

# The Influence of Organizational Culture and Organizational Climate Mediated by Motivation on Employee Performance in PT Talenta Wirama Berkart

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## ABSTRACT

This research discusses about organizational culture, organizational climate and motivation on employee performance in an event management company. The purpose of this research was to examine the influence of organizational culture and organizational climate through motivation on employee performance. This research population consists of 50 employees of PT Talenta Wirama Berkart. The research data was obtained through questionnaires and research analysis techniques used Structural Equation Modeling (SEM) with the SmartPLS 3.0 program. This research shows that employee performance will be better and improved due to the organizational culture and organizational climate set by the company and the motivation provided by the company. Therefore, companies must pay attention to organizational culture, organizational climate, and motivation which is suitable with the field of business and the development of current era or work-related industry so that employee performance can be higher and better for the company's development and progress.

**Keywords:** *Organizational Culture, Organizational Climate, Motivation and Employee Performance*

## 1. INTRODUCTION

Sobirin [1] argued that an organization is a social system that has a regular work pattern established by human beings and has a group of people in order to support the achievement of a certain set of goals. Organizations can also be defined as social units established by human beings for a long period of time, consisting of a group or several people, at least two, who have structured and organized activities, designed to achieve certain goals, and have an identity to differentiate them from others. In a corporate organization, employee performance is one variable that can be used to measure the organizational performance, so it is important to periodically evaluate work performance to maintain the consistency and improve organizational performance. Employee performance is a very important element for the company, because the company can succeed in achieving its goals, which is greatly influenced by maximum or optimal employee performance.

PT Talenta Wirama Berkart is a company engaged in event management. The researcher chose PT Talenta Wirama Berkart as the place where the research was conducted, because PT Talenta Wirama Berkart is one of the event management companies used by one of the leading fast moving consumer goods companies in Indonesia which requires PT Talenta Wirama Berkart to have good competence.

Researchers identified that there was a problem that occurred at PT Talenta Wirama Berkart, namely that

employee performance had decreased, marked by no increase in employee Key Performance Indicators (KPI) for the last four years from 2016 to 2019. Employee's KPI are processed more briefly through the following table:

**Table 1 2016-2019 Employee's KPI**

No.	Year	Target	Actual
1	2016	100%	75%
2	2017	100%	75%
3	2018	100%	75%
4	2019	100%	75%

Source: PT Talenta Wirama Berkart

The employee's KPI for the past four years have fallen short of company expectations, because the percentage of employee's KPI achievements has not increased. The company hopes that employee's KPI can reach at least 90% of the target. With the phenomenon of sub-optimal employee performance due to the factors of organizational culture, organizational climate, and motivation, that affect employee performance, the authors were eager to conduct this research. Thus, the title is determined "The Influence of Organizational Culture and Organizational Climate Mediated by Motivation on Employee Performance in PT Talenta Wirama Berkart".

**2. THEORETICAL FRAMEWORK**

*2.1. Organizational Culture (X<sub>1</sub>)*

Organizational culture is a system of shared meanings held by its members that differentiates the organization from others [3]. The indicators based on Schein [4] are:

- a. External Adaptation: Mission and strategy, objectives, basic means, measurement of success, back-up strategy.
- b. Internal integration: Common language, group boundaries, placement of status and or power, relationships in groups, rewards and rewards, explain what cannot be explained.
- c. Basic assumptions: The nature of environment, the nature of human being activities, the nature of reality and truth, the nature of time, the nature of human truth, the nature of human being relations, homogeneity vs heterogeneity.

