The Importance of Organizational Culture as well as Transformational Leadership towards the Employee Performance at PT. KHMI via Motivation as a Mediation Variable

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Abstract: In this era of globalization, every company are required to provide with good performance. The decline in performance of PT. KHMI will be an interesting phenomenon to study. The research purposes was to discover the influence of organizational culture and transformational leadership towards the employees performance at PT. KHMI via motivation as a mediator. The research method used was quantitative based on causal relations. The data used were primary data that obtained from observation, interviews and questionnaires. The research sample are consisted of 120 people out of 170 employee populations of PT. KHMI. The sampling technique used was simple random sampling which proceeds by Partial Least Square (PLS) through Smart PLS software version 3.2.8. The results indicates that organizational culture and transformational leadership had a positive and significant influence towards the employee performance at PT. KHMI both directly or indirectly through motivation as a mediator.

Keywords: Organizational Culture, Transformational Leadership, Motivation, Employee Performance.

INTRODUCTION

In facing of the fierce competition in these globalization era, the Effectivity and efficiency in doing work has become necessity to each company. Every company seeks to enhance their employee performance in an efforts to achieve the company's goals at PT. KHMI which is a member of group of Japanese companies which headquartered in Tokyo, Japan. PT. KHMI was established in Indonesia on 2014 and started production in early 2015. As it has been done in Japan and China, the company has set performance targets of each branches including at PT. KHMI.

According to the data which gained by the author, during period of 2016 until 2018 there’s an indication of the increase in the level of production output in the company. In 2016
itself the production output level reached 78.5 pcs/person/year or 78.5% from the set target. This realization could be classified as very poor compared to the company's valuation standard on 2016 which is the 2nd of year since the start of production in 2015, therefore it is normal if the targets set and the achievement of targets are still low. In 2017 the company increased its production output target from 100 pcs/person/year to 200 pcs/person/year. The results in 2017 showed a significant increase in output to 174.3 pcs/person/year or 87.1% of the set target. This achievement in 2017 still could be said as not good, but has increased compared to the previous year.

In the year of 2018 was the peak of the production output level at PT. KHMI which reached 208.3 pcs/person/year or 94.7% of the set target of 220 pcs/person/year or could be categorized as good. However, in these period from 2018 to 2020, the trend in the level of production output has decreased. In 2019, the production output has decreased to 200.1 pcs/person/year or 91.0% of the set target or good category. In 2020, it decreased again to 187.3 pcs/person/year or 85.1% of the target set and categorized as bad.

To determine the factors which are thought to have an affect to the decline on the employee performance of PT. KHMI, the author were conducted a pre-survey by giving questionnaires to 30 employees of PT. KHMI and some indications of dominant problems in PT. KHMI includes organizational culture, transformational leadership and motivation variables. The affect caused by organizational culture to employee performance has been studied previously. Ikhsan (2016) found that the better the quality of factors which snapping the organizational culture, the better the employee performance will be. Another Research by Suryadi & Aima (2019) also Febriyarso & Ruslan (2021) whom discovered that organizational culture has a positive influence in improving employee performance. While research by Harwiki et al (2016) said opposite.

Second factor which suspect to have an affect in the decline of the employee performance at PT. KHMI is transformational leadership. Good leadership will connect the employees and the organization in an efforts to create synergies and build the employee motive in order to achieve maximum performan (Riyanto et al., 2021). Research whom conducted by Rahmawaty & Lo (2021) and Dewi et al (2018) found that transformational leadership has impact to the performance of employee. Meanwhile, different results were found by Tamarindang et al (2017) who defined that transformational leadership has no affect on employee performance.

The last factor which suspect to have an affect in the decline of the employee performance at PT. KHMI is motivation. Motivation is psychological state of a person which appears due to the desire to accomplish the needs (Damayanti et al., 2021). Motivation will came out once the individuals look for a maximum satisfaction for certain needs (Giauque et al. in Riyanto & Prasetyo, 2021). Research conducted by Riyanto & Prasetyo (2021) and Febriyarso & Ruslan (2021) shows that motivation has a positive and significant affect on employee performance. While the results from Julianry et al (2017) and Hasmalawati (2017) indicates that motivation has no affect on employee performance.

