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THE EFFECT OF INTRINSIC MOTIVATION AND ORGANIZATIONAL CULTURE ON EMPLOYEE ENGAGEMENT MEDIATED PERFORMANCE AT PT XYZ

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ARTICLE INFORMATION

Received: 24 September 2020

Revised: 20 October 2020

Issued: 02 December 2020

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DOI: 10.38035/DIJEFA

Abstract: This study aims to analyze the influence of intrinsic motivation and organizational culture on employee performance mediated by employee engagement. The object of this research is the employees of PT XYZ. A total of 100 respondents filled out a questionnaire, the sample was taken using a saturated sample of 100 employees. This research was conducted from October 2019 to April 2020 at the PT XYZ office. The sampling technique used was saturated sampling. Data were analyzed using the Smart PLS (Partial Least Square) path analysis application. The results of this study indicate that Intrinsic Motivation and Organizational Culture have a positive and significant effect on performance. Meanwhile Employee Engagement becomes a mediation between Intrinsic Motivation and Organizational Culture on Performance. Employee Engagement perfectly mediates Intrinsic Motivation. And Employee Engagement partially mediates Organizational Culture.

Keywords: Intrinsic Motivation, Organizational Culture, Employee Engagement, Employee Performance.

INTRODUCTION

The rapid development of technology and information at this time demands that every company must strive to always be a superior company in its field to face increasingly fierce business competition. As a result, PT XYZ is faced with big challenges in order to survive, therefore, the company needs to carry out various kinds of appropriate strategies to be able to compete with competing companies. The success of a company in achieving this goal cannot be separated from the existence of human resources or human capital in it, which plays a very important role in running a business to meet the needs of the company in achieving its goals.

Background

PT XYZ is one of the foreign companies located in Indonesia, with a core business as a telecommunication solution provider created as a result of the combination of the COM Division of Siemens AG and the Network business group Nokia. The company announced its founding on June 19, 2006. The Nokia Networks identity was created by the branding company Moving Brands, which is based in London and Tokyo, within 2 months and first launched at the 3GSM World Congress at Barcelona in February 2007. PT XYZ as a network provider company where employees have highly skilled competences in their fields and have good loyalty to the company, so that the company pays close attention to the competence of its employees for the progress of the company. This explain why it can compete with similar competitor companies such as Huawei, Ericson, and ZTE. In this case, PT XYZ understands that employees with good skills and competencies are very valuable assets for the company.

The results of interviews with key persons were interview results regarding the decline in employee performance due to a lack of career development programs provided by the company, which resulted in low intrinsic motivation. And the lack of seriousness of employees in working so that they can finish their work until completion, so that it has an impact on low employee engagement or employee engagement. In addition, it is also based on interviews with key persons who reveal the lack of input from others to evaluate work. This has an impact on the low quality of organizational culture at PT XYZ.

Previous research also found the relationship between these problems. Research of Ridwan Isya Luthfi, Heru Susilo and Muhammad Faisal Riza, explains that intrinsic motivation has a positive and significant effect on employee performance [1]. Aditia Rachmatullah also shows that intrinsic motivation has a significant effect on employee engagement by 48-% [2], research by Alinvia Ayu Sagita, Heru Susilo and Muhammad Cahyo WS, which states that implementing a suitable organizational culture will have a positive impact on work motivation there by increasing employee performance in the company. [3] The research conducted by Agnes Wahyu Handoyo and Roy Setiawan states that employee engagement is determined by work environment, leadership, team and coworkers, training and career development, compensation, organizational policies, and work welfare. The results of this study indicate that employee engagement has a positive and significant effect on employee performance [4].

From the description above, it appears that the intrinsic motivation and organizational culture are not optimal so that employee engagement is low, which ultimately results in suboptimal employee performance. Based on this background, we are interested in conducting research related to "The Effect of Intrinsic Motivation and Organizational Culture on Employee Performance Mediated by Employee Engagement at PT XYZ."

LITERATURE REVIEW

Intrinsic Motivation

Herzberg in Tjahjono (2003) explains that there are two types of factors that encourage a person to try to achieve satisfaction and keep away from dissatisfaction. The two factors are called motivator factors (intrinsic factors) and hygiene factors (extrinsic factors). Intrinsic motivation consists of 3 factors, namely job performance, recognition, and increasing responsibility [5].

Organizational culture

According to Hofstede (2001) *"Dimension of culture is The comparison of cultures presupposes that there is something to be compared - that each culture is not so unique that any parallel with another culture is meaningless."* This understanding can be understood that cultural comparison presupposes that there is something to be compared - that every culture is not so unique, that every culture that is parallel to other cultures does not have that meaningful meaning. The following are the cultural dimensions constructed by Hofstede and other researchers: 1. *Power distance*, 2. *Individualism / collectivism*, 3. *Masculinity / femininity*, 4. *Uncertainty avoidance* [6].

