

The Influence of Organizational Culture and Compensation On Employee Performance With Work Motivation as A Mediating Variable at The South Tapanuli Regional District / City BPS

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ABSTRACT

PURPOSE - Strong organizational culture, which includes positive values, can increase employee motivation and engagement, which has implications for their performance. In addition, good compensation is expected to increase employee satisfaction and motivation. This study aims to determine the effect of organizational culture, compensation on employee performance with work motivation as an intervening variable at BPS Regency / City Regional Tapanuli Selatan.

METHODOLOGY - This type of research is quantitative. The number of samples in this study was 90 respondents, the data analysis techniques used in this study were instrument tests (validity tests and reliability tests) hypothesis tests (t-test and coefficient of determination) and research models of path analysis tests (Path Analysis).

FINDING - The results of this study indicate that Organizational Culture has a positive and significant effect on Performance, Compensation has a positive and significant effect on Employee Performance, Work Motivation has a positive and significant effect on Employee Performance, Organizational Culture has an effect on through the Work Motivation variable and Compensation has an effect on Performance through the Work Motivation variable at BPS Regency / City Regional South Tapanuli.

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INTRODUCTION

Human resources (HR) are crucial assets in organizations, acting as the main driver of achieving strategic goals (Robbins & Judge, 2019). In the context of government bureaucracy, organizational effectiveness depends on HR capacity to realize policies through optimal performance (Nugroho et al., 2021). The performance of individual employees not only reflects personal productivity but also significantly correlates with the achievement of organizational performance (Khan et al., 2020). This confirms that improving organizational performance is

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impossible without the maximum contribution of each element of HR, so the identification of determinants of employee performance is a fundamental basis for developing HR management strategies.

The Central Bureau of Statistics (BPS), as a non-ministerial government agency providing strategic data, faces complex challenges in ensuring performance accountability. The Government Agency Performance Accountability System (SAKIP) is a quantitative indicator to measure the efficiency and effectiveness of agency work. The SAKIP data of BPS Kabupaten/Kota of South Tapanuli Region for the 2018-2022 period shows a significant performance disparity compared to BPS of North Sumatra Province (Table 1). For example, in 2022, BPS Padangsidimpuan City achieved a SAKIP score of 74.57, while BPS South Tapanuli Regency only achieved 66.31. This phenomenon indicates an imbalance in managerial and operational capabilities between work units, even though they are all within the same regional scope.

Table1. SAKIP Value of BPS Regency / City of South Tapanuli Region and BPS of North Sumatra Province in 2018-2022

No.	BPS	2018	2019	2020	2021	2022
1.	BPS Prov. North Sumatra	71,60	72,83	70,30	70,88	75,22
2.	BPS Kab. Mandailing Natal	60,93	60,71	65,75	64,12	73,03
3.	BPS Kab. Tapanuli Selatan	59,51	63,77	64,85	62,74	66,31
4.	BPS Kab. Padang Lawas Utara	58,98	52,87	61,38	67,26	67,30
5.	BPS Kab. Padang Lawas	59,00	61,13	61,73	53,95	69,59
6.	BPS Kota Padangsidimpuan	59,24	62,61	66,19	68,27	74,57

Source: BPS North Sumatra Province

The performance disparity is thought to be related to internal organizational factors, particularly organizational culture, compensation system, and work motivation. A solid organizational culture plays a role in shaping collective norms, values, and behaviors that encourage employee cohesiveness and commitment (Schein, 2017). However, the transformation of the organizational structure after regional expansion in South Tapanuli has the potential to create fragmentation of work culture, especially due to differences in adaptive capacity between work units (Nugroho et al., 2021). On the other hand, the change in compensation policy in 2021, from a daily money system to an output-based honorarium, creates dynamics in employee perceptions of remuneration justice. According to Khan et al. (2020), performance-based pay should be supported by transparency and alignment with workload to trigger intrinsic motivation. A solid organizational culture can have a significant impact on the attitudes of its members. This is because the high level of togetherness and intensity creates an internal atmosphere that creates high behavioral control, which in turn builds unity, loyalty, and commitment to the organization (Robbins and Judge, 2019).

Work motivation as a mediating variable is key in explaining the mechanism of influence of organizational culture and compensation on performance (Anwar et al., 2021). Self-Determination Theory (Ryan & Deci, 2017) asserts that motivation is formed from the interaction between environmental support (such as organizational culture) and external incentives (such as compensation). In the context of BPS, the low SAKIP scores in several districts/cities may reflect a failure to transform organizational policies and compensation into psychological incentives for employees. The preliminary survey revealed indications that the weak internalization of a

collaborative work culture, the lack of non-material appreciation, and the unequal distribution of tasks are factors that have the potential to erode motivation.

