THE EFFECT OF CORPORATE CULTURE AND COMPENSATION TOWARD EMPLOYEE PERFORMANCE THROUGH EMPLOYEE MOTIVATION AFTER THE MERGER (PT BINA PERTIWI CASE STUDY)

Agus Mustofa¹, Nila Krisnawati¹, Firdaus Basbeth²

¹Swiss German University, Tangerang, Indonesia
²IPMI Business School, Jakarta, Indonesia

ABSTRACT
Changes that occur very quickly cause companies to be more innovative and adaptive to the changes themselves. Employee and company performance is important because it is related to its sustainability in the long term. On the other hand, companies must also pay attention to cultural, compensation, and motivational factors to achieve an effective and efficient performance. This research examines the influence of corporate culture and compensation on employee performance with motivation as an intervening variable. This is a quantitative study using primary data; Structural Equation Modelling (SEM) PLS is used to analyse the data obtained from PT Bina Pertiwi. The researcher obtained 100 respondent data based on predetermined criteria, which were analysed using SmartPLS software. According to the findings of this study, work culture has a positive impact on employee performance. Employee motivation mediates corporate culture on employee performance, but employee motivation does not mediate compensation effect on employee performance. PT Bina Pertiwi needs to improve the factors that affect employee motivation and performance such as work culture.

Keyword: Corporate Culture, Employee Compensation, Employee Motivation, Employee Performance
1. Background

Changes that occur very quickly cause companies to be more innovative and adaptive to the changes themselves. Companies must prepare several strategies (such as mergers and acquisitions) in managing the organization to achieve excellence in the industry. Transformation continues in all fields, and this has an impact on the business world. In this regard, one of the challenges that must be faced in front of our eyes is the VUCA world. The era of volatility, uncertainty, complexity, ambiguity (VUCA), and the era of disruption today must be well understood by companies. Significant changes in the behavioral aspects and work culture of superior human resources affect company performance (Pathiranage et al., 2020).

Corporate culture is one of the main factors affecting company performance in recent decades. Organizational culture is a set of values, beliefs, and behavioral patterns that subconsciously encourage corporate members to make every choice and decision that benefits the organization's have started to decline, especially at PT Bina Pertiwi, while at PT Andalan Multi Kencana there is still an increase in sales. Moreover, in 2020, there was a significant decrease in sales for the two companies, namely 27%, which resulted in the company experiencing losses.

According to the results of personal communication with the Head of the Human Resources Division of PT Bina Pertiwi; some employees have complained about differences that occurred with the company prior to the merger, such as compensation, working hours, and their authority or responsibility. They only want to work according to the hours of entry and return with the same pay as before, even though their superiors still require them.

Before the merger, the two companies indicated that heavy equipment and spare parts sales were also stable despite experiencing a downturn due to very challenging global and domestic conditions. PT Bina Pertiwi's company revenue has decreased, which is thought to result from a decrease in employee motivation due to the influence of compensation and the influence of post-merger corporate culture.

PT Andalan Multi Kencana focus on the aftermarket, which includes non-genuine Komatsu parts; sales were relatively stable at 1,221,864 billion from 2015 to 2018. Similarly, PT Bina Pertiwi (BP) focuses on selling Komatsu, Komatsu spare parts, and after-sales, and sales have been relatively stable, averaging 892,597 billion. The merger process began in 2019, the sales of the two companies did not experience a significant decline.

The main objective of the merger is to increase synergy so that the company and employees perform better, both economic synergy, technology synergy, and managerial synergy. However, in many studies, the calculation of financial performance shows no change, even tends to decline, such as research conducted by Akhbar, RT, Nurdin, A., & Maspupah, US (2021) shows that company performance shows that there is no improvement after mergers and acquisitions. Likewise, research on mergers and acquisitions conducted by other researchers Richard (2020) uses financial ratios which are grouped into three ratios, namely the liquidity ratio, the profitability ratio, and the solvency ratio. It is suspected that the contributing factor is differences in corporate culture.

