



## **THE INFLUENCE OF ORGANIZATIONAL CULTURE AND WORK MOTIVATION ON EMPLOYEE PERFORMANCE AT PT. MILLENIUM RATANINDO PERKASA**

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### **Abstract**

This research is entitled the influence of organizational culture and work motivation on employee performance at PT. Millenium Ratanindo Perkasa which aims to find out how organizational culture and work motivation influence employee performance. This research method is quantitative and the population of this research is employees of PT. Millenium Ratanindo Perkasa. The sample collection method is non-probability sampling with a collection technique, namely purposive sampling, namely sampling based on criteria. The sample consists of 100 permanent production division employees. The analysis technique in this research uses the Partial Least Square (PLS) method. The results of this research prove that: (1) Organizational culture has a positive effect on employee performance. (2) Work Motivation has a positive effect on Employee Performance

**Keywords:** Organizational culture; Work motivation; Employee performance

### **INTRODUCTION**

One of the important issues to be considered in a company is the management of human resources, where this management certainly emphasizes the goals to be achieved. The Company's goals can be achieved if the elements within the business scope support them, including the performance of employees in the Company. In achieving the vision, mission and goals that have been determined together with the Company, conducive performance conditions and harmony among employees within the Company are required, including that leaders and subordinates each have a significant role in achieving the Company's goals. Human resources are one of the The main factor or key to getting the best performance, because HR is a factor in determining and achieving goals effectively and efficiently. Performance is the result of work in terms of quality and quantity achieved by employees in carrying out their duties in accordance with the responsibilities given to them (Sopiah, & Sangadji, 2018).

Employee performance is one of the Company's goals that is achieved, because success can be determined by the individual performance of the Company which can be known through a very important assessment. Performance is everything that influences how much they contribute to the organization. Improving performance for both individuals and groups is the center of attention in efforts to improve organizational performance. (Moeljahwati et al., 2020). To improve employee performance, there are many factors that influence it, where in this research the focus is on the issue of organizational culture and work motivation on employee performance. This is in accordance with the theory put forward by (Edy, 2020) that a strong and positive organizational culture greatly influences behavior and

effectiveness of company performance, this is because organizational culture is an invisible social force, which can move people within a company to carry out work activities. A strong organizational culture will support organizational goals, whereas a weak organizational culture will hinder or conflict with organizational goals.

According to Hasibuan (2019), work motivation is the provision of a driving force that creates enthusiasm for someone's work so that they want to work together, work effectively, and integrate with all their efforts to achieve satisfaction. This research takes as its object the company PT. Millenium Ratanindo Perkasa which is a company engaged in wood processing (Furniture). The main products produced by PT. Millenium Ratanindo Perkasa are work tables, chairs and cupboards for foreign/export consumers, namely the USA (America). Union). Competent and quality human resources in a company are closely related to employee performance in a company. However, in general, the problem faced by a company is how to manage employees so that they can provide high employee performance. This relates to the results of tasks in the activities of production or Operational Production employees at PT Milenium Ratanindo Perkasa where performance results can be seen from the conformity between the tasks given and the work results both in quality and quantity achieved by employees in carrying out their duties with full responsibility.

Based on the description above, the objectives of this research are: (1) To analyze the influence of Organizational Culture on the performance of PT employees. Ratanindo Perkasa Millennium. (2) To analyze the influence of motivation on the performance of PT employees. Ratanindo Perkasa Millennium.

## **LITERATURE REVIEW**

### **Organizational culture**

Organizational culture is related to how employees perceive the characteristics of an organization's culture, not to whether they like the culture or not, meaning that culture is a descriptive term. Culture or culture comes from the Sanskrit language, namely buddhayah, which is the plural form of buddhi (mind and reason) which is interpreted as things related to the human mind and reason. Organizational culture According to (Robbins, 2018:118) Organizational culture is shared values or principles, traditions and ways of doing things that influence the way organizational members act. It was also stated by (Emron et al, 2018: 117) that organizational culture is the result of the process of merging the cultural style or behavior of each individual that was previously brought into a new norm and philosophy, which has the energy and pride of the group in facing certain things and goals.

As explained previously, it can be concluded that organizational culture is a concept that continues to develop and must be considered in an organization to successfully create a good culture within the Company. According to (Sulaksono, 2019), the organizational culture indicators for measuring organizational culture are as follows: 1) Aggressive at work. 2) Oriented towards the results to be achieved. 3) Team oriented. 4) Ability to improve work results. 5) Maintain and maintain work stability.

