

Effect of Employee Characteristics and Organizational Culture on Employee Performance Mediated By Motivation

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Abstract

Human resources are important factors that need to be considered by companies, with superior human resources, the company has the potential to achieve its goals effectively and efficiently. Besides that, the company can also win the competition and expand its business. This study aims to analyze the effect of employee characteristics and organizational culture on employee performance with motivation as a mediating variable. Using the purposive sampling technique, the respondents obtained are 125 employees of PT Nuansa Bumi. The technique used in analyzing the data in this research is Non-Probability sampling using SmartPLS tools. The results obtained from this study are that employee characteristics and organizational culture positively affect employee performance. Employee characteristics and organizational culture mediated by motivational variable also positively affect employee performance.

Keywords: employee characteristics; organizational culture; employee performance; motivation.

1. Introduction

In today's era of intense competition and rapid change, many companies are required to become prominent to win the competition. This requires companies to be able to continuously adapt to changes in their business environment. In responding to high levels of competition, unpredictable changes in the business environment, and unavoidable technological advances, companies are competing to make their human resources their primary focus (Lowe, 2021). Human resources play an essential role for companies in achieving goals and winning the business competition. In addition to playing an important role, human resources are also the center of a company in determining survival. The success or failure of the company in achieving its goals and winning its business competition can be seen from the performance of its human resources, meaning that the better the performance of the company's human resources, the easier it will be for the company to achieve its goals and win the business competition and vice versa (Fein et al., 2021). Reflecting on these conditions, companies need a good strategy and careful preparation in order to be able to adapt and excel in the competition in their business environment. Therefore, quality human resources are needed in order to place the company on the competitive path or even become a leader in the competition.

Advances in technology and the development of an increasingly fast era, coupled with the increasing number of similar companies in one industry, require companies to continuously improve the quality of their human resources (Kim et al., 2021). That way, employees (human resources owned by the company) can carry out their work professionally and responsibly and have a character that can help companies meet increasingly complex consumer needs and desires. Kiersch & Gullekson (2021) define character as a pattern of thinking and behaving of individuals to live and work, both in individual and group environments. Company employees with good character tend to control themselves so that they can indirectly improve individual performance in the company. Alqudah et al. (2022) define performance as a result of activities carried out consistently within a specific time. Improved performance within the company is seen in the individual character of employees and comes from the company culture (organizational culture) and employee motivation. In simple terms, corporate culture is a system that is run and embraced by community members. Meanwhile, motivation is a form of self-development that reflects the natural desire of employees to develop, actualize, and grow in the work environment (Kim et al., 2021). Another research found that

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corporate culture affects employee motivation. This means that a good corporate culture will increase employee motivation so that employees will continue to show their best performance in their jobs.

Human resources are recognized as one of the important things companies need to pay attention to win the competition in the current era of globalization. It is undeniable that many problems that arise in the development and competition in various companies in an industry originate from humans, where these problems can only be managed and solved by humans. Therefore, an important concept emerged that was recognized as the key to excellence in human resources, namely through the right people in the right place at the right time. Many things can be essential factors in creating superior human resources, such as the suitability of employee characteristics with the company (Godfroid et al., 2022), employee motivation to work (Parker et al., 2021), and a company culture that supports employee skill growth (Al-Swidi et al., 2021). In their research, Hidayat & Cavorina, (2018) found a partial effect on individual characteristic variables on performance. This indicates that employee characteristics following company goals will improve employee performance at work. Employee performance can also be improved through the implementation of an excellent organizational culture by employees. Winoto Tj (2020) explained that organizational culture and motivation positively and significantly influence employee performance; this means that employees who can implement organizational culture in their work activities and have high motivation at work will improve their performance.

2. Literature Review

2.1. Individual (Employee) Characteristic

Each human resource has individual characteristics that are different from one another. In general, individual characteristics are attitudes, perceptions, and abilities possessed by an individual that is different from other individuals. Gibson (2011) explains that individual characteristics are abilities, skills, backgrounds, and demographics, where each individual has specific expertise in one field. While the classification of demography, according to Gibson (2011), is gender and race, where these are all characteristics that individuals have, and these characteristics will enter a new environment, namely an organization. Individual characteristics can also be defined as attitudes towards oneself, interest in a job, response to a job, abilities, competencies, knowledge about a job, moods, emotions, feelings of belief in something, and the values adopted (Machado & Davim, 2018).