According to the background explanation above, this research has purposes to reveals and analyze the importance of motivation as an mediator in affecting organizational culture and transformational leadership towards employees performance at PT. KHMI.

**LITERATURE REVIEW**

**Employee Performance**

Performance referred to profit-oriented and non-profit-oriented results earned by the organization which generated in certain time. According to Wibowo (2014) performance could be referred to process and result of work. Meanwhile, Robbins & Judge (2015) explained that employee performance as a maximum completion based on employee
capabilities which seen often as concern of organization or its leaders. Mangkunegara (2017) argues that the measurement of employee performance can be divided into: quality, quantity, timeliness, effectiveness and independence.

**Organizational Culture**

Culture is very important, especially for companies due to strong culture will creates strong assume of the employee that those rules are made not scare off every employee in carrying out their work obligations rather than become a necessity. Helms in Kaswan (2017) states that organizational culture is shared assumptions, common principles that leads to actions from its members. Meanwhile, Fahmi (2013) Illustrates the organizational culture as a long term trait which used and exert in daily work activities which then turn into factor that to improve the quality of work of employees and company managers. In assessing the company or organizational culture the dimensions are needed which are the basic characteristics of organizational culture which are tangible manifestation of its existence, such as innovation and risk taking, attention to detail, results orientation, people orientation, team orientation, aggressiveness and stability (Robbins & Coulter, 2012).

**Transformational Leadership**

Transformational leadership is a perspective view from leaders in order to change a team or organization by build communicating and model visions for organization or work unit which affecting them to reach that vision. Transformational leadership is extensive and integrated skills which owned by the leaders which is needed for personals, groups and organizations in order to generate transformations which recognized through revolution in every stage of activity (Hacker & Robberts in Damayanti, 2021). While the essence of transformational leadership could be seen through the process of inspiring, developing and empowering subordinates (Yukl in Adhi & Aima, 2021). Bass & Avolio in Yukl (2017) argues that there are four dimensions of transformational leadership such as: idealized influence, inspirational motivation, intellectual stimulation and individualized consideration.

**Motivation**

Motivation could be referred to an availability of motives that established work enthusiasm of person, so they willing to work together, work effectively and work integrated with all their efforts to achieve satisfaction (Hasibuan, 2014). According to Uno & Koni (2013) work motivation is one of the factors which determine a person’s performance. The amount of influence of motivation on individual’s performance depends on how much intensity of motivation was given. Sutrisno (2016) explained that motivation is a factor that encourages someone to do a certain activity, motivation is often interpreted as a driving factor behind person’s behavior. Based on Maslow in Hasibuan (2014) in an efforts to fulfilling someone needs in increasing motivation, we needs to pay attention to their physiological needs, safety needs, affection needs, esteem needs and self-actualization needs.

**Conceptual Framework**

According to the phenomena, theories and several previous research that have been put forward, the conceptual framework could be describe as follows:
The research design used was included in quantitative research in order to understand, explain and investigate further regarding the connection between independent variables and dependent ones. Organizational culture and transformational leadership are grouped as exogenous variables, while motivation plays as a mediator and last but least the achievement of employee which include as endogenous variable. The population used in this research involved all employees of PT. KHMI with total of 170 people, while the research sample which measures by 5% rates Slovin formula were 120 respondents. The method used for collecting data are library research and field research such as interviews, observations and delivering questionnaires. The data analysis method that used in order to examine the hypothesis in this research are through SEM-PLS that conducted by performing outer and inner model tests.

**RESEARCH METHODS**

Elicited from the respondents' answers, it is known that the majority of respondents are male (89.17%) which aged between 26-35 years (47.5%) and have a high school education background (70%) also been working for 3-5 years (54.17%). This indicated that the majority of respondents are male employees who have high mobility and well known to the company because have been work for a long time, but those improvements need to be made through basic leadership training and increasing self-motivation, so it would lift up their performance as well.