Previous research by Mumpuni & Endah (2020) has proven the simultaneous influence of organizational culture and motivation on performance, but has not tested the mediating role of motivation in the context of local government bureaucracy. This study aims to fill this gap by analyzing: (1) the direct influence of organizational culture and compensation on the performance of employees of BPS Kabupaten/Kota Regional Tapanuli Selatan; (2) the role of work motivation as a mediator in the relationship. The research findings are expected to provide evidence-based policy recommendations to strengthen the synergy between structural (compensation) and cultural (organizational culture) aspects in improving employee motivation and performance. Thus, this research not only contributes to the development of HR management theory in the public sector but also supports the acceleration of BPS performance accountability improvement as a national data provider.

LITERATURE REVIEW

Employee Performance

Mangkunegara (2017) states that performance comes from work results that reflect the quality and quantity achieved by an employee in accordance with his responsibilities, and this concept is still relevant. This definition emphasizes two main aspects of performance, namely the quality and quantity of results obtained. In addition, Mangkunegara (2017) also defines performance as the results of work in terms of quality and quantity achieved by employees when carrying out their duties based on their responsibilities.

Work Motivation

In the book "Organizational Behavior" written by Robbins and Judge (2019), the theory of motivation put forward by Abraham Maslow is known as Maslow's Need Hierarchy Theory, which was inspired by Elton Mayo's Human Science Theory. This theory explains that a person's motto or action is triggered by the desire to fulfill various needs. According to Maslow, human needs are arranged in stages. This means that after the most basic needs are met, the needs at the next level will appear as a priority. Once the needs at the second level are met, the needs at the third level will begin to emerge, and this process continues until the needs at the fifth level are met.

Organizational Culture

The concept of organizational culture has been described by a number of experts with varying views, but still has a common core. According to Robbins and Judge (2019), organizational culture can be explained as a system of values shared by its members, which then becomes a differentiator between one organization and another. This explanation highlights that organizational culture consists of traits that are valued by the organization and serve as a fundamental differentiator.

Compensation

Compensation is a very important element in human resource management and has been the object of attention of experts from various perspectives. In general, compensation can be defined as any type of payment or reward that an institution gives to employees in return for their contribution in achieving the organization's vision. This understanding is not only limited to basic salary or wages, but also includes various forms of rewards both financial and non-financial. Hasibuan (2017) reinforces this definition by stating that compensation includes all

income in the form of money, goods, or services, which employees receive in return for their services to the company. There are two categories of compensation, namely direct compensation which includes salaries, wages, and incentives, and indirect compensation which includes insurance, benefits, leave, and other forms of rewards.

METHODOLOGY

The research was conducted using a survey method approach. This type of research is descriptive correlation with the nature of the research is descriptive explanatory. The population in this study were all employees of Certain Functional Officials and General Functional Officials at BPS Kabupaten/Kota Regional Tapanuli Selatan with a total population of 90 people. The sampling technique used the census technique. So the sample used is all members of the population. The data collection methods used are primary data and secondary data, primary data obtained through interviews by South Tapanuli Regional Regency / City BPS employees, and secondary data obtained through documentation from interviews. Data collection techniques using questionnaires, documentation studies, and interviews. The validity test was carried out with the help of SPSS 22, and the results showed that the sig. value of each statement item was <0.05 . Thus, each statement item used is declared valid. While the reliability test in this study is seen based on the cornbach alpha value. The criteria in the Reliability test are as follows:

Table 2. Reliability Test Results

No.	Variables	Cronbach'sAlpha	Description
1.	Organizational Culture (X1)	0.841	Reliable
2.	Compensation (X2)	0.877	Reliable
3.	Employee Performance (Y1)	0.912	Reliable
4.	Work Motivation (Y2)	0.877	Reliable

Source: SPSS Output Results, 2024.

Classical Assumption Test

The classic assumption test in this study consists of Normality Test, Multicollinearity Test, Heteroscedasticity Test.

Normality Test

According to Ghozali, (2020) the normality test aims to test whether in the regression model, confounding or residual variables have a normal distribution. This test is based on the Kolmogorof-Smirnov Test on the model being tested.

Multicollinearity Test

The multicollinearity test aims to find the presence or absence of correlation between independent variables. To detect the presence or absence of multicollinearity tolerance value ≤ 0.10 or equal to $VIF \geq 10$ Ghozali, (2020) .

Heteroskedaticity Test

The heteroscedasticity test aims to test whether there is an inequality of variance from the residuals of one observation to another. Heteroscedasticity is detected if the scatterplot shows a wavy, widened, or narrowed pattern.

Hypothesis Test

Hypothesis testing is used to see used to measure the significance of the influence of the independent variable on the dependent variable (Ghozali, 2020) . The criteria used are as follows:

If $\text{sig} < 5\%$, H_0 is rejected, meaning that the independent variable has a significant effect on the dependent variable.

If $\text{sig} > 5\%$, H_0 is accepted, meaning that the independent variable has an effect but is not significant.