Human resources are an essential element that needs to be considered by companies, given that the existence of a company depends on its human resources. Every human resource in the company must have different characteristics from one another. Robbins & Judge (2017) explained that individual characteristics include personality, perceptions, attitudes, abilities, needs, beliefs, experiences, and expectations. Personality, namely how an individual communicates with other individuals; perception, namely, how an individual can interpret himself. Attitude is how an individual responds to a stimulus that occurs; the ability is an intellectual capacity of an individual that may be used to complete his work, needs, namely desires an individual that arises from within himself, trust is a belief that an individual recognizes in truth, experience is an ability that is continuously honed over a long period, and hope is the belief that specific actions will produce certain achievements.

2.2. Organizational Culture

Every company must have values or systems that become the primary benchmark for employees at work. These values and systems are called organizational culture that has been formed from the start of the company. Schein (2016) describes organizational culture as a system, values, and beliefs shared in an organization that becomes a reference for action. These systems, values, and beliefs distinguish one organization from another. Organizational culture will then become the main character or organizational identity that needs to be maintained, managed, and maintained. A strong organizational culture is essential for directing employee behavior at work because a solid organizational culture will help employees do a better job. Hence, every employee needs to understand the organizational culture and how the organizational culture can be implemented optimally (Hardcopf et al., 2021).

Javanmardi Kashan et al. (2021) explain that organizational culture can be defined as hidden values, beliefs, and assumptions shared by organizational members. Organizational culture is usually examined at the value level, with values being more visible than the underlying assumptions and more embedded in the organization's daily routine. These values are manifested through specific behaviors at the individual and organizational levels, which support a culture of innovation, such as risk-taking, experimentation, and creativity (Hogan & Coote, 2014). Scaliza et al.

(2022), in their theoretical review, showed that organizational culture consists of a set of shared attitudes, values, and meanings that last a long time and have influenced the thinking and behavior of company members. Then Naveed et al. (2022) define organizational culture as a model of assumptions developed by groups within an organization to overcome the problems of external adaptation and internal integration.

2.3. *Employee Performance*

The company can be considered good if its performance is better than in the previous period. Good company performance can be reflected in the increase in employee performance at a certain level. In simple terms, performance can be interpreted as achievements that have been shown in the context of achieving specific goals. Udhayanan et al. (2021) define performance as a description of the level of success of the implementation of an activity program or policy in achieving the goals, objectives, vision, and mission of the organization determined through the strategic planning of an organization. Performance is a work result in quality and quantity achieved by an employee in carrying out their duties according to the responsibilities given, which are following the criteria determined by the company (Gita Robertus, 2016). Performance can be known and measured if an individual or group of employees has met the criteria or benchmark success standards set by the organization. Therefore, without the goals and targets set in the measurement, then the performance of a person or organizational performance may not be known if there is no benchmark for success.

Employee performance is an essential factor in building and developing an organization. Therefore, the factors that can become the basis for achieving high performance that lead to the success and achievement of organizational goals need to be critically analyzed (Khatbeh et al., 2020). Song et al. (2019) show that performance is the primary basis for companies in determining policies and strategies in business competition, so it is essential to identify the efficiency and quality of employees, as well as training programs needed to improve employee performance. Buil et al. (2019) add that the company's decision to recruit employees depends on the required performance, so job performance is expected to remain at the same level of importance in the future.

2.4. *Motivation*

In simple terms, motivation can be interpreted as an urge that grows from an individual to do something to get the desired result. Motivation plays a critical role for companies in the context of achieving goals because high motivation will impact the work done, creating a distinct advantage for the company in business competition. González-González & García-Almeida (2021) found that employees with high work motivation tend to perform at the same level. This will undoubtedly support achieving the desired company goals efficiently and effectively. Locke & Latham (2004) explains that motivation consists of internal and external factors that encourage individuals to act. Motivation is divided into two, namely intrinsic and extrinsic motivation, which then both types of motivation tend to influence innovative employee behavior. It can be concluded that motivation is an impulse that comes from within and outside an individual to produce output to achieve the specified goals. The existence of work motivation possessed by employees at work will enable them to produce performance following company expectations to help companies achieve their goals.

Based on the explanation above, this study aims to examine the effect of employee characteristics and organizational culture on employee performance with motivation as a mediating variable. The formulation of the problem that will be tested further in this study includes:

1. Does employee characteristics affect employee performance?
2. Does organizational culture affect employee performance?
3. Does employee characteristics affect employee performance mediated by motivation?
4. Does organizational culture affect employee performance mediated by motivation?