According to Safitri (2018), motivation is the result of several internal or external processes that create enthusiasm in carrying out an activity. Motivation is a state in which a person encourages specific desires to be carried out to achieve their goals. When companies merged, there were
several different employee compensations and employee recognition.

Providing high compensation to employees is expected to create productivity, profit, growth, minimize risks and improve employee and company performance. This is explained by Husni et al. (2020). They explain that with the right compensation system for employees, it is hoped that employees will not try to find additional income elsewhere and stay focused on the main goals of the company. Caprio et al. (2010) proved that compensation could reduce risk and improve employee and company performance.

The decline in employee performance can also be affected by income or compensation for employees. At PT Bina Pertiwi compensation is divided into two, namely fixed income and variable income. Fixed income includes basic salary, fixed allowances received every month, while variable income includes incentives, bonuses, and overtime.

Before joining, each company has its own corporate culture. Researchers see that employees cannot apply the old corporate culture in the company after the merger. Therefore, management took steps to create a new corporate culture. PT Bina Pertiwi has a new corporate culture which was inaugurated in November 2019. A company's culture is a set of shared and firmly held norms and values throughout the organization (Zhao et al., 2018). Corporate culture can influence performance in three ways: by increasing internal coordination and control, by increasing goal alignment between the company and its members, and by improving employee performance (Guiso et al., 2015).

Employee commitment to the company can be developed through compensation and corporate culture; employees strengthen their bonds with the company and are motivated to perform better (Zhao et al., 2018). Corporate culture can influence employee priorities to encourage consumers or clients to prioritize over efficiency (Jacobs et al., 2013).

On the other hand, there are differences in the findings of previous studies, specifically the findings of Widyaningsih & Arfiansyah (2020) research, which concludes that partial compensation has no significant effect on motivation. In contrast to the findings of Putri et al. (2019) research, compensation has a significant impact on performance. Then, according to Agung & Arianto (2013) research, work culture has no significant impact on motivation, which contradicts Rizal et al. (2020), who claim that work culture has a significant impact on motivation. Then, according to Iswandani (2016) research, work motivation has a significant impact on employee performance. Work motivation has no effect on employee performance, contrary to Halim (2020). Of course, these two factors point to a disagreement or research gap in the findings of these studies. This stimulates the researcher to validate the impact of compensation and culture on motivation and employee performance.

1.1 Research Problems

Based on the background described and several previous studies, it is suspected that corporate culture and compensation conditions are causing a decline in the performance of PT Bina Pertiwi (BP) employees. The decrease in employee compensation causes decreased employee performance and motivated employees not to provide the best for the company.

Differences in work culture between BP and AMK have an impact on cooperation in work. This is reflected in the working relationship between employees, where the working relationship is not harmonious. Unharmonious work relationships cause employee productivity or performance to decline. In addition, the decrease in
employee compensation is due to decreased company performance which results in employees not being motivated to provide the best for the company. This is, of course, also caused by a decrease in employee motivation, where employees feel they do not have the enthusiasm to move forward. Employees find it difficult to drive in achieving optimal performance.

1.2 Research Objectives

The research question was based on the variables that the researcher explained, namely the effect of corporate culture and compensation on employee motivation and employee performance, after studying the problems that resulted in a decrease in employee motivation, which resulted in a decrease in employee performance.

1. To investigate the relationship between employee compensation and employee motivation
2. To investigate the relationship between corporate culture and employee motivation
3. To investigate the relationship employee compensation and employee performance mediated by employee motivation
4. To investigate the relationship corporate culture and employee performance mediated by employee motivation
5. To investigate the relationship between employee motivation and employee performance.

2. Literature review

2.1 Employee Compensation

Compensation management is an important tool in management’s toolbox for motivating employees and positively impacting employee behavior and productivity. In order to achieve an organization's goals, compensation management determines employee hiring and retention. It serves as the foundation for individual participation in improving employee performance (Adeoye & Fields, 2014).

