ATLANTIS PRESS

Advances in Economics, Business and Management Research, volume 169 Proceedings of the 3rd International Conference of Banking, Accounting, Management and Economics (ICOBAME 2020)

The Role of Moderation of Organizational Culture on the Effect of Motivation and Compensation on Employee Performance (Studies on District Office the Ex.Kawedanan Boja Region (Singorojo, Boja, Limbangan) Kendal Regency)

Tristiana Rijanti¹ Management Department, Economic & Business Faculty Stikubank University Semarang, Indonesia <u>tristianar@edu. unisbank.ac.id</u>

Kasmari² Management Department, Economic & Business Faculty Stikubank University Semarang, Indonesia fkasmari@edu.unisbank.ac.id

Abstract: This study aims to analyze the role of Organizational Culture as a moderating variable for the effect of motivation and compensation on employee performance. Studies on District Office the Ex Region Kawedanan Boja (Singorojo, Boja, Limbangan) Kendal Regency. This study uses primary data, namely data obtained directly from respondents using a questionnaire. The population in this study were 105 employees of the Singorojo, Boja, and Limbangan District Offices The Ex Region Kawedanan Boja Kendal Regency. The sampling technique was purposive sampling with 100 employees as respondents. The test in this study consisted of test instruments, namely validity and reliability tests and hypothesis testing with multiple linear regression. The results of the analysis show that: Motivation has a positive and significant effect on performance, compensation has a positive and significant effect on performance, and organizational culture is proven to be a moderating variable that strengthens the influence of both motivation on performance and compensation on performance.

Keywords: Motivation, Compensation, Performance, Organizational Culture

I. INTRODUCTION

Humans are the main sources of organization and the performances of organizations depend on them [1]. The policies of human resources pay attention to the people within the organization by increasing the effectiveness of the organization, [2]. According to [3], Performance is the quantity or quality of something that is generated by someone for doing a certain job. In line with the previous argument, [4] stated that performance is the result of both quantity and quality achieved by someone in carrying out the task according to the given responsibility. Rokh Eddy Prabowo³ Management Department, Economic & Business Faculty Stikubank University Semarang, Indonesia <u>eddybowo@edu.unisbank.ac.id</u>

Dhiaz Sukmaningrum⁴ Management Department, Economic & Business Faculty Stikubank University Semarang, Indonesia Dhiassukma.1296@gmail.com

Motivation plays an essential role in increasing performance stated by [5]. [6] argue that motivation is a refreshing power and directs people's jobs to its purpose. Employment motivation plays a huge role in the management field both theoretically and practically, [7] The main challenge faced is the application of a motivation factor which is appropriate to increase the work achievement in order to achieve the organization's goal [8]. The result of [9], [10], [11], and [12] research shows that motivation gives a significant and positive effect on performances. A different result by [13], [14] stated that motivation doesn't effect on performance.

Compensation has a significant relation with increasing performance, [15]. Many organizations at that time attempted to identify innovative compensation strategies that were directly involved to increase organization performance [16]. Employee performances could be increased by increasing compensation and work motivation since compensation given by the company to employees will affect the spirit, willingness, and precision of employee's work to more leverage. The result of the research by [17], [18], [19], and [20] found that compensation resulting in a significant and positive impact on performance. Nevertheless, a different result by [21] stated that compensation doesn't have a significant effect on work performance.

Organization culture is a set of key values, assumptions, understandings, and norms that are held by members of an organization and taught to new members as the right way [22]. Organizational culture is an important key that managers can use to direct their companies [23]. Several research results show that organizational culture has a positive and significant effect on performance, among others, shown by [24], [25], and [26]. Different findings are shown by [27], [28] [29] which state that organizational culture does not affect performance.

Organizational culture as a behavioral guide in solving problems of external adaptation and internal integration [30] in real terms, one of which can be a reward system. Compensation is an award given by an organization to its employees [31]. An organizational culture that applies a fair reward system can strengthen the influence of motivation on improving employee performance. The research results of [32] show that organizational culture is proven to be a variable that moderates the influence of motivation on performance.