**FINDINGS AND DISCUSSION**

**Characteristics of Respondents**

According to the convergent validity test results illustrates these all indicators have an outer loading value of > 0.7 so that it can be declared as valid. Furthermore, based on the data reliability test, it could be seen these variables contain of CR values > 0.7 and Cronbach's Alpha > 0.6 so it said reliable.
Table 1. Data instrument test results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Outer Loading</th>
<th>Cronbach’s Alpha</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Culture</td>
<td>0.799-0.959</td>
<td>0.983</td>
<td>0.985</td>
</tr>
<tr>
<td>Transformational Leadership</td>
<td>0.881-0.961</td>
<td>0.982</td>
<td>0.984</td>
</tr>
<tr>
<td>Motivation</td>
<td>0.735-0.905</td>
<td>0.977</td>
<td>0.979</td>
</tr>
<tr>
<td>Employee Performance</td>
<td>0.827-0.911</td>
<td>0.967</td>
<td>0.971</td>
</tr>
</tbody>
</table>

R-Square, Predictive Relevance, GoF, and R² Evaluation

According to the results from the determination coefficient test, it reveals that the R² value for the employee performance variable is 0.825 and the motivation variable is 0.670. This could be said that employee performance can be explained by all exogenous variables 82.5% and motivation can be explained by transformational leadership and also organizational culture by 67%. Based on the Q-Square test results, it said that result is 1 < 0.9446 > 0 which means that the research model has a good goodness of fit. From the GoF test result, it is obtained that a GoF index > 0.36 so that it can be explained if the overall combined performance was good. Based on the results of R² evaluation test, it was found that the F-count value is 185.5789 which greater than the F-table (2.68) meaning if these variables are mixed together definitely has impact to the employee performance.

Hypothesis Test

Seeing from the bootstrapping test result, it can be seen that the t-statistics are between 3.415 to 4.095, so all direct effects can be said as positive and significant. In examine the indirect effect, the results of t-statistic was greater than t-table (1.98), so it can be said that motivation plays an important role in mediating the effect of exogenous variables on endogenous variables in this research.

Table 2. Bootstrapping test results

<table>
<thead>
<tr>
<th>Pengaruh Langsung</th>
<th>Original Sample (O)</th>
<th>Sample Mean (M)</th>
<th>Standard Deviation (STDEV)</th>
<th>T Statistics (O/STDEV)</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Culture Kinerja</td>
<td>0.273</td>
<td>0.270</td>
<td>0.080</td>
<td>3.415</td>
<td>0.001</td>
</tr>
<tr>
<td>Motivation Employee Performance</td>
<td>0.379</td>
<td>0.375</td>
<td>0.093</td>
<td>4.095</td>
<td>0.000</td>
</tr>
<tr>
<td>Transformational Leadership</td>
<td>0.326</td>
<td>0.334</td>
<td>0.093</td>
<td>3.496</td>
<td>0.001</td>
</tr>
<tr>
<td>Organizational Culture Motivation</td>
<td>0.464</td>
<td>0.466</td>
<td>0.096</td>
<td>4.806</td>
<td>0.000</td>
</tr>
<tr>
<td>Transformational Leadership Motivation</td>
<td>0.397</td>
<td>0.392</td>
<td>0.101</td>
<td>3.943</td>
<td>0.000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pengaruh Tidak Langsung</th>
<th>Original Sample (O)</th>
<th>Sample Mean (M)</th>
<th>Standard Deviation (STDEV)</th>
<th>T Statistics (O/STDEV)</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Culture Motivation</td>
<td>0.176</td>
<td>0.176</td>
<td>0.061</td>
<td>2.874</td>
<td>0.004</td>
</tr>
<tr>
<td>Transformational Leadership Motivation</td>
<td>0.150</td>
<td>0.145</td>
<td>0.049</td>
<td>3.074</td>
<td>0.002</td>
</tr>
</tbody>
</table>

Inter-Dimensional Correlation Analysis

From these inter-dimensional test results, the greatest connection appears on the dimensions in organizational culture and motivation which is the dimension of outcome/result orientation and the dimensions of self-actualization needs, this reveals that the dimension of result orientation in organizational culture variable is very necessary for any increase in self-actualization needs as part of the dimensions of the motivation variable. The greatest correlation value between the dimensions of transformational leadership and
motivation is Inspirational Motivation and Self-Actualization Needs, this meaning that the dimension of inspirational motivation in the transformational leadership variable is indispensable for any increase in self-actualization needs as part of the dimensions of motivation variable.