According to Hasibuan in Halim (2020), the compensation payment system that is commonly applied is: The amount of compensation (salary, wages) is determined by time standards such as hours, weeks, or months in the time system. The amount of compensation/wages is determined in the output system based on the unit produced by the worker, such as per piece, meter, liter, and kilogram. The wholesale system is a wage system that bases the number of services on the volume of work and the amount of time spent doing.

Dimensions and indicators of compensation in accordance with those often used in company regulations consist of salary, bonus, wages, this is called financial compensation. On the other hand, in non-financial terms, insurance, allowances, and so on. Each company has different indicators in the process of providing compensation for employees. Rivai (2014) explains the dimensions and indicators of makeup compensation, specifically direct and indirect compensation

1. Direct monetary compensation, which consists of salary, bonus and incentive.
2. Indirect monetary compensation (fringe benefit) Indirect monetary compensation (Fringe benefit) is an additional compensation provided to all employees based on company policy in an effort to improve employee welfare. One example is the provision of services such as insurance, allowances, pensions, and so on.

The organization can obtain / create, maintain, and maintain productivity with compensation. Without adequate compensation, existing employees tend to leave the organization, resulting in high levels of absenteeism or poor discipline, as well as other complaints.
2.2 Employee Motivation

Motivation can be defined according to the theory of needs developed by McClelland. McClelland's theory of needs developed Herzberg's two-factor theory. McClelland establishes the theory of motivation and proposes that achievement, affiliation, and power motivate employees (Valaei & Rezaei, 2016), while Herzberg et. al. in Valaei & Rezaei (2016) discusses motivational factors influenced by employee job satisfaction or dissatisfaction. Managers can learn which factors have the most impact on team members through interactions with employees. Employees are motivated by a variety of factors, and their behaviors will differ depending on the most powerful motivator.

Motivation is a psychological process in humans that is heavily influenced by a variety of factors. Herzberg et al. in Wirawan (2013) describes the factors that affect work motivation; these factors can arise from within (intrinsic) and from outside (extrinsic). Intrinsic factors such as work attitudes, talents, interests, satisfaction, experience, and so on. External (extrinsic) factors such as supervision, salary, work environment, and leadership. From the preceding, it can be seen that everyone has a specific want and need and expects something from their work.

2.3 Corporate Culture

Culture is the norm and value that guides organizational members' behavior (Lutham, 2012). An organizational culture is a set of beliefs, values, and behaviors that are typically learned to cope with and live in an organization. Organizational culture is typically manifested by members of the organization (Fachreza et al., 2018). A company culture is a set of norms and values that are widely shared and strongly held across the organization (Zhao et al., 2018).

Organizational culture can emerge from a variety of sources, including the founders' beliefs (Martnez-Caas & Ruiz-Palomino, 2014). According to Uddin, Luva, and Hossian (2013), the sources of organizational culture also include members of organizational beliefs and learning experiences. According to Robbins and Judge (2013), organizational culture is a system that shares meanings that are firmly held by members of the organization and serves as a differentiator between one organization and another.

Based on the theory put forward by Robbins & Judge (2013) regarding organizational culture, there are 7 dimensions regarding organizational culture, namely:

1. The degree to which employees are expected to provide accuracy, analysis, and attention to detail.
2. Innovation and risk taking, i.e. the degree to which employees are expected to be innovative and willing to take risks.
3. Results-oriented, i.e. management focuses on the outcomes rather than the methods and processes used.
4. People-oriented, that is, the level at which management decisions are based on considering the impact of the results on members in the organization.
5. Team-oriented, that is, work activities are managed in groups rather than individually.
6. Aggressiveness, or the degree to which everyone is competitive and aggressive rather than calm.
7. Stability, or the degree to which organizational activities prioritize maintaining the status quo over growth.

2.4 Employee Performance

Wirawan (2013) defines performance as "the output produced by functions or indicators of a job or a profession within a specific time frame." Work is defined as the...
activity of completing or creating something that only requires specific manpower and skills, such as that performed by blue collar workers.