The Kendal Regency Government oversees the Regional Apparatus Organization including 20 (twenty) Districts which are Singorojo, Boja, and Limbangan Districts. In carrying out their duties, every civil servant in Kendal Regency is required to improve their performance since it will affect the performance allowance in the form of income improvement allowance which is linked to the percentage of realization of Employee Performance Targets and Civil Servant Discipline. Based on those data, it is known that the performance of employees of Singorojo, Boja, and Limbangan Subdistricts in 2016-2018 is not optimal because employee performance targets have not reached the 100% target.

Based on the results of different studies and the phenomena mentioned above, it is interesting to examine how the role of the organizational culture in moderating the influence of motivation and compensation on employee performance.

II. LITERATURE REVIEW AND HYPOTHESIS

1. Literature Review

a. Performance

[4] stated that performance (work performance) is the quality and quantity of work achieved by an employee in carrying out their duties by the responsibilities assigned to him. The performance dimensions according to [4] are work quantity, quality, cooperation, responsibility, and initiative.

b. Motivation

Motivation according to [3] is a process that begins with a physiological or psychological deficiency that drives with behaviors or at goals or incentives. One of the motivations for people to behave is an urgent need. [33] stated that people are motivated by unfulfilled needs based on the order of their importance from the lowest to the higher-order, known as Maslow's hierarchy of needs. The dimensions of motivation according to Maslow: physiological needs, security needs, social needs, the need to be valued, and the need for actualization.

c. Compensation

[34] stated that compensation is an award/reward for workers who have contributed to realizing their goals, through activities called work. The compensation dimension is direct and indirect financial.

d. Organizational Culture

[35] Organizational culture is a shared perception held by members of the organization, organizational culture concerns how members see the organization, not whether members of the organization like it or not because members absorb the culture of the organization based on what they see or hear in the organization. The organizational culture refers to a system of sharing meaning by members that differentiate the organization from other organizations. The dimensions of the organizational culture are innovation and risk-taking, results from orientation, attention to detail, people-orientation, team orientation, aggressiveness, and stability.

2. Hypothesis

Hypothesis 1 : Motivation has a positive effect on performance.

Hypothesis 2 :

Compensation has a positive effect on performance.

Hypothesis 3 :

Organizational Culture as Moderating Variable the effect of Motivation on performance

Hypothesis 4 :

Organizational Culture as Moderating Variable the effect of ompensation on performance

III. METHOD

1. Sample and population

The population on this research is all employees of the District office of Ex. Kawedanan Boja (Singorojo, Boja, Limbangan) district Kendal with 105 employees. The number that was used in this research was 100 employees that used sampling techniques of *purposive sampling* with the criteria are civil servant, 2 (two) minimum years of service, and senior high school as their minimum education level.

2. Data Collection.

This research used primer data to be collected with the questioner. The measurement scale was using Likert with answer interval 1 to 5.

IV. RESULT AND DISCUSSION

1. Result

a. Instrument Test

Based on processed primary data, the variables of motivation, compensation, performance and organizational culture have a KMO value of more than 0.5, so that the sample adequacy is met. Each indicator of the motivation variable, organizational culture, compensation, and performance are valid because they have a loading factor > 0.4. Based on the results of the reliability test, it shows that each variable of Motivation, Organizational Culture, Compensation, and Performance has a Cronbach alpha value > 0.7 so that all variables are reliable. [36]

b. Multiple Linear Regression Test

The result of the regression test is shown in the table below:

	Resul	Table t of Regre	1 ession Tes	t	
Regression Model	Test Model		Hipotesis Test		Information
Y= b1X1+b2X2+ e	Adj R Square	Uji F/Sig	Beta	Sig	
	0,709	0.000			Model Fit
Motivation toward performance			0,495	0.00 0	Accepted hypothesis
Compensation toward performance			0,478	0.00 0	Accepted hypothesis
Moderation I	0,712	0.000			Model Fit
Interaction of organizational culture toward Motivation			0,766	0.00 0	Accepted hypothesis
Moderation II	0,762	0.000			Model Fit
Interaction of organizational			0,600	$\begin{array}{c} 0.00\\ 0\end{array}$	Accepted hypothesis

Table 1

Compensation 1)Model test

culture toward

Based on Table 1, it is known that the Adjusted R Square value in the Regression Model is 0.709, which means that performance can be explained by motivation and compensation of 70.9% while the rest is explained by other variables outside the model. The results of the F test show that sig value 0.000<0,05 means that the variables of motivation (X1) and compensation (X2) have a simultaneous effect on employee performance.