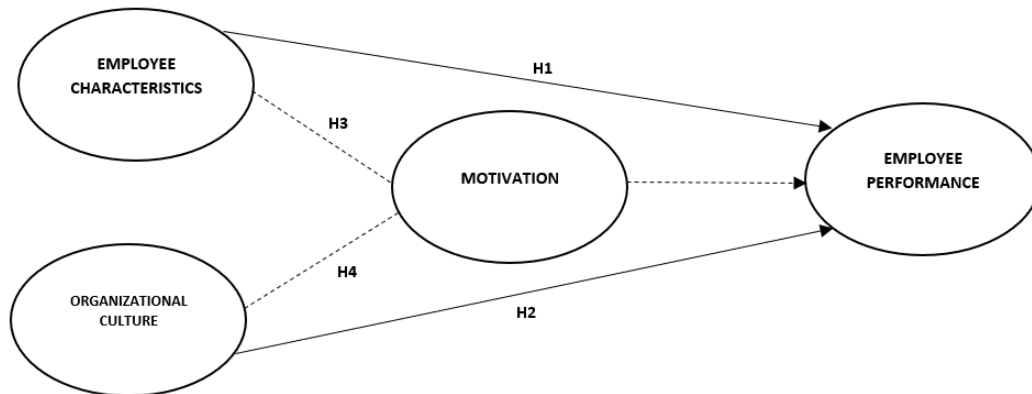


Figure 1. Conceptual Framework

- H1: Employee characteristics affect employee performance
- H2: Organizational culture affects employee performance
- H3: Employee characteristics affect employee performance mediated by motivation
- H4: Organizational culture affects employee performance mediated by motivation

3. Research Methodology

The respondents in this study were employees at PT Nuansa Bumi, namely 125 respondents. The sampling technique used was purposive sampling using a questionnaire instrument distributed directly to the respondents. In this study, data analysis used the Structural Equation Modeling (SEM) technique using SmartPLS. The analytical procedure in this study includes testing the inner and outer models and ends with hypothesis testing.

4. Result and Discussions

This study's first step is testing the outer model, which includes validity and reliability tests. This testing step aims to determine the relationship between the latent variable and the indicator that measures the latent variable.

Table 1. Reliability Test Result & Latent Variable Validity Test Result

Latent Variable	Cronbach' Alpha	Composite Reliability	AVE
Employee Characteristics	0.849	0.889	0.617
Organizational Culture	0.748	0.781	0.536
Motivation	0.708	0.818	0.591
Employee Performance	0.796	0.859	0.552

The analysis results indicate that all constructs in the research model (employee characteristics, organizational culture, motivation, employee performance) have a Cronbach alpha value exceeding 0.70. Judging from the average variance extracted (AVE) results, all constructs have obtained a value exceeding 0.50 and a composite reliability value above 0.70. Based on these results, it can be concluded that all constructs in this research model are valid and reliable.

Table 2. R-Square

Latent Variable	R-Square
Motivation	0.449
Employee Performance	0.623

The R-Square value obtained shows the magnitude of the contribution of the influence of the explanatory variable to the dependent variable. This value also measures the predictive ability of the research model. The results obtained are the ability of the variables of employee characteristics and organizational culture to explain the motivation of 44.9%. In contrast, the ability of all explanatory variables to explain the construct of employee performance is 62.3%. Based on these results, it can be concluded that the predictive power in the research model is quite strong.

Table 3. Hypothesis Test Result (Direct & Indirect Effect)

Variable	Coef.	P-Value	Conclusion
Employee Characteristics → Employee Performance	0,120	0,061	Significant
Organizational Culture → Employee Performance	0,413	0,000	Significant
Employee Characteristics → Motivation → Employee Performance	0,091	0,022	Significant
Organizational Culture → Motivation → Employee Performance	0,163	0,045	Significant

