

Factors Affecting Motivation and Performance BUMDes Employees of Banyuwangi Regency

Yeni Risnawati and Juliani Dyah Trisnawati

Master of Distance Learning Management, Faculty of Business and Economics, Universitas Surabaya, Indonesia

**Corresponding author. Email: s134024555@student.ubaya.ac.id*

ABSTRACT

This study aims to analyze the effect of self-efficacy, work discipline, and compensation on work motivation and performance of employees, with a focus on transformational leadership as part of the context of contemporary management. The objects of the study are the managers/directors of Village Owned Enterprises (BUMDes) in Banyuwangi Regency, East Java, currently facing a transition phase toward professional autonomy and clean governance. Using a quantitative approach, data were collected from 85 directors and core managers of BUMDes selected using purposive sampling to ensure respondents have tenure and relevant capabilities in assessing leadership innovation. Instrument testing showed all variables valid ($AVE > 0.5$) and reliable (Cronbach's Alpha > 0.6). Structural model testing revealed that self-efficacy and work discipline positively and significantly affect work motivation. However, compensation was found not to significantly affect work motivation. Furthermore, hypothesis testing showed that self-efficacy, work discipline, compensation, and transformational leadership do not have a direct significant effect on employee performance. Conversely, work motivation was found to have a strong positive and significant effect on employee performance. This finding reinforces that in village-level organizational contexts like BUMDes, work motivation acts as a mediating variable or crucial psychological anchor.

Keywords: *Self-Efficacy, Work Discipline, Compensation, Work Motivation, Employee Performance, Transformational Leadership, BUMDes*

1. INTRODUCTION

Human resource management is a crucial element supporting the success of an organization. The success of a company or organization in carrying out tasks and achieving its goals is greatly influenced by the performance of its employees. Therefore, every organization is expected to continually improve employee performance so that productivity and strategic objectives can be achieved optimally. Based on the Grand Theory of Leadership and Organizational Behavior (Behavioral Theory), optimal performance is determined by the interrelation of internal and external behavioral factors, including the level of work motivation, enforcement of discipline, adequacy of compensation, and leadership patterns applied in the work environment.

Empirically, the phenomenon of managing Village-Owned Enterprises (BUMDes) in Banyuwangi Regency in 2025/2026 shows dynamic governance challenges. Of the 189 villages, almost all have established BUMDes in line with the East Java Province target to reach 88.7% of BUMDes villages. However, in terms of quality, managerial capacity and professionalism are still very varied. Currently, BUMDes in Banyuwangi is in a transitional phase from administrative formality toward professional independence. The biggest structural challenge is cleansing management of conflicts of interest (nepotism) and optimizing the performance of the managers so that contributions to the Village Original Revenue (PADes) are truly felt by the wider community.

In addition, there is a crucial issue regarding the effectiveness of leadership at the village level. Many BUMDes directors have recently taken office within a relatively short time, which raises academic questions about whether their performance and business innovation can already be measured objectively in the field. In-depth evaluation is needed to see whether the characteristics of these directors have demonstrated innovative actions or transformations reflecting the true transformational leadership style.

Previous research on factors affecting employee performance shows inconsistent results (research gap). Nurdiwangsa and Suprihadi (2023) found that transformational leadership and work discipline do not have a significant direct effect on employee performance, but have a significant effect when mediated by work motivation. Meanwhile, Meirin et al. (2024) confirm a positive effect of compensation on performance mediated by work motivation. On the other hand, Rizqika and Endratno (2019) state that transformational leadership style and self-

efficacy have a significant effect on performance, but work discipline does not have a significant effect due to low compliance with formal regulations in the field. The urgency of this study is based on efforts to integrate self-efficacy, work discipline, compensation, work motivation, and transformational leadership variables into a single comprehensive empirical model for the object of directors and managers of BUMDes in Banyuwangi Regency.

2. RESEARCH METHODS

This study uses a quantitative approach with a causal-associative method to test relationships and influences between the studied variables. The population in this study is all active BUMDes administrators in Banyuwangi Regency occupying core positions (Director, Secretary, and Treasurer) with a total population of 567 people.