2) Hypothesis test

(1) H1 = Motivation has a positive and significant effect on employee performance.

Based on Table 1 above, it is known that the beta value is 0.495 with a significance value of 0.000 < 0.05. means that motivation has a positive and significant effect on performance. Thus the hypothesis which states that motivation has a positive and significant effect on employee performance is proven or accepted.

(2) H2 = Compensation has a positive and significant effect on employee performance.

Table 1 shows that the compensation beta value is 0.478 with a significance value of 0.000 <0.05, meaning that compensation has a positive and significant effect on

performance. Thus the hypothesis which states that compensation has a positive and significant effect on employee performance is proven or accepted.

(3) H3 = Organizational Culture moderates theinfluence of motivation on employee performance.

Based on Table 1, it is known that the interaction of organizational culture with motivation produces a beta value of 0.766 with a significance value of 0.000 < 0.05. This means that organizational culture is proven to moderate the influence of motivation on performance. Thus the hypothesis which states that organizational culture moderates the influence of motivation on performance is proven or accepted.

(4) H4 = Organizational Culture moderates the effectof compensation on employee performance

Based on the results of data processing in the table above, it is known that the beta value of organizational culture interaction with compensation produces a beta value of 0.600 with a significance value of 0.000 <0.05. This means that organizational culture is proven to moderate the effect of compensation on performance. Thus the hypothesis which states that organizational culture moderates the effect of compensation on employee performance is proven or accepted.

2. Discussion

1) The Effect of motivation on performance.

The results show that if the motivation is increased it will further improve employee performance. [37] states that motivation is a cycle in which thoughts influence behavior, encourage performance, influence thoughts, and these thoughts affect behavior. Employees with strong motivation will be motivated to do work with enthusiasm and strive to do a good job. The results of this study support the findings of [38] and, [39] which show that motivation has a positive and significant effect on performance.

2) The Effect of compensation on performance.

Compensation is a priority thing that interests and motivates employees [40]. If compensation is managed well, it would help the company to reach its goal to achieve, receive, maintain, and preserve the employees well. Nevertheless, if it's poorly managed, it could cause dissatisfaction and even reduces the performance. increase complaints, absence, and even job strikes [41]

The result of the study shows that better compensation was given, the better performances work by the employees. Employees of Sub-District Offices in the Ex Region of Kawedanan Boja receive a salary as well as a repair allowance that their reception is adjusted according to their performance. It's related to Vroom's Theory of Motivation [42] that one's motivation leads to an action that depends on the power of hope. Hope that they would gain compensation in the form of



financial compensation or income repair allowance that pushes the employees to work better so it would beneficially impact their income repair allowance.

This study is in-line with the previous research by [17], [18], [19] and Gorap et al [20] found that compensation positively and significantly affects performance.

3) Role of Organizational Culture as moderating variable the effect of motivation on performance.

Organizational culture are values, principles, tradition, and work ethics that are embraced by the members of the organization and affect how they work. [43]. As the code of conduct, organizational culture could strengthen the system effects within the organization since it would be embraced by all the members of the organization on how to behave. Motivation consists of intrinsic motivation and extrinsic motivation [35]. One of the extrinsic motivations is organization policies which in this case is in the form of the organizational culture. The result of the research shows that organizations strengthen the effect of motivation toward performance. Organizational culture that developed in the district of ex Kawedanan Boja, which supports the effect is organizational achievement toward work result and creativity of the employees. This indicates that in the district of Ex Kawedanan Boja's intrinsic motivation is more appropriate with the developed culture.

Results of this study support the findings of [10] that organizational culture strengthens the effect of motivation toward performance.

4) The Role of Organizational Culture as moderating variable the effect of compensation on performance.

Compensation is output and benefits received by employees in the form of salary, wages, and other imbalances to increase performance [44] (Holt, 1993). Many results of the research show that compensation affects positively and significantly toward performance. The research was done by [45] and [46]. According to [47], appreciation toward employees' contribution could be in the form of salary based on work, incentive, holding, profit dividend, profit sharing, and team rewards. In the district of Ex. Kawedanan Boja, Kendal, besides salary, employees also receive incentives in the form of restoration allowance of income based on performance. The result of the research shows that compensation affected positively and significantly toward performance. Compensation that is shown to be correlated with performance is an incentive for financial compensation and holiday facilities for employees for non-financial compensation. It's strengthened by organizational culture that appreciates the work result of the employees and the attention of the leader toward the employees.