### **Work motivation**

According to (Sunyoto, 2018), motivation explains how to encourage someone's work enthusiasm, so that they are willing to work by providing their abilities and expertise optimally to achieve organizational goals. Motivation plays an important role because with motivation it is hoped that every employee will work hard and be enthusiastic to achieve high work productivity. A person's behavior is influenced and stimulated by desires, fulfillment of needs as well as goals and satisfaction. Timbu stimulation; from inside and outside. This stimulation will create an urge for someone to carry out an activity. According to Hasibun (in Febrianti, N.R., 2019) motivation is the provision of driving force that creates enthusiasm for someone's work so that they want to work together, work effectively and be integrated with all efforts to achieve satisfaction.

According to (Andika, 2019) Motivation is one of the things that influences human behavior. Motivation is also referred to as a driver, desire, supporter or needs that can make someone enthusiastic and motivated. To reduce and fulfill one's own impulses, so that one can act and act in certain ways that will lead to a good direction. Motivation greatly influences employee or employee performance. Because in general employees will have high work productivity if the company supports the implementation of their duties. From the opinions above, it can be concluded that motivation is an impulse from within that influences humans to carry out certain activities in order to achieve what is needed or desired. The indicators of work motivation according to George in (Gunawan et al., 2020) are as follows 1). Physical needs. 2) The need for security and safety. 3) Social needs. 4) The need for appreciation. 5) The need for self-realization.

### **Employee performance**

According to Bernadin & Russel in (Gunawan and Osnadi, 2020) performance is a record of the results obtained from specific job functions or certain activities over a certain period of time, in this definition Bernardin and Russell emphasize the understanding of performance as the result of a job and their contribution to an organization . Performance is the result obtained by a profit-oriented and non-profit oriented organization that is produced during a period of time Fahmi, 2014 (in Prasetyo et al., 2022). Apart from that, performance is the result of work that has been achieved by completing the tasks and responsibilities that have been given within a certain period of time (Lilyana, B., De Yusa, V., & Yatami, 2021).

Meanwhile, according to Mangkunegara, 2009 (in Ronal & Hotlin, 2019) performance can be interpreted as the results of work that is both quality and quantity achieved by employees in carrying out tasks in accordance with the responsibilities given to them. Based on the opinions above, it can be concluded that performance is everything an employee achieves in giving all his abilities to obtain the best results by considering quantity and quality so that effectiveness and efficiency are obtained in all

activities and can encourage the development of a company in a more advanced direction. The indicators of employee performance according to Nurjaya (2021) which can measure employee performance are as follows. 1) Quantity of work output. 2) Quality of work results. 3) Work discipline. 4) Initiative. 5) Responsibility.

## METHOD

This research uses a quantitative approach with a population of all employees of the Production Department of PT Ratanindo Perkasa. Meanwhile, in determining the sample using a non-probability sampling method with a collection technique, namely purposive sampling. The criteria in this research are employees of PT. Millennium Ratanindo Perkasa. The sample in this study consisted of 100 respondents. The research instrument uses a questionnaire using a Google form which has been designed so that it is able to measure each question's weight on all variables with partial least squares (PLS) analysis which uses a Likert scale to measure the indicators at levels from points 1 to 5.

## RESEARCH RESULTS AND DISCUSSION

In the PLS technique, there is a measurement model (outer model) and a structural model (inner model). The measurement model explains how large the proportion of variance explained in the latent variable corresponds to each variable or manifest indicator. Due to the nature of the measurement model, it is possible to determine which indicators play a greater role in forming the latent variable. If the outer model has been described and explained, then the next process is the inner model, where this process will examine the influence of each variable between the exogenous variables on the endogenous variables that will be investigated.

### *Convergent Validity*

Table 1 Outer Loadings

|      | Organizational Culture (X1) | Work motivation (X2) | Employee performance (Y) |
|------|-----------------------------|----------------------|--------------------------|
| X1.1 | 0.762                       |                      |                          |
| X1.2 | 0.747                       |                      |                          |
| X1.3 | 0.785                       |                      |                          |
| X1.4 | 0.774                       |                      |                          |
| X1.5 | 0.767                       |                      |                          |
| X2.1 |                             | 0.751                |                          |
| X2.2 |                             | 0.783                |                          |
| X2.3 |                             | 0.807                |                          |
| X2.4 |                             | 0.818                |                          |
| X2.5 |                             | 0.835                |                          |
| Y1   |                             |                      | 0.767                    |
| Y2   |                             |                      | 0.801                    |
| Y3   |                             |                      | 0.852                    |
| Y4   |                             |                      | 0.786                    |
| Y5   |                             |                      | 0.856                    |

Source: 2023 data processing, SmartPLS output

From the table above, the validity of indicators is measured by looking at the Factor Loading Value of the variable to the indicator. It is said that the validity is sufficient if it is greater than 0.5 and/or the T-Statistic value is greater than 1.96 (Z value at  $\alpha = 0.05$ ). Factor Loading is a correlation between an indicator and a variable. If it is greater than 0.5, it is considered that its validity is met. Likewise, if the T-Statistic value is greater than 1.96, then its significance is met.