To obtain representative data for valid leadership performance assessment, the sampling technique used was changed from random to Purposive Sampling. The sample criteria are defined specifically, namely the directors and managers of BUMDes who have served for a minimum period so that innovation, transformation, and operational performance are visible and can be evaluated objectively. Based on the Slovin formula at a precision level $\alpha = 0.05$ and purposive criterion adjustments, the sample size was obtained as 85 respondents.

Research data are primary data collected through structured questionnaires with a Likert scale. The research variables are classified into three categories with consistently synchronized operational definitions:

- Independent/Free Variable (X): Self-Efficacy (X1), Work Discipline (X2), Compensation (X3), and
- Transformational Leadership (X4).
- Mediating/Intervening Variable (Y1): Work Motivation (Y1).
- Dependent Variable (Y2): Employee Performance (Y2)

The data analysis technique used is Structural Equation Modeling (SEM) based on Partial Least Squares (PLS) to test the Outer Model and Inner Model.

3. RESULTS AND DISCUSSIONS

3.1. Instrument Test Results (Measurement Model)

- Validity Test: Measured based on the Average Variance Extracted (AVE). The results show AVE values for the self-efficacy variable (X1) of 0.568; work discipline (X2) of 0.574; and compensation (X3) of 0.746. All variables have AVE values > 0.50 , thus meeting good convergent validity requirements.
- Reliability Test: Measured using Cronbach's Alpha. The results show self-efficacy (X1) 0.890; work discipline (X2) 0.852; compensation (X3) 0.887; transformational leadership (X4) 0.903; work motivation (Y1) 0.916; and employee performance (Y2) 0.884. All values ≥ 0.60 , so the instrument is considered highly reliable.

3.2. Hypothesis Testing (Structural Model)

Causal relationships between variables were assessed using path coefficient values and significance (p-value) at $\alpha = 0.05$. A summary of the hypothesis testing results is presented in the table below:

Table 1. hypothesis testing results

Relationship Between Variabel	P-Value	Description Conclusion	Hypothesis Code
Self-Efficacy (X1) → Work Motivation (Y1)	0,000	Positively Influences & Significant	H1 (+)
Work Discipline (X2) → Work Motivation (Y1)	0,000	Positively Influences & Significant	H2 (+)
Compensation (X3) → Work Motivation (Y1)	0,437	Not Influential Significant	H3

Relationship Between Variabel	P-Value	Description Conclusion	Hypothesis Code
Self-Efficacy (X1) → Employee Performance (Y2)	0,228	Not Influential Significant	X1
Work Discipline (X2) → Kinerja Karyawan (Y2)	0,076	Not Influential Significant	X2
Compensation (X3) → Employee Performance (Y2)	0,104	Not Influential Significant	X3
Kepemimpinan Transformasi (X4) → Employee Performance (Y2)	0,063	Not Influential Significant	X4
Work Motivation (Y1) → Employee Performance (Y2)	0,001	Positively Influences & Significant	H4 (+)

(Source: Primary Data Processed, 2026)

3.3. Analysis Discussion

The Influence of Self-Efficacy and Work Discipline on Work Motivation (H1 & H2): Results proves that self-efficacy ($p = 0,000$) and work discipline ($p = 0,000$) have a positive and significant effect on work motivation. This is supported by Behavioral Theory which states that enforcing consistent discipline will form individuals' psychological regularity. Compliance with the formalities of regulation acts as a psychological anchor that transforms the culture of looseness in traditional bureaucracy into the ethos of a modern corporation, thereby triggering an increase in the intrinsic motivation of BUMDes directors/managers to advance village enterprises. This theoretical argument is in line with the research of Ramadhan & Handayani (2023) which emphasizes work discipline as one of the main determinants driving managers' work motivation in the village economic sector.