V. CONCLUSION

Organizational culture is proven to be a moderating variable that strengthens the influence of both motivation on

performance and compensation on performance. Organizational culture is in the form of achievement toward employees namely appreciation of employees' work and appreciation of creativity could strengthen the effect of motivation toward performance and compensation toward performance. Motivation is proven to have a greater effect than compensation in increasing performance.

In increasing the performance of the employees, the organization needs to build an organizational culture that is oriented on the the result which allowed the employees that are optimal in time and give a chance to deliver their ideas and thoughts.

REFERENCES

- M. Amstrong, Human Resource Management Practice, London and Philadelphia: British Library Cataloguing in Publication Data., 2006.
- [2] M. Beer. Reward System in M. Beer. B. Spector. P. R.Lawrence. and D. Quinn. Mills, Managing Human Assets, New York: The Free Press, 1984.
- [3] F. Luthans, Perilaku Organisasi, Yogyakarta: Andi, 2006.
- [4] Mangkunegara, Manajemen Sumber Daya Perusahaan, Bandung: Remaja Rosdakarya, 2017.
- [5] H. A. W. Zameer, "The Impact of The Motivation on The Employee's Performance in Beverage Industry of Pakistan," *International Journal of Academic Research in Accounting, Finance and Management Sciences*, Vol. 1, No.1, E-ISSN: 225-8329, P-ISSN: 2308-0337, pp. 293-298, 2014.
- [6] Bateman, T.S and S.A. Snell. Management: Building Competitive Anvantage (3rd ed), Chichago: Irwin, 1996.
- [7] Steers, Richard. M, Mowday, Richard T, Saphiro, Debra, L Academy of Managemen Review, 2004, Vol 29, No.3,379-387.
- [8] O. Stella, Motivaton and Work Performance: Complexities in Achieving Good Performance Ourcomes: A Study Focusing on Motivating Measures and Improving Workers Performance in Kitgum District Local Government, Hague, Netherlands, Truelove, S,1992: Unpublished Master thesis, 2008.
- [9] Priyono, Bambang, Suko, Soliha, Euis.Rijanti, Tristiana. Gusman, Ruzy."The Influence of Competency and Motivation To Employee Performance With Organizational Citizenship Behavior As Moderating Variable (Study on Traffict Accident Investigators, Central Java Police Department," dalam *The Second Icobame*, Yogyakarta, 2016.
- [10] Indriyaningrum, Kis. Rijanti, Tristiana. Sari, Puspita, Lisa "Efek Moderasi Budaya Organisasi Pada Pengaruh Motivasi dan Disiplin Kerja Terhadap Kinerja Pergawai (Pada Pegawai Sekretariat Dewan Perwakilan Rakyat Daerah Provinsi Jawa Tengah)," Jurnal Ekonomi Managemen Akuntansi Stie Dharmaputra, Vol 27 No 48, 2020.
- [11] Rijanti, Tristiana. Indriyaningrum, Kis.Yunianto, Askar. Ibrahim, Yusuf. "Peran Kepemimpinan Transformasional dalam Memperkuat Pengaruh Efikasi Diri dan Motivasi Pada Kinerja Pegawai," *Jurnal Bisnis dan Ekonomi*, Vol.27, (2), pp. 111-122, 2020.
- [12] Chien, C.L. Grace, Mao, Iris. Nergui, Enkhzaya. Chang, Wanching., "The Effect of Work Motivation on Employee Performance: Empirical Evidence From 4-stars hotels in Mongolia," *Journal of Human Resources in Hospitality &Tourism*, Vol.19, No. Issue 4, pp. 473-495, 2020.
- [13] Liana, Lie dan Rijanti, Tristiana."Pengaruh Motivasi dan Self Efficacy Terhadap Kinerja Guru Dimoderasi Gaya Kepemimpinan Transformasional (Studi pada Guru-Guru SMP Negeri Se-Kecamatan Bojong Kabupaten Pekalongan," dalam Seminar Nasional Multi Disiplin Ilmu & Call For Papers UNISBANK (SENDI-U0 Ke-2, Semarang, 2016.
- [14] Rijanti, Tristiana. Priyono, Suko, Bambang. Nugroho, Prasetyo, Heri, "The Influence of Competence and Job Characteristics on Performance With Motivation As Mediating Variable At Regional Finance Agency of Tegal City.," dalam The Sixth International Conference on Enterpreunership and Business Management (ICEBM) 16, Vietnam, 2017.
- [15] Becker, B.E. & Gerhart, B. "The Impact of Human Resource Management on Organizational Performance : Progress and Prospects," *Academy of*



