

Motivation as a Mediation on Organizational Culture and Compensation and its Effect for Performance

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ABSTRACT

This study aims to analyze the influence of organizational culture, compensation on employee performance with work motivation as a mediation. The sample taken is all employees of Bank Artha Graha as many as 31 respondents. The results of this study indicate that: (1) organizational culture has a positive and significant effect on work motivation, (2) compensation has a positive and significant effect on work motivation, (3) culture organization has a positive and insignificant effect on employee performance, (4) compensation has a positive and significant effect on employee performance, (5) work motivation has a positive and significant effect on employee performance.

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1. INTRODUCTION

The Industry 4.0 era puts forward a high level of competition in organizations and companies. One thing that is important is that the success of various activities within the company depends not only on technological superiority, available operating funds, facilities or infrastructure owned, but also on aspects of human resources. Employees are important assets that need to be considered quite seriously by companies or organizations, because employee performance with various aspects in it will have a direct impact on the company's overall performance. Employee performance in the company is influenced by many factors, including the level of satisfaction felt by employees, organizational culture, compensation, and so on.

Within organizations, culture can be learned and shared. According to (Pettigrew, 1979) organizational culture is based on a system that can help to determine how employees make decisions and think. He also said different levels of culture are based on a set of beliefs, values and assumptions and can define the way for an organization to do its business. Organizational culture is a combination of values, beliefs, and norms that may influence the way employees behave, think and feel in the organization (Schein, 2011). Many researchers explain that, success-oriented organizational culture increases organizational effectiveness (Deal and Kennedy, 1982; Furnham and Gunter (1993); Kotter and Heskett, 1992; Peters and Waterman, 1982; Schein 1997; Denison, 1990). In the context of the influence of organizational culture on organizational performance has been in several studies (eg Gordon and DiTomaso, 1992; Ogbonna and Harris, 2000).

Organizational culture creates a competitive advantage. Culture is generally created in organizations through shared experiences over a period of time. Where in organizational culture members understand and anticipate behavior, and culture can provide motivation for organizational members (Weber, Camerer, & Rock, 2006). Motivation is also important for performance, in determining organizational success and results. If the external environment changes due to the development of new technologies, it is necessary to adopt changes, to motivate employees (Inayatullah & Jehangir, 2002).

In several studies by Cengiz, Yilmaz and Ercan Ergun (2008), it has been identified that culture has an effect on organizational performance. Organizational culture exhibits a variety of social phenomena that help define an organization's character and norms, including organizational dress, language, behavior, beliefs, values, assumptions, status and authority symbols, myths, ceremonies and rituals, respect and subversion (Scott et al. , 2003). The literature on organizational culture is rich and diverse. Most claim that culture is related to organizational performance. Although there are some experts who question the relationship between culture and performance. But there is insufficient evidence to show that organizational culture is associated with organizational performance. (Ogbonna and Harris, 2000). Previous research by Rousseau (1990) tried to overcome some of the limitations in measuring organizational culture. He collected data from 32 volunteer service organizations. The results of this study showed no significant positive correlation between performance and culture.

One of the factors that also affect employee performance is compensation. Compensation is an award for services and incentives to motivate employees in increasing work productivity (Yani, 2012). Employee performance is the willingness of employees to carry out activities and perfect them in accordance with responsibilities with the expected results (Dessler, 2017). Therefore, compensation reflects an important part of HRM to motivate employees to improve and impact on performance. Daly, (2015), in his research concluded that compensation has a significant effect on performance employees. Karollah, (2015) also concluded that the compensation received by employees has a significant effect on employee performance.

Molyneux and Linh (2014) studied executive compensation, board independence, and bank efficiency in China using a sample of deposit money banks from 2004 to 2011. The results reveal that compensation has a negative effect on bank efficiency, and the situation worsens, namely the financial crisis. In contrast, non-executive directors who are not paid on the board increase bank efficiency even in situations of financial crisis. These results are inversely proportional to Adithipyangkul et al. (2011), where research shows a positive relationship between executive compensation and company performance in China.

Compensation in the form of wages/salaries, incentives, allowances is a common thing obtained by employees in general and of course the form of compensation provided by the company is certainly satisfactory, but it should be noted that in an organization, attention to employees is not enough to provide large wages. However, the warmth of social relations between superiors and subordinates is also very decisive by giving praise to employees and recognition. This may be something simple but it is very valuable for employees, because every employee who works hard to complete office tasks deserves praise, as well as awards.