Employee performance is the result of a number of factors working together. These factors are the organization's internal environmental factors, external environmental factors, and employee internal factors (Wirawan, 2013). This assistance has a significant impact on employee performance. Other internal organizational factors such as organizational strategy, necessary resource support, and management and compensation systems. Performance appraisal is very valuable information for planning and making decisions about human resources because through the performance appraisal of human resources in a company, it can be known and mapped. The explanation of the benefits of the performance appraisal is performance improvement.

From these factors, the dimensions and indicators that makeup employee performance are compiled. Wirawan (2013) classifies the dimensions of employee performance into three types, namely work results, work behavior, personal characteristics that have something to do with work. Work results, behavior, and personal characteristics are examples of these dimensions. The outcome of the work. The quantity and quality of work performed by organizational members in carrying out work activities to achieve organizational goals are reflected in the work results. The fruit of the business is the work result, which can be in the form of activities or physical (goods) whose quantity and quality can be measured.

2.5 Study Differences /Similarities

Researchers discovered a positive relationship between work motivation and work culture in this study; for example, the need for achievement and organizational performance culture are related to job satisfaction. According to the literature, the synergy between individual motives and needs and organizational culture strengthens the relationship between job satisfaction and corporate culture. In several previous studies that examined the influence of Organizational Culture on motivation carried out by Ardiana (2017), Rizal, Idrus, & Mintarti (2014) investigated the relationship between pay and performance. According to the findings of his study, compensation has a significant impact on organizational performance.

There is a significant relationship between corporate culture and company performance in this study. According to the study's findings, organizational culture is an important component of organizational performance and a source of long-term competitive advantage (Putra & Dewi, 2019; Tobing & Syaiful, 2018; Sutrisno, 2015). In several previous studies examining the influence of Organizational Culture on performance conducted by Nugroho (2019) has found that organizational culture has a significant impact on work performance, implying that work organizational culture will create an environment that supports employees in achieving performance effectiveness. Siswanto (2018) and Andriani (2016) confirm these results. The findings of his study, titled The Influence of Organizational Culture on Performance, show that Organizational Culture has a significant impact on employee performance.

3. Hypothesis

*Hypothesis #*

H1: Employee compensation have significant influence to employee motivation.

H2: Corporate Culture have significant influence to employee motivation.
H3: Employee Compensation have significant influence to employee performance mediated by Employee Motivation.

H4: Corporate Culture have significant influence to Employee performance mediated by Employee Motivation.

H5: Employee Motivation have significant influence to employee performance

4. Result and Discussions
The results can be used to answer the hypothesis in this study based on the data processing that has been done. In this study, hypothesis testing was done by looking at the T-Statistics and P-Values values. If the P-Values are less than 0.05, the research hypothesis is considered accepted. The following are the findings of hypothesis testing obtained through the inner model in this study:

**Table 1. T-Statistics and P-Values**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Path Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>STDEV</td>
</tr>
<tr>
<td>Corporate Culture → Employee Motivation</td>
<td>0.728</td>
</tr>
<tr>
<td>Employee Compensation → Employee Motivation</td>
<td>0.129</td>
</tr>
<tr>
<td>Employee Motivation → Employee Performance</td>
<td>0.327</td>
</tr>
</tbody>
</table>

Based on the data in the table above, of the hypotheses proposed in this study, 2 can be accepted because each effect shown has a P-Values 0.05, and 2 can be rejected because each effect shown has a value P-Values > 0.05, indicating that the independent variable has a significant influence on the dependent.

**Hypothesis #**

H0 #1 Employee compensation has no significant effect on employee motivation.

H1 #1 Employee compensation has a significant effect on employee work motivation.
According to the results of hypothesis testing, the P-Values that form the effect of employee compensation on work motivation are 0.137 with a T-Statistics value of 1.486, implying that employee compensation has no effect on work motivation.