*2.2. Organizational Climate (X<sub>2</sub>)*

Organizational climate is a description of how individuals feel the organizational culture [5]. The indicators based on Hardjana [6] are:

- a. Structure
- b. Responsibility
- c. Warmth or Support
- d. Reward
- e. Conflict
- f. Performance Standards or Expectations
- g. Organizational Identity
- h. Risk

*2.3. Motivation (Z)*

Motivation is a process which explains the intensity, direction, and persistence of efforts in achieving a goal [7]. The indicators based on Emil [7] are:

- a. Physiological Needs
- b. Security Needs
- c. Social Needs
- d. The Need for Self Esteem
- e. Self-Actualization Needs

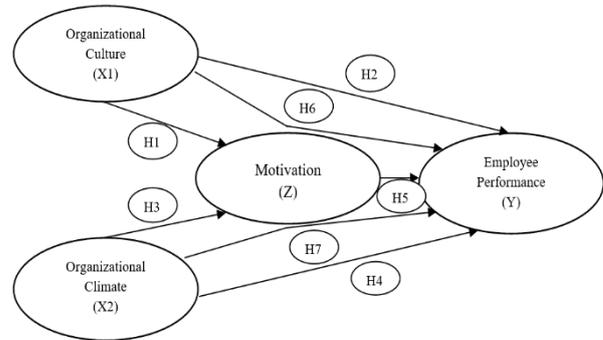
*2.4. Employee Performance (Y)*

Performance originates from job performance or actual performance (actual work performance or achievement by a person), namely the work-related quality and quantity achieved by employees in carrying out their duties according to the responsibilities assigned to them [8]. The indicators based on [9] are:

- a. Quality
- b. Quantity
- c. Timeliness
- d. Cost Effectiveness
- e. Need for Supervisor
- f. Interpersonal Impact

*2.5. Conceptual Framework*

The relationship between organizational culture (X<sub>1</sub>), organizational climate (X<sub>2</sub>) through motivation (Z) on employee performance (Y) in this study is illustrated by a constellation of relationships among variables as displayed in Figure 1 below:



**Figure 1** Conceptual Framework

Based on the conceptual framework above, the statistical hypotheses are formulated, namely; The relationship between organizational culture (X<sub>1</sub>) and organizational climate (X<sub>2</sub>) on employee performance (Y) mediated by motivation (Z). The hypothesis developments are described as follows:

- H<sub>1</sub> : Organizational culture (X<sub>1</sub>) influences motivation (Z).
- H<sub>2</sub> : Organizational culture (X<sub>1</sub>) influences employee performance (Y).
- H<sub>3</sub> : Organizational climate (X<sub>2</sub>) influences motivation (Z).
- H<sub>4</sub> : Organizational climate (X<sub>2</sub>) influences employee performance (Y).
- H<sub>5</sub> : Motivation (Z) influences employee performance (Y).
- H<sub>6</sub> : Organizational culture (X<sub>1</sub>) influences employee performance (Y) mediated by motivation (Z).
- H<sub>7</sub> : Organizational climate (X<sub>2</sub>) influences employee performance (Y) mediated by motivation (Z).

**3. RESEARCH METHOD**

Researchers used the associative quantitative research in order to determine the relationship between more than two variables and its influences using a questionnaire.

Winarni [2] stated that the population is an interesting group, whereas this group is an object to generalize the research results. The population used in this research were all employees of PT Talenta Wirama Berkat with a total of 50 peoples. The sample is part of the population, thus the type of sample used must reflect the population. The sample technique of this research is a census or saturated sample, namely the research was conducted on the entire population, namely 50 (fifty) samples from the employees of PT Talenta Wirama Berkat.

### 4. ANALYSIS AND DISCUSSIONS

#### 4.1. Outer Model

**Table 2 Construct Reliability and Validity**

Variables	Cronbach's Alpha	Composite Reliability	AVE
Organizational Culture (X <sub>1</sub> )	0.898	0.922	0.665
Organizational Climate (X <sub>2</sub> )	0.973	0.975	0.711
Employee Performance (Y)	0.942	0.950	0.613
Motivation (Z)	0.937	0.946	0.639

Source: The Results of Data Processing with SmartPLS 3

Based on data analysis result, it can be seen that the variables of Organizational Culture (X<sub>1</sub>), Organizational Climate (X<sub>2</sub>), Motivation (Z), and Employee Performance (Y) have the AVE values higher than 0.5, Cronbach's Alpha higher than 0.7, and Composite Reliability higher than 0.7. Based on these results, all indicators in these variables are declared valid and reliable.