Based on the outer loading table above, all reflective indicators on the variables Reward (X1), Organizational Culture (X2), Work Motivation (Z1), and Employee Performance (Y1), show factor loadings (original sample) greater than 0.50 or significant (the T-Statistic value is more than the Z value  $\alpha = 0.05$  (5%) = 1.96) or the PValues are smaller than 0.05, thus the estimation results for all indicators have met convergent validity or good validity.

Table 2 Discriminant Validity

|                                    | Average Variance Extracted (AVE) |
|------------------------------------|----------------------------------|
| <b>Organizational Culture (X1)</b> | <b>0.588</b>                     |
| <b>Employee performance (Y)</b>    | <b>0.661</b>                     |
| <b>Work motivation (X2)</b>        | <b>0.639</b>                     |

Source: 2023 data processing, SmartPLS output

The next measurement model is the Avarage Variance Extracted (AVE) value, namely the value indicating the magnitude of the indicator variance contained by the latent variable. Convergent AVE value greater than 0.50 indicates good validity for the latent variable. Reflective indicator variables can be seen from the Avarage Variance Extracted (AVE) value for each construct (variable). A good model is required if the AVE value of each construct is greater than 0.50. The results of the AVE test for the variables organizational culture and Work Motivation, as well as Employee Performance, thirdly show that all research variables have met good Convergent Validity.

AVE Test Results for the Organizational Culture variable (X1) is 0.588, the Motivation variable (X2) is 0.661 and Employee Performance (Y) is 0.639. These three variables show an Average Variance Extracted (AVE) value above the cut-off of 0.5 so it can be said that overall The variables in this research have good validity.

Table 3 Composite Reliability

|                                    | Composite Reliability |
|------------------------------------|-----------------------|
| <b>Organizational Culture (X1)</b> | <b>0.877</b>          |
| <b>Employee performance (Y)</b>    | <b>0.907</b>          |
| <b>Work motivation (X2)</b>        | <b>0.898</b>          |

Source: 2023 data processing, SmartPLS output

In PLS, the relationship between variables or constructs can be correlated with each other, be it exogenous and endogenous variables, or exogenous and exogenous variables as shown in the latent

variable correlations table above. The relationship between variables has a maximum correlation value of 1, the closer the value is to 1, the better the correlation.

### PLS Model Analysis

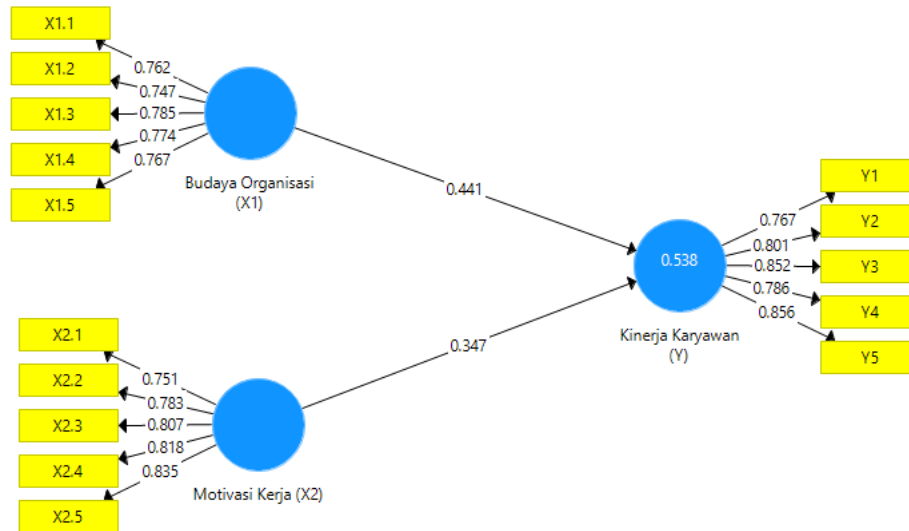


Figure 1 PLS Model Analysis

From the PLS output image above, it can be seen that the value of the factor loading for each indicator is located between the arrows between the variables and the indicator with the lowest cut off value is 0.5. It can be said that its validity is met. If the factor loading value is below the cut off, it must be eliminated to obtain validity. which is good, you can also see the magnitude of the path coefficients which are above the arrow line between the exogenous variables and the endogenous variables. Apart from that, you can also see the size of the R-Square which is right inside the circle of endogenous variables.

### R-Square

Table 4 R Square

|                                 | R Square |
|---------------------------------|----------|
| <b>Employee performance (Y)</b> | 0.538    |

Source: 2023 data processing, SmartPLS output

In this research model there are two R-Squares, including:

R<sup>2</sup> value of Employee Performance (Y1) = 0.538%, this can be interpreted that the model is able to explain the phenomenon of Employee Performance (Y1) which is influenced by the variables Organizational Culture (X1), Work Motivation (X2) with a variance of 53, 8% while the remaining 46.2% is explained by other variables outside this research.