Table 2. P Value – Hypothesis 1

<table>
<thead>
<tr>
<th>Hypothesis 1</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>Corporate Culture -&gt; Employee Motivation</td>
<td>0.728</td>
<td>0.711</td>
<td>0.064</td>
<td>11.343</td>
<td>0.000</td>
</tr>
<tr>
<td>Employee Compensation -&gt; Employee Motivation</td>
<td>0.129</td>
<td>0.155</td>
<td>0.067</td>
<td>1.486</td>
<td>0.137</td>
</tr>
<tr>
<td>Employee Motivation -&gt; Employee Performance</td>
<td>0.527</td>
<td>0.531</td>
<td>0.066</td>
<td>6.127</td>
<td>0.000</td>
</tr>
</tbody>
</table>

H0 #2 Work Culture has no a significant effect on employee work motivation
H1 #2 Work Culture has a significant effect on employee work motivation

According to the results of hypothesis testing, the P-Values that form the influence of work culture on work motivation are 0.000 with a T-Statistics value of 11.343, implying that work culture influences work motivation.

Table 3. P Value – Hypothesis 2

<table>
<thead>
<tr>
<th>Hypothesis 2</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>Corporate Culture -&gt; Employee Motivation</td>
<td>0.728</td>
<td>0.711</td>
<td>0.064</td>
<td>11.343</td>
<td>0.000</td>
</tr>
<tr>
<td>Employee Compensation -&gt; Employee Motivation</td>
<td>0.129</td>
<td>0.155</td>
<td>0.067</td>
<td>1.486</td>
<td>0.137</td>
</tr>
</tbody>
</table>

H0 #3 Employee compensation has no a significant effect on employee performance which is mediated by employee motivation.
H1 #3 Employee compensation has a significant effect on employee performance which is mediated by employee motivation

Table 4. P Value – Hypothesis 3

<table>
<thead>
<tr>
<th>Hypothesis 3</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>Corporate Culture -&gt; Employee Motivation</td>
<td>0.384</td>
<td>0.379</td>
<td>0.077</td>
<td>4.967</td>
<td>0.000</td>
</tr>
<tr>
<td>Employee Compensation -&gt; Employee Performance</td>
<td>0.068</td>
<td>0.082</td>
<td>0.051</td>
<td>1.340</td>
<td>0.181</td>
</tr>
</tbody>
</table>

The P-Values that form the effect of employee compensation on employee performance with motivation as mediation are 0.181 with a T-Statistics value of 1.340, indicating that motivation does not mediate the effect of employee compensation on employee performance, according to the results of hypothesis testing.
H0 #4 Corporate culture has no a significant effect on employee performance which is mediated by employee motivation.

H1 #4 Corporate culture has a significant effect on employee performance which is mediated by employee motivation.

Table 5. P Value – Hypothesis 4

<table>
<thead>
<tr>
<th></th>
<th>Mean, STDEV, T-Values, P-Values</th>
<th>Confidence Intervals</th>
<th>Confidence Intervals Bias Corrected</th>
<th>Samples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Culture -&gt; Employee Motivation</td>
<td>0.384, 0.379, 0.077, 4.967, 0.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Compensation -&gt; Employee Performance</td>
<td>0.066, 0.082, 0.051, 1.340, 0.181</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

According to the results of hypothesis testing, the P-Values that form the influence of work culture on work motivation are 0.000 with a T-Statistics value of 4.967, implying that work culture affects performance with motivation acting as a mediator.

H0 #5 Employee motivation has not a significant effect on employee performance

H1 #5 Employee motivation has a significant effect on employee performance

Table 6. P Value – Hypothesis 5

<table>
<thead>
<tr>
<th></th>
<th>Mean, STDEV, T-Values, P-Values</th>
<th>Confidence Intervals</th>
<th>Confidence Intervals Bias Corrected</th>
<th>Samples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Culture -&gt; Employee Motivation</td>
<td>0.728, 0.711, 0.064, 11.549, 0.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Compensation -&gt; Employee Motivation</td>
<td>0.120, 0.150, 0.087, 1.486, 0.137</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Motivation -&gt; Employee Performance</td>
<td>0.527, 0.531, 0.096, 6.127, 0.000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

According to the results of hypothesis testing, the P-Values that form the influence of employee motivation on employee performance are 0.000 with a T-Statistics value of 6.127, implying that employee motivation influences employee performance.