The greatest correlation value between the dimensions of organizational culture variable and employee performance variable are the innovation and risk taking dimension with the quantity of work, this explains that the innovation and risk taking dimensions in the organizational culture variable are indispensable for any increase in the quantity of work as part of dimensions of employee performance variables. The greatest correlation value occurred between the dimensions of the transformational leadership variable and employee performance which is Inspirational Motivation and Intellectual Stimulation with work quality, this explains that the dimensions of inspirational motivation and intellectual stimulation in transformational leadership variables are indispensable for any improvement in work quality as part of the variable dimensions of employee performance. The greatest correlation value between the dimensions in the motivation variable and employee performance are in the self-actualization needs and effectiveness, this could be interpreted as the self-actualization needs in the motivation dimension is very necessary for any improvement in the effectiveness of the employee performance variable.

Discussion

Organizational culture directly has a positive and significant influence towards employee performance of PT. KHMI. Meaning the higher organizational culture applied by the employees, the higher the performance of the employees of PT. KHMI will be. Fahmi (2013) states that organizational culture is a habit which stick for a long time which used and applied in the daily work activities as one of triggered to improve the quality of work of employees and company managers. Organizational culture are the personality which shows the characteristics of the psychological atmosphere of the organization which has an important meaning for organizational life, comfort, smoothness and its effectiveness so that it will increase employee motivation and absolutely affect the increasing in individual and organizational performance (Robbins & Judge, 2015). If it is associated with the correlation matrix outcomes, it can be seen that the dimensions of innovation and risk taking in organizational culture have a very strong correlation with the dimensions of work quantity on the employee performance variable. This indicates that employees who have innovation and dare to take risks will have the ability to complete tasks and work in accordance with the targets set. Therefore, companies needs to continue to provide encouragement to employees in order to continue their innovate so that the quantity of employee work could be increase. The results were supported the research by Suryadi & Aima (2019) and Febriyarso & Ruslan (2021) who found that organizational culture has a positive affect on improving the employee performance. Although it is not the variable which has the highest influence on employee performance, but this variable has a significant effect in improving the employee performance of PT. KHMI.

Motivation directly has a positive and significant influence on the performance of employees of PT. KHMI. Meaning the higher motivation of employees, the higher the performance of employees will be. The success of an organization is very dependent on its human resources in managing the organization, for that improving employee performance in an organization requires continuous and maintained motivation. Motivation is a person’s will that causes that person to take action and it is certainly affect individual’s performance. Hamzah in Soulisa et al, (2020) defines that motivation is one of the factors that could determine a person’s performance, the size of the influence for work motivation in a person’s performance depends on how much intensity of motivation was given. If it is associated with
the results of the correlation matrix between dimensions, it can be seen from the self-actualization needs dimension on motivation which has a very strong correlation with the effectiveness dimension on the employee performance variable. This indicates that in order to increase the effectiveness of employees’ work, they really need support from the organization to assist employees in achieving their self-actualization needs. Trough the appreciation given by the company in the form of promotions for its employees, it will help employees to continue to develop themselves optimally, so that the employees will capable to utilize the existing resources both within themselves and the company optimally to improve their performance. The results of this research are in line with the research by Riyanto & Prasetyo (2021) and Febriyarso & Ruslan (2021) which presents that motivation has a positive and significant affect on employee performance. Although these are not the highest influence on employee performance, but these variable has a significant affect to lift up the employee performance of PT. KHMI.