#### 4.2. Inner Model – Multiple Regression Test

**Table 3 Partial Least Square Bootstrapping - Path Coefficients Test Results**

	Coefficient	p-Values
Organizational Culture (X <sub>1</sub> ) → Employee Performance (Y)	0.333	0.017
Organizational Culture (X <sub>1</sub> ) → Motivation (Z)	0.612	0.000
Organizational Climate (X <sub>2</sub> ) → Employee Performance (Y)	0.229	0.037
Organizational Climate (X <sub>2</sub> ) → Motivation (Z)	0.414	0.000
Motivation (Z) → Employee Performance (Y)	0.406	0.016

Source: The Results of Data Processing with SmartPLS 3

Based on the results in Table 3, the regression equation can be formulated as follow:

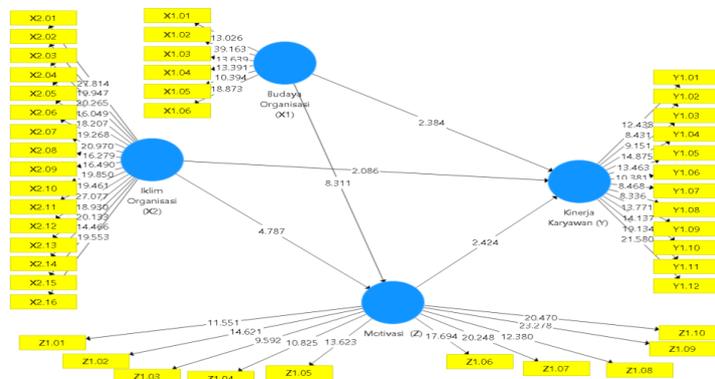
$$\text{Motivation} = 0.612 X_1 + 0.414 X_2 + e \quad (1)$$

$$\text{Employee Performance} = 0.333 X_1 + 0.229 X_2 + 0.406 Z + e \quad (2)$$

#### 4.3. R-Square & Q-Square Test

The analysis of coefficient of determination is done to calculate the contribution of variables (X) and (Z) to variable (Y). A measure which is most commonly used to examine the structural model is R<sup>2</sup>. This R<sup>2</sup> measures the predictive power of this model, which is calculated as the square of the correlation between the actual value and predicted value of the endogenous variable. The value of R<sup>2</sup> ranges from 0 to 1. Higher R<sup>2</sup> indicates higher prediction accuracy. Wahyoedi [10] suggested that the R<sup>2</sup> value of 0.75, 0.50, or 0.25, can be interpreted as substantial, moderate, or weak, for the latent endogenous variables. It can also be stated that the R<sup>2</sup> of 0.67 is strong, 0.33 is moderate, and 0.19 is weak. Based on the R<sup>2</sup> test, we provide the R<sup>2</sup> for Motivation (Z) as much as 0.870, that indicates a substantial or strong level of prediction. This result illustrates that the motivation variable can be explained by organizational culture and organizational climate by 87%, while the remaining 13% is explained by other variables out of the scope of this research. Meanwhile, the R<sup>2</sup> value of the Employee Performance variable (Y) of 0.813 indicates a substantial or strong prediction. This means that the employee performance variable can be explained by organizational culture, organizational climate, and motivation as much as 81.3%, hence the remaining 18.7% is explained by other variables out of this research. Based on the Q-Square predictive relevance test, the Q<sup>2</sup> value obtained is 0.9757. That way, this research shows the diversity of the research as much as 97.57%, thus the remaining 2.43% is explained by other variables which are not used in this research. With the results obtained, this research model has a good goodness-of-fit.

#### 4.4. Hypothesis Tests



**Figure 2 Path Model of Regression T-Value**

The results based on the hypothesis tests are described below:

1. The first hypothesis examines the influence of organizational culture on motivation among the employees of PT Talenta Wirama Berkat. The variable of organizational culture on motivation produces a sig-value of 0.000 (less than 0.05). Thus, H<sub>1</sub> was accepted. It can be concluded that the organizational culture variable significantly influences the motivation among the employees of PT Talenta Wirama Berkat.
2. The second hypothesis examines the influence of organizational culture on employee performance of PT Talenta Wirama Berkat. The variable of organizational culture on employee performance produces a sig-value of 0.017 (less than 0.05). Thus, H<sub>2</sub> was accepted. It can be concluded that the organizational culture variable significantly influences the performance of employees of PT Talenta Wirama Berkat.
3. The third hypothesis examines the influence of organizational climate on the motivation among the employees of PT Talenta Wirama Berkat. The organizational climate variable on motivation produces

a sig-value of 0.000 (less than 0.05). Thus, H<sub>3</sub> was accepted. It can be concluded that the organizational climate variable significantly influences the motivation among the employees of PT Talenta Wirama Berkat.