4.1 Analysis of Hypothesis Test Results

It is known that two hypotheses are accepted and two are rejected based on the results of data processing performed to answer the proposed hypothesis. The following is an analysis of the relationship between variables based on the proposed hypothesis:

The effect of employee compensation on employee work motivation.

H1: Employee compensation has a significant effect on employee work motivation.

According to the results of hypothesis testing, the P-Values that form the effect of employee compensation on work
motivation are 0.137 with a T-Statistics value of 1.486, implying that employee compensation has no effect on work motivation. This is consistent with the findings of Murty (2015), who explain that the compensation provided by the company may not always motivate employees.

According to the facts discovered, employees of PT Bina Pertiwi receive compensation that has not been able to motivate employees in carrying out their responsibilities effectively; these findings correspond to the findings of the hypothesis testing that has been conducted. The T-Statistics value of 1.486 indicates that the effect of employee compensation on work motivation has a low significance level, according to the results of the path coefficient test in the evaluation of the inner model scheme. This is because the compensation provided does not correspond to the work performed. Compensation complaints are frequently brought to the attention of the leadership, but there has been no change.

In this regard, the role of compensation does not significantly affect work motivation at PT Bina Pertiwi. During the pandemic and unstable economic conditions, it is challenging for PT Bina Pertiwi to increase compensation to employees. The forms of compensation that can be given include flexibility in working time (the division of work from home and work from office according to company needs). This is in contrast to the research conducted by Laras et al. (2021) with the title The Effect of Work Environment and Compensation on Work Motivation and Performance: A Case Study in Indonesia; in his research, it is explained that compensation and the work environment in the organization determine employee motivation. Compensation (fixed salary and allowances) has a significant and positive effect on motivation. With the title The Effect of Competence and Compensation to Employee Motivation and Its Impact on Employee Performance, (Indarti, 2018), investigates the relationship between compensation and motivation in The Personnel and Training Board of Karawang Regency. According to the findings of his study, compensation has a significant impact on work motivation.

The influence of work culture on employee work motivation.

H2: Work Culture has a significant effect on employee work motivation

According to the results of hypothesis testing, the P-Values that form the influence of work culture on work motivation are 0.000 with a T-Statistics value of 11.343, implying that work culture influences work motivation. This is consistent with the findings of Subagyo et al. (2014), who conducted research titled Analysis of the Effect of Organizational Culture, Competence, and Commitment on Employee Performance Mediated by Work Motivation (Study on BPKP Representatives of Central Java Province). According to his research, work culture influences the work motivation of BPKP employees. A positive work environment can boost enthusiasm and sacrifice for the organization.

The facts found at PT Bina Pertiwi follow the hypothesis test results that have been carried out that corporate culture affects employee motivation at work. The eight pillars of PT Bina Pertiwi’s culture known as “GREAT” (Growth mindset, Respect, Excellence, Agile, Trustworthy) are strongly believed and implemented wholeheartedly.

The company realizes that the behaviour of employees at work strongly influences the sustainability of a company. The “GREAT” culture makes employees always strive to provide the best service to customers professionally with all their heart. In addition, employees also prioritize thinking, working, and working together in
a systematic, disciplined manner, using the principle of priority and mutual respect. Employees are always at the forefront and are proactive in providing the best solutions to become role models, inspirations, and motivations for their work environment.

Based on this, the work culture implemented by employees plays a significant role in motivating and supporting organizational performance. According to the results of the path coefficient test in the evaluation of the inner model scheme, the influence of work culture on motivation has the most robust level of significance compared to the influence of other variables, as indicated by the T-Statistics value of 11.343. This is due to the fact that work culture has a direct impact on the process of motivating employees.