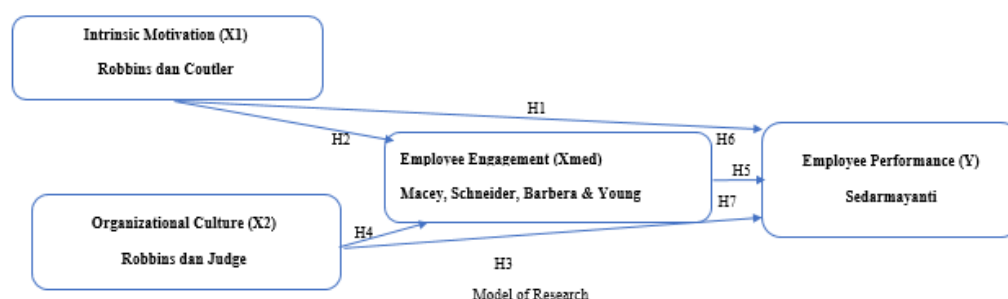
Employee Engagement

Employee engagement is a condition, positive attitude or behavior of an employee towards the job and organization which is characterized by feelings of enthusiasm (vigor), dedication and preoccupation (absorption) to achieve organizational goals and success. According to Schaufeli and Bakker (2004), employee engagement is positive thinking, namely thoughts of completing work-related things and characterized by vigor (energy and mental resilience at work), dedication (participating in work experiencing a sense of enthusiasm and challenges), and absorption. (Concentration and happy at work) [7].

Employee performance

According to Sedarmayanti (2009: 50) the definition of employee performance in his book "Sumber Daya Manusia dan Produktivitas Kerja", namely: "How an employee performs his job or for work. Increased employee performance will also affect the improvement of the performance of the organization where the employee works, so that the organizational goals that have been determined can be achieved" [8].

The Research Conceptual Framework Model is described as follows:



Hypothesis

H1: Intrinsic motivation has a significant effect on employee performance.

H2: Intrinsic motivation has a significant effect on employee engagement.

H3: Organizational culture has a significant effect on employee performance.

H4: Organizational culture has a significant effect on employee engagement.

H5: Employee engagement has a significant effect on employee performance.

H6: Intrinsic motivation has a significant effect on employee performance which is mediated by employee engagement.

H7: Organizational culture has a significant effect on employee performance mediated by employee engagement.

RESEARCH METHOD

The method used in this research is a descriptive method with a quantitative approach and a causal research method. The object of this research is the employees of the head office of PT XYZ. A total of 100 respondents filled out the questionnaire. The sampling technique used was saturated samples. Data were analyzed using the Smart PLS (Partial Least Square) path analysis application.

RESULTS AND DISCUSSION

Frequency Distribution

Based on the results of the questionnaire that had been distributed, it was found that men were 61%, while women were 39%. In terms of education, it is dominated by employees with a bachelor's degree (S1) as many as 64%; employees with a Diploma Three (D3) education as many as 28%; while employees with a high school education / equivalent are 5%; and employees with a Strata Two education (S2) as many as 3%. In terms of age, 45% are dominated by employees aged 30 to 40 years; employees over 41 years old are 30%; while employees aged 20 to 30 years are 25%. Meanwhile, for the length of work, there are 58% of employees who have been working 5 to 10 years, 20% of employees who have been working 1 to 5 years, while 12% of employees who have been working more than 1 year.

Evaluation of the Outer Model

According to Ghazali & Latan, an indicator is considered to have a high level of validity if it has a loading factor value greater than 0.70. However, the loading factor of 0.50 to 0.60 is still acceptable. The loading factor value used in this study is > 0.6 so that if the loading factor value is < 0.6 in the calculation result of the measurement model (outer model), it will be excluded from the model and recalculated in the measurement model (outer model).

Table.1 Convergent Validity 1

Variabel	Indikator	Outer Loading
Intrinsic Motivation (X1)	M1	0.808
	M2	0.778
	M3	0.757
	M4	0.587
	M5	0.694
	M6	0.696
	M7	0.641
	M8	0.693
	M9	0.244
	M10	0.783

Variabel	Indikator	Outer Loading
Employee Engagement (Xmed)	E1	0.718
	E2	0.671
	E3	0.602
	E4	0.348
	E5	0.875
	E6	0.789
	E7	0.888
	E8	0.719
	E9	0.529
	E10	0.571
	E11	0.860
	E12	0.712
	E13	0.844
	E14	0.725

Variabel	Indikator	Outer Loading
Organizational Culture (X2)	BO1	0.432
	BO2	0.774
	BO3	0.821
	BO4	0.797
	BO5	0.760
	BO6	0.777
	BO7	0.078
	BO8	0.820
	BO9	0.785
	BO10	0.759
	BO11	0.713
	BO12	0.633
	BO13	0.814
	BO14	0.651

Variabel	Indikator	Outer Loading
Employee Performance (Y)	K1	0.576
	K2	0.845
	K3	0.876
	K4	0.915
	K5	0.941
	K6	0.908
	K7	0.705
	K8	0.820
	K9	-0.566

Based on the first calculation, there are several indicators that are invalid, so they are removed from the model then the second calculation is carried out.

