conditions and non-physical work environments such as relationships between colleagues and space to improve careers does not directly affect employee performance in Islamic finance companies. Based on the results of the study, most tend to work in the field which is always faced with a work environment that is not ideal but performance demands must still be optimal, so that work environment variables do not affect performance.
3. The variable of Religiosity has a positive and significant effect on the Performance of Employees of Sharia Finance Companies in Indonesia. Religiosity is described as beliefs about one's religion and belief in worship behavior which means covering various aspects of life and obligations that must be carried out in accordance with belief. A good level of religiosity will encourage someone to do their best and not violate the rules in behaving and behaving in every activity, which is in accordance with the norms and rules that have been regulated in their religion so as to have a positive impact on performance.
4. Work Motivation Variables have a positive and significant effect on the Competence of Sharia Finance Company Employees in Indonesia. Thus, it can be concluded that an employee who has high work motivation will have high competence as well. Motivation is described as a need, desire, drive, impulse in a person. So that someone who has strong motivation tends to be optimal in doing everything both related to improving performance and increasing competence
5. Work Environment variables do not affect the Competence of Employees of Sharia Finance Companies in Indonesia. The work environment is described as everything around the workers that can affect them in carrying out their duties. In this study, the work environment does not affect competence more due to educational background factors and employee tenure that is good enough so that they have good competence so that work environment factors tend not to have a significant effect.
6. The variable of Religiosity does not affect the Competence of Employees of Sharia Finance Companies in Indonesia. This also means that a person's level of religiosity does not encourage the improvement of the competence of employees of Islamic finance companies in Indonesia.
7. Competency variables have a positive and significant effect on the performance of Sharia Finance Company Employees in Indonesia. Competence is described as the underlying characteristic of a person related to the effectiveness of individual performance in his work. The higher one's level of competence, the higher one's performance will be.

8. Work Motivation variables mediated by competence as intervening variables have a positive and significant influence on employee performance in sharia finance companies in Indonesia. Work Motivation is able to provide influence both directly (*direct effect*) and indirect influence mediated by competency variables.
9. Work Environment variables mediated by competence as intervening variables have a positive and significant influence on employee performance in sharia finance companies in Indonesia. The work environment does not have a direct influence but can have an *indirect effect* mediated by competence on performance. Competence will make it easier for someone to be able to adapt to changes including changes in the work environment.\
10. The variable of religiosity mediated by competence as an intervening variable has a positive and significant influence on employee performance in sharia finance companies in Indonesia. Religiosity does not have a direct influence but can have an *indirect effect mediated* by competence on performance. A person who has good competence then knowledge that encourages understanding of everything including matters related to the understanding of the religion he believes in

The suggestions in this study are as follows:

1. For Researchers

This research is a non-experimental study that uses primary data to take a picture of respondents' perceptions so that they have high subjectivity. Based on the results of the study, the value of the coefficient of determination for the Competency Variable is 0.55 which shows that the exogenous variables in the new study affect 55% while the remaining 45% are influenced by other things outside the model. In addition, the endogenous performance variable obtained a coefficient of determination R² of 74%, while the remaining 26% was influenced by other factors outside the model. So that in future studies the variables in this model can be included in the test model.

2. For Sharia Financing Industry Practitioners

The results showed that work motivation and religiosity have the most dominant contribution and have a direct impact on the performance and competence of human resources, so it can be concluded that there is a need for programs and policies in sharia financing companies that can encourage increased work motivation and raise religiosity.

In addition, competence has a direct and significant effect on improving company performance both directly and indirectly. This provides an overview for sharia finance companies to be able to create programs and policies that can improve and accelerate the improvement of HR competence, so that it will have a direct impact on employee performance in sharia finance companies.

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