Transformational leadership directly affect on the performance of employees at PT. KHMI. This could be means that the better the transformational leadership, the better the employee performance will be. Bass & Avolio in Yukl (2017) found that transformational leadership is an interaction between leaders and employees characterized by the influence of leaders to change employee behavior. A transformational leader can influence others to achieve organizational goals, inspire and motivate others to achieve more than the targets set (Bass & Avolio in Yukl, 2017). Leaders who adopt a transformational leadership style will also be able to increase employee motivation to achieve high quality of work performance (Bass & Avolio in Yukl, 2017). Transformational leadership is the variable which has the most dominant influence on employee performance, so companies really need to apply this transformational leadership to every boss at PT. KHMI in order to improve the performance of its employees. The results of this study are in line with the research of Rahmawaty & Lo (2021) and Dewi et al. (2018) who found that transformational leadership has an affect on employee performance. If it is associated with the results of the correlation matrix between dimensions, it can be seen that the dimensions of inspirational motivation and intellectual stimulation in transformational leadership have a very strong correlation with the dimensions of work quality on the employee performance variable. This means that leaders who provide motivation, carry out their duties well and provide recognition for their employees’ work performance will be able to encourage employees to improve their quality of work. Therefore, the leader of PT. KHMI really needs to consider to these things so the quality of work of its employees could be reach optimally.

Organizational culture directly has a positive and significant impact to the motivation of employees at PT. KHMI. This means that the better the organizational culture, the motivation of PT. KHMI’s employee will increase. Organizational culture is shared values, principles, traditions and ways of doing something which could affect to the way on how organizational members will act towards something(Robbins & Coulter, 2012). Wirawan in Kaswan (2017) defines that organizational culture acts as a guide in controlling and carrying out work activities for each member in the organization, therefore it will increase work motivation. Rahmawaty & Lo (2021) state that organizational culture is the most core part of an organization, which has the power to influence the success or failure of an organization. The organizational culture which applied by employees will be able to increase their work motivation (Rahmawaty & Lo, 2021). If it is associated with the results of the correlation matrix between dimensions, it can be seen that the outcome orientation dimension in organizational culture has a very strong correlation with the self-actualization needs dimension on the motivation variable. Meaning that employees who are committed to achieving maximum performance will be able to achieve their self-actualization needs. Therefore, the company should be continue to evaluate the performance produced by its
employees to ensure that the resulting performance is in accordance with the commitments goals which set by PT. KHMI. These results are in line with the research by Putra & Dewi (2019) and also Pane (2019) who declared that organizational culture has a positive and significant impact on employees work motivation.

Transformational leadership directly has a positive and significant impact towards the motivation of employees at PT. KHMI, this means that the better the transformational leadership, the better motivation will be. Bass & Avolio in Yukl (2017), transformational leadership is an interaction between leaders and employees characterized by the influence of leaders to change the employee behavior, good transformational leadership will be a liaison between employees and the organization to create synergy and encourage their motivation to achieve maximum performance. Riyanto et al, 2021). If it is associated with the results of the correlation matrix between dimensions, it can be seen that the dimension of inspirational motivation in transformational leadership has a very strong correlation with the dimensions of self-actualization needs on the motivation variable. This illustrates that leaders who can motivate their subordinates will be able to increase employee motivation in order to achieve self-actualization needs through the work they do. Therefore, the leader of PT. KHMI should be able to inspire its employees to generate work motivation of the employees themselves. These results were in accordance with the research by Nugrogo et al, (2020) who found that employee motivation can increase due to several factors, one of that is the transformational leadership factor. In addition to this, this research were also confirms the research by Yanto & Aulia (2021), Putra & Dewi (2019) and Pane (2019) whose declared that transformational leadership had a positive and significant affect on employee motivation.

Motivation is able to mediate the influence of organizational culture on employee performance, but because the direct influence of organizational culture on employee performance was greater than its indirect effect then it could be concluded that the motivation partially mediates the indirect effect of organizational culture on employee performance. Maslow in Hasibuan (2014) defines that motivation is an aspect that influences the achievement of someone’s goals. This Motivation related to the strength or drive factor which exists within employees causing conditions in the form of a variety of intensity, quality, direction and behavior at work. Motivated employees will expend a higher level of effort towards the goals set by the organization based on the organizational culture that they adhere to. In addition, a strong organizational culture such as information disclosure and participation of all members of the organization in achieving organizational goals can be continuously developed. When work motivation increases, it will encourage employees to improve their quality and timeliness in completing their work (Putra & Dewi, 2019). These results are in line with Pane’s research (2019) who found that motivation has an important role in mediating the influence of organizational culture on employee performance. From this research it could be said that the motivational variable mediates organizational culture positively and significantly on employee performance. This is in accordance with the real conditions of the field whereas the employees who have high work motivation will produce maximum performance compared to other employees who don’t and even with the similar organizational culture.