Table.2 Convergent Validity 2

Variabel	Indikator	Outer Loading Value
Intrinsic Motivation (X1)	M1	0.832
	M2	0.786
	M3	0.733
	M5	0.688
	M6	0.720
	M7	0.657
	M8	0.692
	M10	0.797

Variabel	Indikator	Outer Loading
Employee Engagement (Xmed)	E1	0.716
	E2	0.669
	E3	0.594
	E5	0.878
	E6	0.803
	E7	0.894
	E8	0.696
	E11	0.865
	E12	0.728
	E13	0.855
	E14	0.740

Variabel	Indikator	Outer Loading Value
Organizational Culture (X2)	BO2	0.773
	BO3	0.821
	BO4	0.797
	BO5	0.757
	BO6	0.774
	BO8	0.818
	BO9	0.790
	BO10	0.763
	BO11	0.715
	BO12	0.632
	BO13	0.811
	BO14	0.657

Variabel	Indikator	Outer Loading
Employee Performance (Y)	K2	0.819
	K3	0.876
	K4	0.928
	K5	0.951
	K6	0.927
	K7	0.717
	K8	0.826

Based on the second calculation, there is one invalid indicator on the employee engagement variable, so it is removed from the model then the third calculation is carried out.

Table.3 Convergent Validity 3

Variabel	Indikator	Outer Loading
Intrinsic Motivation (X1)	M1	0.832
	M2	0.786
	M3	0.732
	M5	0.687
	M6	0.721
	M7	0.656
	M8	0.693
	M10	0.797

Variabel	Indikator	Outer Loading
Employee Engagement (Xmed)	E1	0.694
	E2	0.628
	E5	0.889
	E6	0.809
	E7	0.904
	E8	0.706
	E11	0.874
	E12	0.741
	E13	0.861
	E14	0.748
	E1	0.694

Variabel	Indikator	Outer Loading
Organizational Culture (X2)	BO2	0.764
	BO3	0.774
	BO4	0.822
	BO5	0.798
	BO6	0.757
	BO8	0.774
	BO9	0.819
	BO10	0.789
	BO11	0.715
	BO12	0.632
	BO13	0.812
	BO14	0.656

Variabel	Indikator	Outer Loading
Employee Performance (Y)	K2	0.820
	K3	0.875
	K4	0.928
	K5	0.951
	K6	0.927
	K7	0.715
	K8	0.826

Furthermore, the discriminant validity test was carried out based on the results of cross loading and declared valid.

Table 4. Discriminant Validity

Variable	Indikator	IM	OC	EE	EP	
Intrinsic Motivation (X1)	M1	0.832	0.652	0.605	0.411	
	M2	0.786	0.712	0.725	0.612	
	M3	0.732	0.616	0.490	0.349	
	M5	0.687	0.579	0.421	0.332	
	M6	0.721	0.542	0.500	0.346	
	M7	0.656	0.505	0.388	0.285	
	M8	0.693	0.656	0.711	0.601	
	M10	0.797	0.742	0.564	0.367	
	Organizational Culture (X2)	BO2	0.682	0.774	0.567	0.454
		BO3	0.707	0.822	0.584	0.418
BO4		0.612	0.798	0.573	0.491	
BO5		0.628	0.757	0.517	0.389	
BO6		0.610	0.774	0.515	0.363	
BO8		0.649	0.819	0.585	0.500	
BO9		0.698	0.789	0.744	0.621	
BO10		0.706	0.764	0.534	0.333	
BO11		0.618	0.715	0.536	0.365	
BO12		0.577	0.632	0.468	0.362	
BO13		0.732	0.812	0.606	0.432	
BO14		0.587	0.656	0.761	0.627	