In this regard, the role of work culture at PT Bina Pertiwi has a significant impact on work motivation. This is supported by Zhao et al. (2018) research, which explains that corporate culture can develop employee commitment to the company; employees are increasingly strengthening their bonds with the company and are motivated to perform better. When it comes to carrying out their responsibilities (Jacobs et al., 2013).

The effect of employee compensation on employee performance mediated by employee motivation

H3: Employee compensation has a significant effect on employee performance which is mediated by employee motivation.

The P-Values that form the effect of employee compensation on employee performance with motivation as mediation are 0.181 with a T-Statistics value of 1.340, indicating that motivation does not mediate the effect of employee compensation on employee performance, according to the results of hypothesis testing. This is consistent with the findings of Priyanto's (2016) study, which found that motivation does not mediate the effect of compensation on employee performance at PT Bo Kyung Pasuruan. According to the findings of his research, the compensation variable has a positive but not statistically significant effect on employee performance through motivation. The findings of this study contradict those of Rini et al. (2014) and Endrianingsih (2014), who found that compensation has a positive and significant effect on employee performance through motivation. Employees' primary consideration in carrying out their work is compensation; compensation is a source of income for both employees and their families.

The facts found; employees of PT Bina Pertiwi receive compensation that has not been able to motivate employees in carrying out their responsibilities effectively; the results are by the hypothesis test that has been carried out. The T-Statistics value of 1.340 indicates that the impact of employee compensation on performance by mediating motivation has a low level of significance, based on the results of the path coefficient test in evaluating the inner model (indirect effect). The provision of compensation may result in this condition not occurring as a result of the work done. Employees frequently complain about their pay for the work they do, but there is no visible change.

During the pandemic and unstable economic conditions, providing an increase in employee compensation is very difficult for PT Bina Pertiwi. Other forms of compensation that can be given include awards and work-life balance. With recognition and work-life balance, employees get things that can motivate them to work. Compensation is a benefit provided to employees as a substitute for performance-based contributions and as a means of motivating them.
The effect of work culture on employee performance mediated by employee motivation.

H4: Corporate culture has a significant effect on employee performance which is mediated by employee motivation.

According to the results of hypothesis testing, the P-Values that form the influence of work culture on work motivation are 0.000 with a T-Statistics value of 4.967, implying that work culture affects performance with motivation acting as a mediator. This is consistent with Subagio's (2014) research finding that work culture influences performance, with motivation acting as a moderator. His study is titled "Analysis of the Influence of Organizational Culture, Competence, and Commitment on Employee Work as Mediated by Work Motivation" (representative study of BPKP, Central Java province). In the results of this study, organizational culture also affects motivation, and motivation affects performance.

The facts found at PT Bina Pertiwi follow the hypothesis test results that have been carried out that corporate culture affects performance with motivation as a mediation. The eight pillars of PT Bina Pertiwi's culture known as “GREAT” (Growth mindset, Respect, Excellence, Agile, Trustworthy) are strongly believed and implemented wholeheartedly. The company realizes that employee performance is the spearhead of the company's progress which is influenced by an organizational culture that motivates employees. The “GREAT” Employees are encouraged by culture to always strive to provide the best professional performance to customers with all their hearts. This is supported by Wahyuni et al. (2021) research, which explains that work culture influences performance, with motivation acting as a moderator.

As a result, employee-created work cultures play a critical role in motivating and supporting organizational performance. According to the T-Statistics value of 4.967, the results of the path coefficient test for the evaluation of the inner, that the influence of work culture on motivation provides a strong significant level of influence between other variables. This is because the work culture actively participates in the process of motivating employees, which has an impact on employee performance.