Apart from knowing the R<sup>2</sup> value, the Goodness of Fit of the research model can be known from the magnitude of Q<sup>2</sup> or Q-Square predictive relevance for the structural model, namely to measure how

good the observation values produced by the model are and also the estimated parameters. Q-square value  $> 0$  indicates the model has predictive relevance; Conversely, if the Q-Square value  $\leq 0$  indicates the model lacks predictive relevance. Q-Square calculations are carried out using the formula:

$$Q^2 = 1 - (1 - R_1^2)(1 - R_2^2) \dots (1 - R_p^2)$$

In the formula above,  $R_1^2, R_2^2 \dots R_p^2$  is the R-square of the endogenous variable in the equation model. The  $Q^2$  quantity has a value in the range  $0 < Q^2 < 1$ , where the closer it is to 1, the better the model. The quantity  $Q^2$  is equivalent to the total coefficient of determination in path analysis. In this study, the value of  $Q^2$  was equal to:

$$Q^2 = 1 - (1 - 0,538) = 0,538$$

From the results of the  $Q^2$  calculation with a result of 0.538, it can be concluded that the research model can be said to meet predictive relevance.

### **Path Coefficient**

Table 5 Mean, STDEV, T-Values, P-Values

|                                                         | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics ( O/STDEV ) | P Values     |
|---------------------------------------------------------|---------------------|-----------------|----------------------------|--------------------------|--------------|
| Organizational Culture (X1) -> Employee Performance (Y) | 0.441               | 0.435           | 0.113                      | 3.911                    | <b>0.000</b> |
| Work Motivation (X2) -> Employee Performance (Y)        | 0.347               | 0.349           | 0.099                      | 3.493                    | <b>0.001</b> |

Source: 2023 data processing, SmartPLS output

From the table above it can be concluded that the hypothesis states:

- H<sub>1</sub>. Organizational culture has an acceptable positive effect on employee performance, with path coefficients of 0.441, and T-statistic values of  $3.991 > 1.96$  (from the table value  $Z\alpha = 0.05$ ) or P-values of 0.000 (smaller than 0.05), then the result is significant (positive).
- H<sub>2</sub>. Work Motivation has an acceptable positive effect on Employee Performance, with path coefficients of 0.347, and T-statistic values of  $3.493 > 1.96$  (from the table value  $Z\alpha = 0.05$ ) or P-values of 0.001 (smaller than 0.05), then the result is significant (positive).

### **The Influence of Organizational Culture on Employee Performance**

Based on the results obtained in this research, it is in accordance with the proposed hypothesis that Organizational Culture (X1) has a significant positive effect on Employee Performance (Y) of PT. Ratanindo Perkasa Millennium is acceptable. This research is in line with that conducted by Nazhar Amin Firmansyah and Vera Maria (2022) who stated that there is a significant influence between work motivation and employee performance.

The results of this test show that the Work Motivation indicator, namely Qualification, has the most significant loading factor, namely  $X1.3 = 0.785$ . This means that this indicator provides the highest information on the variable of Organizational Culture. The results of this research show that the Organizational Culture Qualifications at PT. The Ratanindo Perkasa Millennium is a key factor in shaping the success of Organizational Culture.

### **The Influence of Work Motivation on Employee Performance**

Based on the results obtained in this research, it is in accordance with the proposed hypothesis that Work Motivation (X2) has a significant positive effect on Employee Performance (Y) of PT. Ratanindo Perkasa Millennium is acceptable. This research is in line with that conducted by Nazhar Amin Firmansyah and Vera Maria (2022) who stated that there is a significant influence between work motivation and employee performance.

The results of this test show that the Work Motivation indicator, namely Qualification, has the most significant loading factor, namely  $X2.5 = 0.835$ . This means that this indicator has the highest level of information regarding the variable of work motivation. The results of this research show that the Organizational Culture Qualifications at PT. The Ratanindo Perkasa Millennium is a key factor in shaping the success of Work Motivation.

### **CONCLUSION**

Based on the test results using PLS to test the influence of Organizational Culture and Work Motivation variables on Employee Performance, the following conclusions can be drawn:

1. Organizational Culture improves the performance of PT employees. Millennium Ratanindo Perkasa. Namely the orientation towards the team so that the better the cooperation is carried out and implemented, the more employee performance will increase at PT. Millennium Ratanindo Perkasa.
2. Work motivation is able to improve employee performance at PT. The Millennium Ratanindo Perkasa has increased, namely increasing work stability so as to maintain work stability. And increasing employee performance at PT. Millennium Ratanindo Perkasa.

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