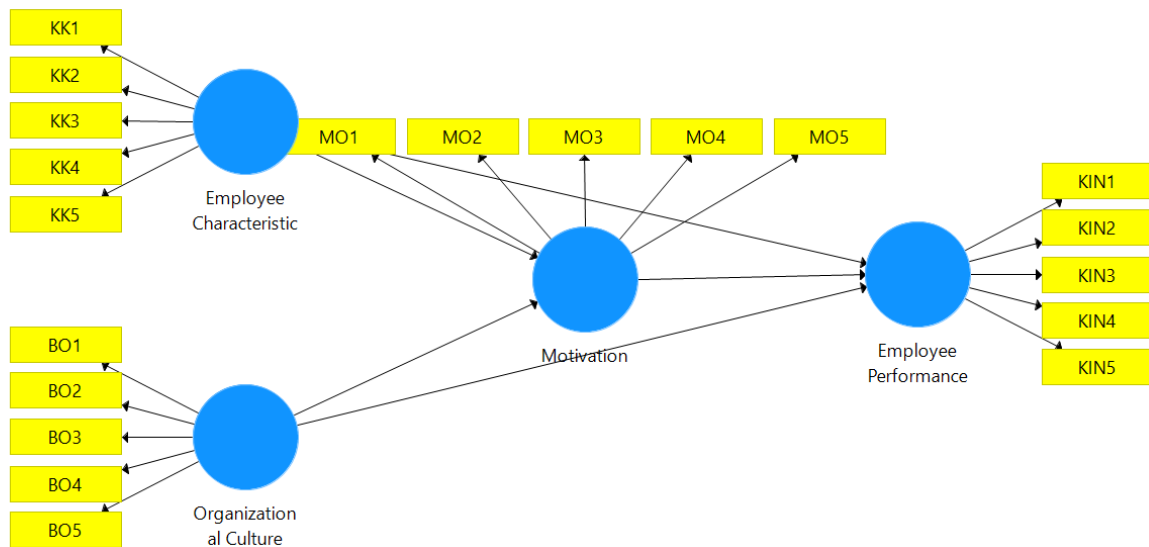


Figure 2. Research Model Construct

Based on the analysis on table 3 and figure 2, the results show that employee characteristics have a positive and significant effect (0.120) on employee performance. These results indicate that the characteristics of employees following the company's goals, vision, and mission will improve employee performance. This also indicates that the company needs to pay attention to the characteristics of employees in providing work, where the abilities, experience, knowledge, and expectations of employees at work must follow the goals, vision, and mission of the company. The research results above align with the results conducted by (Hidayat & Cavorina, 2018).

Then, another analysis found that organizational culture had a positive and significant effect (0.413) on employee performance. Based on the results of the analysis above, it can be said that a company with an organizational culture that supports employee development at work and provides training following the required competencies will improve employee performance at work. As a result, the company will be superior in business competition. This study's results align with Winoto Tj (2020) research, where organizational culture directly affects employee performance.

Furthermore, based on the analysis above, it is also found that the characteristics of employees through the mediating variable of motivation have a positive and significant effect (0.091) on employee performance. This indicates that employees who have characteristics that are following company goals and can do the work given, and are supported by solid motivation at work will improve their performance of these employees to a certain level. The results of this study contradict the research conducted by Parker et al. (2021), where employee characteristics do not directly affect employee performance. Parker et al. (2021) argues that employee characteristics will only affect employee performance in a modern industry, where company competition emphasizes creativity.

In addition, the results of other analyzes show that organizational culture through the mediating variable of motivation has a positive and significant (0.163) effect on employee performance. This proves that if the organizational culture represented by the system and the values adopted by company members follow employee motivation, it will improve employee performance. This means that companies need to emphasize the importance of organizational culture to employees so that employees can implement this culture in their work. The research results above align with the results conducted by (Scaliza et al., 2022).

5. Conclusions

This study examines the effect of employee characteristics and organizational culture on employee performance with motivation as a mediating variable. Based on the four problems that have been formulated previously, the following results are obtained:

- a) Employee characteristics have a positive influence on employee performance. This shows that employees will perform well when the work has been given following their abilities, experience, and knowledge. Another interpretation is that the characteristics of employees following the company's goals, vision, and mission will improve their performance.
- b) Organizational culture affects employee performance. The results explain that organizational culture that supports employee skills development and appreciates employee work will improve employee performance.
- c) Employee Characteristics affect employee performance mediated by motivation. The results of this study indicate that employees who follow company goals, can do the work given, and are supported by solid motivation at work will improve their performance.
- d) Organizational culture affects employee performance mediated by motivation. This states that if the organizational culture represented by the system and the values adopted by company members follow employee motivation, this will improve employee performance. This means that companies need to emphasize the importance of organizational culture to employees so that employees can implement this culture in their work.

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