The Direct Effect of the Independent Variables on Employee Performance: Empirically, self-efficacy ($p = 0,228$), work discipline ($p = 0,076$), compensation ($p = 0,104$), and transformational leadership ($p = 0,063$) do not have a significant direct effect on employee performance. This occurs because of structural constraints in the form of village bureaucracy after the regulation of PP No. 11 of 2021 as well as limited capital. Although the directors show indications of early innovation, their position that has not been in office for long means that the transformational impact of leadership has not yet been fully converted into real business profitability in the field.

The Crucial Role of Work Motivation as a Mediation Variable (H4): Work motivation is proven to have a significant effect on performance ($p = 0,001$). These findings confirm that work motivation plays a vital role as a full mediator (full mediation). Any form of individuals' internal capacity such as self-belief and discipline will not be able to truly optimize organizational performance without first being anchored into strong work motivation to overcome bureaucratic pressures in the field.

4. CONCLUSION

This study concludes that self-efficacy and work discipline are strong predictors in increasing the work motivation of BUMDes directors and managers in Banyuwangi Regency. In contrast, compensation does not provide a meaningful effect on their work motivation. A unique phenomenon was found in that all independent variables do not have a significant direct effect on operational performance. The operational performance of BUMDes is significantly influenced by the work motivation of its managers. This shows the importance of the role of work motivation as a full mediator; the psychological aspects, compliance with formalities, and leadership innovation from the directors must first be transformed into productive work motivation so that they are able to produce performance with optimal organizational results and that can overcome structural constraints of village bureaucracy.

REFERENCES

- Armantari, I. A. A., & Sugianingrat, I. A. P. W. (2021). . Analysis of Compensation on Employee Performance through Work Motivation. *Journal of Human Resource Management*, 15(2), 112-125.
- Aripin, Z., & Rahayu, S. (2024). Governance of BUMDes and the Mental Readiness of Managers After the New Regulation. *Journal of Village Economy and Development*, 8(1), 45-58.
- Badu, S. Q., & Djafri, N. (2013). *Leadership and Organizational Behavior*. Jakarta: Bumi Aksara.

- Haratua, T., et al. (2025). Digitalization of Human Resource Management and the Role of Leadership in the Modern Era. *Management Science Journal*, 11(3), 201-215.
- Hasibuan, M. S. P. (2023). *Human Resource Management: Revised Edition*. Jakarta: PT Bumi Aksara.
- Kurniawan, A., & Wartini, S. (2025). Transformational Leadership in Facing the Complexity of Dynamics HR. *Management and Business Review*, 7(2), 134-146.
- Lestari, P., & Supriyanto, H. (2021). The Effect of Managerial Competence and Self-Efficacy on Unit Profitability Village Enterprises. *Accounting and Finance Journal*, 23(4), 178-190.
- Meirin, A., et al. (2024). The Effect of Compensation on Employee Performance with Work Motivation as a Variable Intervening. *Scientific Journal of Management and Business*, 9(1), 55-68.
- Nengseh, R. R., & Kurniawan, M. (2021). Self-Efficacy and Employee Resilience in Facing Work Pressure. *Work Psychology Journal*, 14(2), 99-110.
- Nurdiwangsa, A., & Supriyadi, S. (2023). The Effect of Transformational Leadership and Work Discipline on Employee Performance Mediated by Work Motivation. *Management Research Journal*, 5(3), 210-225.
- Ramadhan, M. F., & Handayani, S. (2023). Determinants of Work Motivation of BUMDes Managers: Analysis of Transparency, Accountability, and Work Discipline. *Journal of Human Resource Management Studies*, 6(1), 75-88.
- Rizqika, N., & Endratno, B. (2019). The Effect of Transformational Leadership Style, Self Efficacy, and Discipline Work on Employee Performance. *Business and Management Journal*, 12(2), 140-153.
- Sebayang, S. (2017). Measuring Indicators of Self-Efficacy in Organizations. *Industrial Psychology Journal*, 4(1), 22-35.
- Sedarmayanti. (2017). *Planning and Developing Human Resources to Improve Competence, Performance, and Work Productivity*. Bandung: Refika Aditama.
- Syarif, M. (2017). Psychological Factors in Performance Management of the Public Sector. *State Administration Journal*, 19(1), 12-25.