2. RESEARCH METHOD

This study examines and analyzes the influence between organizational culture, compensation and performance, where motivation is a mediating variable. The research location is PT. Bank Arta Graha Ambon. The size of the sample used is the same as the population, thus the number of samples used in this study amounted to 31 people. To measure respondents' answers, the Likert scale was used. The Likert scale is a psychometric scale commonly used in questionnaires. According to Sugiyono (2017), the Likert scale is used to measure attitudes, opinions, and perceptions of a person or group of people about social phenomena. In this study, there are three types of variables used, namely the independent variable, namely Organizational Culture and Compensation, the intervening variable, namely Work Motivation, and the dependent variable is Performance. The data analysis technique in this study used Partial Least Square

(PLS). PLS is a Structural Equation Modeling (SEM) equation model with an approach based on variance or component based structural equation modeling. According to Ghazali & Latan (2015).

3. RESULTS AND DISCUSSIONS

Feasibility Test Model of the influence of Organizational Culture Variables (X1) with Performance (Y) and the Effect of Compensation Variables (X2) with Performance, as well as the Effect of Organizational Culture and Compensation on Performance Mediated by Work Motivation (Z)) using Warp PLS 5.0. Hypothesis testing is based on the results of the analysis of the PLS SEM model containing all Supporting Variables for Hypothesis Testing

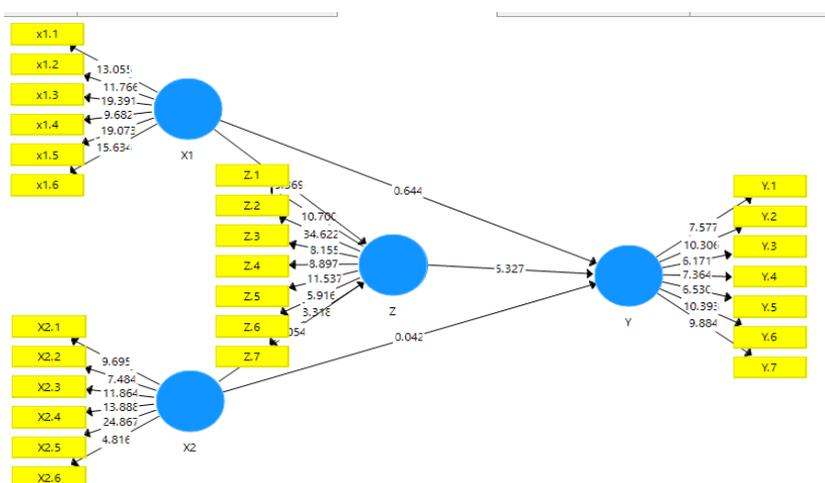


Figure 1. Structural Model Test Results

Hypothesis testing in this study was carried out by assessing the T-Statistic and P-Values values. The research hypothesis can be stated to have a positive and significant effect if the value of the T-Statistic is greater than the value of the T-table, namely 1.69 and the value of the P-Values is less than 0.05.

Table 1
Direct Influence

Construct	T statistic	P Value
Organizational Culture → Employee Performance	0.644	0.520
Organizational Culture → Work Motivation	3.369	0.001
Compensation → Employee Performance	0.042	0.967
Compensation → Work Motivation	2.054	0.041
Work Motivation → Employee Performance	5.327	0.000

The data above shows that the T-Statistic value of 3,369 is greater than the T-Table value of 1.69 (1.69726) and the P-Values value of 0.001 which is smaller than the significance value of 0.05. It means that organizational culture has a positive and significant effect on work motivation, which means organizational culture can increase work motivation. This means that Hypothesis 1 is accepted. Furthermore, the T-Statistic value of 2,054 is greater than the T-Table value of 1.69 (1.69726) and the P-Values value of 0.041 which is smaller than the significance value of 0.05. So it means that compensation has a positive and significant effect on work motivation, which means that compensation can increase work motivation. C Thus, Hypothesis 2 is accepted. The T-Statistic value of 0.644 is smaller than the T-Table value of 1.69 (1, 69726) and the P-Values value of 0.520, which is greater than the significance value of 0.05. So it means that organizational culture has no effect on employee performance, which means organizational culture is not able to improve employee performance. That means Hypothesis 3 is rejected. The T-Statistic value of 0.042 is smaller than the T-Table value of 1.69 (1.69726) and the P-Values value of 0.967 which is greater than the significance value of 0.05. So it means that compensation has no effect on employee

performance, which means that compensation is not able to improve employee performance. Thus Hypothesis 4 is rejected. Furthermore, the T-Table value is 1.69 (1.69726) and the P-Values value is 0.000, which is smaller than the significance value of 0.05. So it means that motivation has a positive and significant effect on employee performance, which means motivation is able to improve employee performance. This means that Hypothesis 5 is accepted.

Table 2
Indirect Influence

Construct	T statistic	P Value
Organizational Culture→Work Motivation→Employee Performance	2,609	0.009
Compensation → Work Motivation →Employee Performance	2013	0.045

The explanation for the T-Statistic value is 2.607, which is greater than the T-Table value, namely 1.69 (1.69726) and the P-Values value is 0.009, which is smaller than the significance value of 0.05. So it means that motivation can mediate the influence of organizational culture on employee performance. Thus Hypothesis 6 is accepted. Furthermore, the T-Statistic value of 2013 is greater than the T-Table value of 1.69 (1.69726) and the P-Values value of 0.045 which is smaller than the significance value of 0.05. So it means that motivation can mediate the effect of compensation on employee performance. This means that Hypothesis 7 is accepted.