Motivation could be able to mediate the affect of transformational leadership on employee performance, but because the direct influence of transformational leadership on employee performance was greater than its indirect effect, then it could be said that motivation partially mediates the indirect effect of transformational leadership on employee performance. Maslow in Hasibuan (2014) states that motivation is a way to optimize the potential of employees so they could be work together productively in a system that has been set by the leaders of the organization in order to realize the target set. Furthermore, Riyanto et al (2021) defines that good transformational leadership will be a liaison between employees
and the organization in order to create synergy and their motivation to achieve maximum performance. From this research it can be concluded that the motivational variable mediates transformational leadership positively and significantly towards the performance of employee. This statement based on the real conditions on the field, those employees who have high work motivation will continue to improve their performance in order to get appreciation from their superiors. Through this appreciation, employees will get more enthusiastic to do their work, so they will bring out their best potential which impact to their work performance and productivity. These results are in line with the research by Putra & Dewi (2019) Yanto & Aulia (2021) Widodo (2017) and Pane (2019) who declared that motivation plays an important role in mediating the influence of transformational leadership on employee performance. With the correct position of motivation, it will increase the influence of transformational leadership on employee performance indirectly (Nugroho et al, 2020).

CONCLUSION AND RECOMMENDATION

According to the research findings and discussion above, it can be concluded that: 1) Organizational culture has a positive and significant affect towards employee performance at PT. KHMI; 2) Motivation has a positive and significant affect towards employee performance at PT. KHMI; 3) Transformational leadership has a positive and significant affect towards the employees performance of PT. KHMI; 4) Organizational culture has a positive and significant influence on employees motivation at PT. KHMI; 5) Transformational leadership has a positive and significant influence on motivation at PT. KHMI; 6) Organizational culture has a positive and significant influence on employee performance at PT. KHMI through motivation as a mediating variable; and 7) Transformational leadership has a positive and significant influence on employee performance of PT. KHMI via motivation as a mediating variable.

Based on the research results that has been conveyed priorly, the recommendations which can be submitted from these research are: 1) Companies need to strive to encourage the employees in order to innovate so that their performance could be improve. This encouragement could be done by holding regular competitions in the field of innovation, kaizen (improvement) competitions, Quality Control Circle Awards (QCC Awards) and so on. These events are expected to boost the performance of employees such as their work quality, quantity of work, punctuality, work effectiveness and independency; 2) To enhance their work effectiveness, those employees really need support from the organization to assist in achieving their self-actualization needs. Things such as appreciation given by the company in the form of promotions to employees, job rotation to improve skills, education and training will help the employees to continue to develop themselves optimally, therefore the employees are capable to utilize existing resources both within themselves and the company to improve their performance. 3) Companies are needed to continuously improve the ability of their leaders from various levels starts from leaders to directors. The leader’s ability to motivate, performed tasks well and provide recognition for employee performance in an efforts to encourage employees to lift up their quality of works. Those Efforts that the company need to do, such as, conduct training for the leaders regarding the leadership, supervisory management, team building, and so on. These trainings are expected to change the mindset of the leaders in managing their subordinates; 4) Companies need to continue to develop the ability of their leaders in terms of intellectual stimulation to their subordinates, because this will be an accurate way to improve the employee performance, particularly their quality of work. The development of these leaders can be focused on the ability to create new ideas and thought, the ability to explain the duties and functions of subordinates, how to perform tasks so well, problem solving and decision making methods. For example, training on how to give
an insight or brainstorm, training on work methods, problem solving or interpersonal and decision making. These trainings are needed in order to provide a basis way of the leaders in managing and controlling their subordinates and 5) It is very recommended for the further research which will conduct similar research to adding several independent variables that excludes from this research such as compensation, competence, work environment, training as well as the development in which these variables can also added to earned wider outcomes regarding the factors that affects the accomplishment of employee.

BIBLIOGRAPHY