Management Journal, Vol. 39, pp. 779-801, 1996.

- [16] Appelbaum, S.H. & Mackenzie, L. "Compensation in the Year 2000: pay for performance?," *Health Manpower Management*, Vol. 22(3), pp. 31-39, 1996.
- [17] Widodo, Setyo, Djoko "The Effect of Compensation, Leadership and Organizational Culture Through Work Motivation on Employee Performance," Jurnal Manajemen dan Kewirausahaan, Vol.5 No 2, 2017.
- [18] Yamali, Rozi, Fakhru. "Effect of Compensation, Competencies ang Organizational Culture on Organizational Commitment its Implication Expert Performance of Construction Servics Company in Jambi Province.," *International Journal of Advance in Management and Economics*, Vol.7, Issue 2, pp. 29-42, 2018.
- [19] Polnaya, Irene.Nirwanto, Nazief. Triatmanto, Boge "The Evaluation of Lecturer Performance Through Soft Skills, Organizational Culture and Compensation on Private University of Ambon," Academy of Strategic Management Journal, Vol. 17, Issue-2, 2018.
- [20] Gorap, Inggried, Stefanie. Haerani, Siti. Hakim, Wardhani "Pengaruh Budaya Organisasi, Komitmen Organisasi, dan Kompensasi Terhadap Kinerja Pegawai Melalui Kepuasan Kerja SEbagai Variabel Intervening (Studi Pada Dinas Kesehatan Daerah Kota Tomohon)," *Hasanuddin Journal of Applied Business and Entrepreneurship (NJABE)*, Vol. 2 No.2, 2019.
- [21] F. G. Lakoy, "Motivasi Kerja, Kompensasi, Pengembangan Karir Terhadap Kinerja Pegawai Pada Badan Penanggulangan Bencana Daerah Provinsi Sulawesi Utara," *Jurnal EMBA*, Vol.1 No. 4, pp. 771-781, 2013.
- [22] R. Daft, The Leadership Experience, 3rd ed, Vancouver: Thomson-Southwestern, 2005.
- [23] L. Smircich, "Concept of Culture and Organizational Effectiveness," Administrative Science Quarterly, Vol. 28 No.3, pp. 339-58, 1983.
- [24] Puspita, Yeni. Rijanti, Tristiana "Pengaruh Gaya Kepemimpinan, Budaya Organisasi dan Kompensasi Terhadap Kinerja Karyawan (Studi Pada PT. Adi Mitra Setia Abadi Semarang)," *Student's Journal of Economic and Management*, Vol.1 No.1, 2012.
- [25] Paschal, Anozie Obinna. Nizam, Ismail "Effect of Organizational Culture on Employees Performance: Case of Singapore Telecommunication," *International Journal of Accounting & Business Management (IJABM)*, Vol. 4 No. 1, 2016.
- [26] Saad, Ghazi Ben, Abbas, Muzaffar "The Impact of Organizational Culture on Job Performance: A Study of Saudi Arabian Public Sector Work Culture.," *Problems and Perspectives in Management*, Vol. 16, No. 3.
- [27] Maabuat, S. Edward "Pengaruh Kepemimpinan, Orientasi Kerja, dan Budaya Organisasi Terhadap Kinerja Pegawai (Studi Pada Dispenda Sulut UPTD Tondano)," *Jurnal Berkala Ilmiah Efisiensi*, Vol. 16 No. 01, 2016.
- [28] Megantara, Ilma. Suliyanto, Purnomo, Retno "Pengaruh Budaya Organisasi dan Rotasi Pekerjaan Terhadap Motivasi Kerja Untuk Meningkatkan Kinerja Pegawai," Jurnal Ekonomi, Bisnis dan Akuntansi (JEBA), Vol. 21 No. 01.
- [29] Paramita, Erna.Lumbanraja, Prihatin, Absah, Yeni "The Influence of Organizational Culture and Organizational Commitment on Employee Performance and Job Satisfaction as a Moderating Variable at PT Bank Mandiri Persero (Tbk)," *International Journal of Research and Review*, Vol. 7, No. 3, March, 2020.
- [30] E. H. Schein, "Organizational Culture," American Psychologist, vol. 10,