Variable	Indikator	IM	OC	EE	EP	
Employee Engagement (Xmed)	E1	0.531	0.592	0.694	0.561	
	E2	0.448	0.501	0.628	0.504	
	E5	0.791	0.769	0.889	0.668	
	E6	0.587	0.623	0.809	0.678	
	E7	0.717	0.738	0.904	0.699	
	E8	0.671	0.648	0.706	0.417	
	E11	0.667	0.648	0.874	0.695	
	E12	0.462	0.480	0.741	0.717	
	E13	0.618	0.640	0.861	0.826	
	E14	0.601	0.538	0.748	0.714	
	Employee Performance (Y)	K2	0.682	0.609	0.796	0.820
		K3	0.492	0.503	0.742	0.875
		K4	0.486	0.525	0.742	0.928
		K5	0.510	0.577	0.773	0.951
K6		0.501	0.562	0.741	0.927	
K7		0.413	0.450	0.585	0.715	
K8		0.476	0.429	0.599	0.826	

Furthermore, the reliability test was carried out based on composite reliability and Cronbach's alpha with each condition being above 0.70 so that the instrument would be considered reliable.

Table 5. Reliability

Variabel	Composite Reliability	Cronbach's Alpha
Intrinsic Motivation (X1)	0.906	0.883
Organizational Culture (X2)	0.943	0.934
Employee Engagement (Xmed)	0.943	0.931
Employee Performance (Y)	0.954	0.943

Evaluation of the Inner Model

The first stage is to test the coefficient of determination by looking at the value of R Square, where Ghazali & Latan classifies the R-Square value of 0.75, 0.50, and 0.25 into strong, moderate, and weak model.

Table 6. R-Square

Variabel	R Square
Employee Engagement (Xmed)	0.657
Employee Performance (Y)	0.692

From these results, it can be concluded that the intrinsic motivation and organizational culture variables influence employee engagement and performance moderately. Furthermore, the Goodness of Fit Index (GoF) test is carried out, with the following calculations:

$$\begin{aligned}
 \text{GoF} &= \sqrt{(\text{AVE} \times \text{R}^2)} \\
 &= \sqrt{((0.580 + 0.625 + 0.751 + 0.548) / 4) \times ((0.657 + 0.692) / 2)} \\
 &= \sqrt{(0.626 \times 0,6745)} \\
 &= 0.649
 \end{aligned}$$

From the calculation results, the GoF Index value is considered large because the value is more than 0.36. Then the last one is to test the hypothesis, where the t table value is obtained at 1.97377 with a significance level of significance (α) of 0.05.

Table 7. Path Coefficients

Construct Correlation	Original Sample	T Statistik	P Values
Direct			
Intrinsic Motivation → Employee Performance	0.324	2.971	0.000
Intrinsic Motivation → Employee Engagement	0.480	4.629	0.000
Organizational Culture → Employee Performance	0.371	3.289	0.000
Organizational Culture → Employee Engagement	0.388	3.579	0.000
Employee Engagement → Employee Performance	0.695	9.387	0.000
Indirect			
Intrinsic Motivation → Employee engagement → Employee Performance	0.430	3.214	0.000
Organizational Culture → Employee engagement → Employee Performance	0.347	3.831	0.000
Total			
Intrinsic Motivation → Kinerja Karyawan	0.754	4.202	0.000
Organizational Culture → Employee Performance	0.718	3.553	0.000

The results showed that there was a positive and significant influence of intrinsic motivation on employee performance in line with the research of Ridwan Isya Luthfi, Heru Susilo and Muhammad Faisal Riza [9]. Intrinsic motivation also has a positive and significant effect on employee engagement in line with research by Aditia Rachmatullah [10], and employee engagement also has a positive and significant effect on employee performance in line with the research of Agnes Wahyu Handoyo and Roy Setiawan [11]. This is a continuation of intrinsic motivation that affects employee engagement, which ultimately affects employee performance. In this case employee engagement acts as a perfect mediator between intrinsic motivation and employee performance.

The research results also show that there is a positive and significant influence of organizational culture on employee performance in line with research by Alinvia Ayu Sagita, Heru Susilo and Muhammad Cahyo WS [12]. So, if the organizational culture is getting better, the employee's performance will also increase. In addition, the influence of organizational culture on employee performance can be stronger if mediated by employee engagement. In this study, it shows that organizational culture has a positive and significant effect on employee engagement in line with Muhammad Rizza Akbar's research [13], and as previously explained that employee engagement has a positive and significant effect on employee performance. And employee engagement strengthens the influence of organizational culture on employee performance.

CONCLUSION

From the research results it can be concluded that the direct influence of intrinsic motivation on employee performance gives positive but insignificant results. Nevertheless, in the indirect effect of mediating employee engagement, intrinsic motivation has a positive and significant effect on employee performance. So, it can be concluded that employee engagement perfectly mediates intrinsic motivation on employee performance. And the direct influence of organizational culture on employee performance gives smaller results than the indirect effect. So, it can be concluded furthermore that employee engagement partially mediates organizational culture on employee performance.

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