At PT Bank Artha Graha, organizational culture is not only a value system that serves as a guide for everyone involved in an organization, but as a differentiating factor from other organizations. In addition to being a differentiator, culture is also one of the social predicates that can be done by employees and acts as a control that guides and shapes employee attitudes and behavior. Organizational culture can help employees work, because it creates an extraordinary level of motivation for employees to give their best in taking advantage of the opportunities provided by their organization. The explanation and results of this study are in line with previous studies conducted by Alinvia et al (2018), Salahuddin and Achmad (2014),

The relationship between compensation and work motivation is with compensation as a reward for performance that can trigger employee motivation to achieve the desired performance. Employees will be motivated to achieve goals that have never been achieved. Every individual will feel proud when the sacrifice of his time, energy, thought and volunteerism is rewarded. By itself, employees will be more motivated and motivated to comply with company regulations and be more responsible for their work. The emergence of motivation in a person is through an impulse from within the person to do a job to achieve a goal. The results of this study are supported by Salahuddin and Ahmad (2014), Dewi Suryani harahap, Hazmanan Khair (2017),

Furthermore, the results state that organizational culture has no positive and significant effect on employee performance shows that a good organizational culture at PT Bank Artha Graha does not necessarily have an impact on the increase or decrease in the performance of PT Bank Artha Graha employees. Improved performance within the company is not the contribution of one party or one factor alone. Although the organizational culture of Bank Artha Graha has been reflected through the excellent relationship between the leadership and employees, employees perform their duties well, it does not mean that they can directly improve performance. It should be noted that there are other factors that also contribute to improving performance, in addition to good relationships, employees must also work hard, be disciplined and be present.

Talking about the relationship between compensation and performance, it is realized that the main purpose of a person working is also to get a wage or salary, but companies also need to know that actually employees also need comfort, peace of mind in terms of employees wanting to be part of the organization in the long term. The results of this study contradict the proposed hypothesis, and the results of previous studies conducted by Andhika Tegar Cakra (2015), Do, TT (2018). That compensation has an effect on employee performance. However, it is reinforced by previous research conducted by Yuli Swanti (2013) that compensation has no significant effect on employee performance.

Furthermore, Robbins (2008) says motivation as a process that explains the intensity, direction and persistence of an individual to achieve goals. Employees are able to do work and want to achieve maximum results in their work or the realization of maximum performance, it takes an encouragement to bring up the will and work spirit, namely by motivation. Motivation serves to

stimulate the ability of employees so that maximum performance results will be created. Chen (2004) said that idealized influence leaders with an innovative culture will produce employees who are more motivated to achieve job satisfaction or desired performance. Abraham H. Maslow in his book, *Motivation Personality* (Siagian, 2005), suggests that the very basic thing in motivation is the need for comfort, physiological needs, esteem needs and self-actualization needs. When employees get it, it has an impact on high work performance through good work quality and the ability to work together between leaders and employees. According to Anoraga (2014) says that work motivation is something that creates enthusiasm or work motivation, motivation is able to mediate organizational culture variables on performance. This employee indicates that the organizational culture accepted by employees is able to provide high work motivation to employees so that employee performance will also increase.

Besides that, the demands of life for everyone must work for their survival through income or salary earned, if someone considers that the compensation given by the company is in accordance with expectations, it can motivate themselves to work, when productivity is high, the overall organizational performance will also be high. From the results of this study, it can be seen that there is a significant relationship between compensation and employee performance through work motivation as a mediating variable. A job if done because there is motivation or encouragement will make people feel happy doing it. people will feel appreciated or recognized, this happens because their work is really valuable for motivated people.

4. CONCLUSION

- a. There is a significant influence between Organizational Culture on Work Motivation at PT. Artha Graha Bank. so the better the organizational culture, the more motivation to work
- b. There is a significant influence between compensation on work motivation at PT. Artha Graha Bank. So the better the compensation, the higher the work motivation
- c. No influence between Organizational Culture on Employee Performance at PT. Artha Graha Bank. So good or bad organizational culture does not guarantee that employee performance will increase.
- d. There is no influence between compensation and employee performance at PT. Bank Artha Graha So good or bad this compensation does not guarantee that employee performance will increase.
- e. There is a significant influence between work motivation on employee performance at PT. Artha Graha Bank. so the better the work motivation, it can improve employee performance.
- f. Work Motivation can mediate Organizational Culture with employee performance
- g. Work motivation can mediate compensation with employee performance.

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