pp. 109-119, 1990.

- [31] Davis, K.J. dan Werther W.B. Human Resource and Personnel Management. Third Edition, Mc Graw Hill International Edition, 1996.
- [32] Indriyaningrum, Kis. Rijanti, Tristiana, Sari, Puspita, Lisa. "Efek Moderasi Budaya Organisasi Pada Pengaruh Motivasi dan Disiplin Kerja Terhadap Kinerja Pegawai (Pada Pegawai Sekretariat Dewan Perwakilan Rakyat Daerah Provinsi Jawa Tengah)," Jurnal Ekonomi Manajemen Akuntansi STIE Dharmaputra, Vol. 27 No. 48, 2020.
- [33] A. H. Maslow, Motivation and Personality, Harper&Row Publishers, Inc, 1954.
- [34] M. Kadarisman, Manajemen Kompensasi, Jakarta: PT. Raja Grafindo Persada, 2018.
- [35] Robbins, S.P. dan Judge T.A. Perilaku Organisasi, Jakarta: Salemba Empat, 2016.
- [36] Ghozali, Imam. Aplikasi Analisis Multivariat dengan Program IMB SPSS 21 Update PLS Regresi, Semarang: Badan Penerbit Universitas Diponegoro, 2013.
- [37] Rueda, Richard, Moll, Luis C. Chapter 7: A Sociocultural Perspective on Motivation In O'Neill, Jr, Harold F: Drillings, Michael (eds). Motivation: Theory and Research, Hillsdale New York: Lawrence Erlbaum Associates, Inc, 1994.
- [38] Gachengo, Virginiah. Wekesa, Susy "Infuence of Motivation on Enployee Performance : A Case of National Bank of Kenya," *International Journal* of Business, Management and Social Research, Vol. 03, No. 02, pp. 179-185, 2017.
- [39] Ryandini, Tiara Putri, Nurhadi, Mokhamad. "The Influence of Motivation and Workload on Empolee Performance in Hospital," *Indonesian Nursing Journal of Education and Clinic (INJEC)*, Vol. 1 e ISSN: 2527-8819, p-ISSN: 2257-8800, 2020.
- [40] Ivancevich, John M. William F. Glueck. Foundations of Personnel/ Humant Management, 21397-409, 1989.
- [41] Mangkuprawira, Tb. Syafri. Manajemen Sumber Daya Manusia Strategik, Bogor: Ghalia Indonesia, 2014.
- [42] V. Vroom, Work and Motivation, Oxford England: Wiley, 1964.
- [43] Robbins, S.P. dan Coulter, Mary K. Manajemen, Jakarta: Erlangga, 2010.
- [44] Holt, Davis, H. *Management: Concept and Practises*, New Jersey: Prentice Hall, Englewood Cliffs, 1993.
- [45] Njoroge, Sheila Wambui. Kwasira, Josepat. "Influence of Compensation and Reward On Performance of Employees at Nakuru County Government," *IOSR Journal of Business ang Management (IOSR-JBM)*, Vol. 17, ISSN: 2278-487X. p-ISSN: 2319-766811.Ver.1, 2015.
- [46] Akter, "Effec Nuray. Husein, Md. Moazzam. t of Compensation on Job Performance : An Empirical Study.," *International Journal of Engineering Technology, Management and Applied Sciences*, Vol. 4, No. 8, ISSN 2349-4476, 2016.
- [47] Noe, Raymond A. Holenbeck, John R. Gerhart, Barry. Wright, Patrick, M. Manajemen Sunber Daya Manusia: Mencapai Keunggulan Bersaing, Jakarta: Salemba Empat, 2014.