The effect of employee motivation on employee performance

H5: Employee motivation has a significant effect on employee performance

According to the results of hypothesis testing, the P-Values that form the influence of employee motivation on employee performance are 0.000 with a T-Statistics value of 6.127, implying that employee motivation has an effect on employee performance. As a result, H5 is accepted; the motivation variable, as described above, has a significant influence on the employee performance variable. Employee motivation can improve performance, especially at PT Bina Pertiwi. Employees want reasonable motivation, and if motivation is hampered or reduced due to certain factors, their work becomes ineffective. Employees, particularly those at lower levels, can be retained and motivated to higher levels of performance and productivity if motivation is tailored to their needs. As a result, motivation has the greatest impact on supporting performance productivity.

The findings of this study are supported by previous research conducted by Murti (2013), which found that motivation has a significant influence on employee performance. Managers must develop a pay structure based on the importance of each
job, individual performance, and benefits to use rewards as a motivator. Subordinates will consider rewards, promotions, and self-actualization in the long run. PT Bina Pertiwi increased dramatically when work motivation was improved by improving career path management and adjusting salaries and benefits with KPIs, according to the Key Performance Indicators (KPI).

The results of the same study were also conducted by Sodikin (2013), demonstrating that motivation has a positive and significant effect on performance based on the analysis results. In his study, the variable of work motivation was able to improve the performance of Perum Damri Semarang employees. On the other hand, the findings of this study contradict previous research (Sudibya & Utama, 2012), which concluded that the work motivation variable has no significant effect on work effectiveness. Work motivation, according to his research, has not been able to improve the performance of Bali Provincial Public Works Service employees.

4.2 Research Model (After Hypothesis Analysis)

After each variable was analyzed and found that there are two hypotheses rejected. Therefore, in the case study of PT Bina Pertiwi, the research model will be as follow:

![Research Model](image)

**Figure 1. Research Model (After Hypothesis Analysis)**

5. Conclusion and Recommendation

5.1 Conclusion

Based on the results of data processing and analysis of the comprehensive research data, the conclusions that can be obtained are as follows:

1. Employee compensation has no significant impact on employee motivation. This means that if compensation improves, it will not necessarily affect PT Bina Pertiwi employees’ work motivation.
2. Workplace culture has a significant impact on employee motivation. This means that if the working conditions improve, it will have a significant impact on the increase in work motivation.
3. Employee motivation does not mediate the effect of compensation on employee performance. This means that if work compensation increases, it does not necessarily affect the increase in work motivation significantly and does not necessarily impact employee performance.
4. Employee performance is influenced by corporate culture, which is mediated by employee motivation. This means that if the work culture improves, it will have a significant impact on employee motivation and performance.
5. Employee performance is significantly influenced by employee motivation. This means that if the state of employee motivation improves, it will have a significant impact on employee performance.
5.2 Managerial Implication

Based on the findings of the discussion analysis and some of the conclusions stated above, the following recommendations can be made to complete the findings of this study:

1. PT Bina Pertiwi needs to improve the factors that affect employee motivation and performance. Following the results of this study, work culture is a significant influencing factor. The Human Capital Manager of PT Bina Pertiwi can consider the form of compensation in the form of money or other incentives according to the needs of employees to motivate and impact employee performance.

2. Based on the results of the descriptive analysis, PT Bina Pertiwi needs to consider the work culture so that it can be effective in carrying out its duties. Work culture at various levels of the office needs to be implemented following their competencies. Human Capital Manager of PT Bina Pertiwi can make activities needed to shape the organization's work culture so that employees are more motivated and impact their performance. A deep-rooted culture can form a productive ecosystem at work.

3. PT Bina Pertiwi should implement an appropriate work culture to increase employee motivation, which impacts overall work performance. The Human Capital Manager of PT Bina Pertiwi can analyze the most needed motivation to impact employee performance in carrying out their activities.

3. For further research, adding new variables to add insight into developing employee performance theory is possible.

5.3 Recommendations for Further Study

1. Further researchers can test the same model by researching new research objects outside of PT Bina Pertiwi.

2. Further researchers can research with a broader scope of research and use the population within a company to reflect the overall condition.

References