4. The fourth hypothesis examines the influence of organizational climate on the performance of employees of PT Talenta Wirama Berkat. The variable of organizational climate on employee performance produces a sig-value of 0.037 (less than 0.05). Thus, H<sub>4</sub> was accepted. It can be concluded that the organizational climate variable significantly influences the performance of employees of PT Talenta Wirama Berkat.
5. The fifth hypothesis examines the influence of motivation on the performance of employees of PT Talenta Wirama Berkat. The motivation variable on employee performance produces a sig-value of 0.016 (less than 0.05). Thus, H<sub>5</sub> was accepted. It can be concluded that the motivation variable significantly influences the employee performance of PT Talenta Wirama Berkat.

**Table 4 Partial Least Square Bootstrapping - Indirect Influence Test Results**

Indirect Influence	Coefficient	p-Values
Organizational Culture (X <sub>1</sub> ) → Employee Performance (Y)	0.248	0.024
Organizational Climate (X <sub>2</sub> ) → Employee Performance (Y)	0.168	0.035

Source: The Results of Data Processing with SmartPLS 3

6. The sixth hypothesis examines the influence of organizational culture on performance through the motivation, among the employees of PT Talenta Wirama Berkat. The organizational culture variable has a significant influence on employee performance, the organizational culture variable has a significant influence on motivation, and the motivation variable has a significant influence on employee performance, with a sig-value of 0.024 (< 0.05). Thus, H<sub>6</sub> was accepted. This means that the influence of organizational culture on employee performance is partially mediated by motivation.
7. The seventh hypothesis examines the influence of organizational climate on performance through the motivation, among the employees of PT Talenta Wirama Berkat. The organizational climate variable significantly affects employee performance, the organizational climate variable significantly affects motivation, and the motivation variable significantly affects employee performance. It can also be seen that the variable of organizational climate on employee performance produces a sig-value of 0.035 (< 0.05). Thus, H<sub>7</sub> was accepted. This means that the influence of organizational climate on employee performance is partially mediated by motivation.

positively and also support the results of previous researches.

## 5. CONCLUSIONS

In this research, the conclusions can be made as follows:

1. The organizational culture is proven to have significant influence on motivation among the employees of PT Talenta Wirama Berkat. If the organizational culture increases, it will increase the employee motivation of PT Talenta Wirama Berkat.
2. The organizational culture is proven to have significant influence on employee performance of PT Talenta Wirama Berkat. If the organizational culture increases, it will increase the employee performance of PT Talenta Wirama Berkat.
3. The organizational climate is proven to have significant influence on motivation among the employees of PT Talenta Wirama Berkat. If the organizational climate increases, it will increase the employee motivation of PT Talenta Wirama Berkat.
4. The organizational climate is proven to have significant influence on employee performance of PT Talenta Wirama Berkat. If the organizational climate is improved, it will improve the employee performance of PT Talenta Wirama Berkat.
5. The motivation is proven to have significant influence on employee performance of PT Talenta Wirama

Based on the results, it can be concluded that all variables in this research influence the employee performance

Berkat. If the motivation increases, it will increase the employee performance of PT Talenta Wirama Berkat.

6. The motivation mediates the influence of organizational culture on employee performance of PT Talenta Wirama Berkat. If the organizational culture and motivation increase, it will further increase the employee performance of PT Talenta Wirama Berkat.
7. The motivation mediates the influence of organizational climate on employee performance of PT Talenta Wirama Berkat. If the organizational climate and motivation increase, it will further increase the employee performance of PT Talenta Wirama Berkat.

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