Coefficient of determination (R^2)

A small coefficient indicates that the independent variable is limited in explaining the dependent variable, while a value close to 1 means that the independent variable almost completely predicts the variation in the dependent variable (Ghozali ., 2020)

Path Analysis

Path analysis is used to find patterns of relationships between three or more variables and cannot be used to confirm or reject hypotheses (Ghozali, 2018) . Determine the path diagram model based on the relationship paradigm between variables as follows:

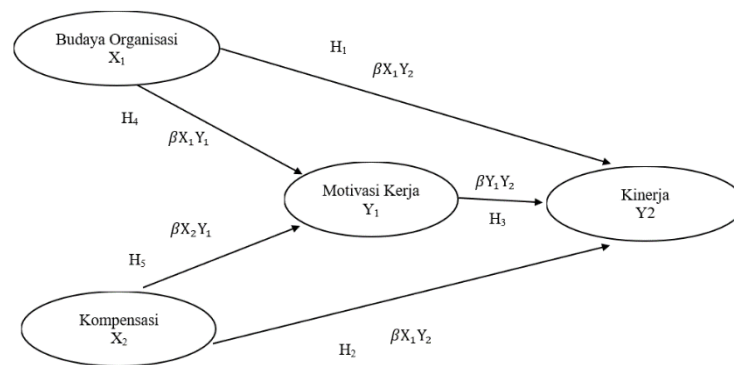


Figure1 Path Analysis Model

Sobel Test

The sobel test is conducted to test the indirect effect of the independent variable on the dependent variable through the mediating variable. The sobel test can be calculated by the formula:

$$S_{ab} \sqrt{b^2 S^2 a^2 + a^2 S b^2 + S a^2 S b^2} \text{ (Ghozali, 2020)}$$

RESEARCH RESULTS

Hypothesis Test

The results of the hypothesis testing presented in Table 3 T test indicate:

Table 3. Partial Test Results (t Test)

Model	Coefficients ^a		t	Sig.	
	Unstandardized Coefficients	Standardized Coefficients			
	B	Std. Error			
1 (Constant)	4.905	4.080	1.202	.233	
Organizational Culture	.460	.102	.425	4.505	.000
Compensation	.319	.078	.346	4.100	.000
Work Motivation	.194	.092	.167	2.101	.039

a. Dependent Variable: Employee Performance

Source: SPSS Output Results, 2024

Based on the t-test results, it shows that the Organizational Culture variable (X1) has a t-count of 4.505, the Compensation variable (X2) has a t-count of 4.100, and the Work Motivation variable (Y2) has a t-count of 2.101, all of which are greater than the t-table of 1.98793. In addition, the significance level of each variable is smaller than 0.05. Thus, it can be concluded that Organizational Culture, Compensation, and Work Motivation have a positive and significant effect on Employee Performance (Y1).

Coefficient of determination (R²)

The results of the determination coefficient test in this study can be seen in the table below:

Table 4. Test Results of the Coefficient of Determination (R²)
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.765 ^a	.585	.571	3.05658

a. Predictors: (Constant), Work Motivation, Compensation, Organizational Culture

b. Dependent Variable: Employee Performance

Source: SPSS Output Results, 2024.

The coefficient of determination test results show an R-squared of 0.585, meaning that Organizational Culture (X1), Compensation (X2), and Work Motivation (Y2) affect Employee Performance (Y1) by 58.5%, while 41.5% is influenced by other variables not studied.

Path Analysis Test

Table 5. Total Effect Value

Effect of Variables in Path Analysis	Direct Influence	Indirect Effect	Total Influence
X ₁ → Y ₁ → Y ₍₂₎	0,415	Y ₁ = 0.415 x 0.042 = 0.017	0,432
X ₂ → Y ₁ → Y ₂	0,346	Y ₁ = 0.346 x 0.026 = 0.008	0,354

Source: SPSS Output Results, 2024

Based on the test results, the direct effect of the Organizational Culture variable (X1) on

Performance (Y1) of 0.415 is greater than the indirect effect of 0.042, indicating a positive and direct relationship. Similarly, the direct effect of the variable Compensation (X2) on Performance (Y1) of 0.346 is greater than its indirect effect of 0.026, which also shows a positive and direct relationship.

Sobel Test

Sobel test to test the strength of the indirect effect of the independent variable to the dependent variable through the mediating variable. Organizational Culture variable (X1) has a direct effect on Performance (Y1) and through Work Motivation (Y2) as a mediating variable.

$$S_{ab} = \sqrt{b^2sa^2 + a^2sb^2 + sa^2sb^2}$$

$$S_{ab} = \sqrt{(0.001764)(0.008464) + (0.172225)(0.010404) + (0.008464)(0.010404)}$$

$$S_{ab} = 0.00252$$

Calculation result

$$t = \frac{0,04233}{0.00252}$$

$$t_{\text{calculated}} = 16.79761$$

$$t_{\text{table}} = 1.98793$$

From the calculation of the t-table value $16.79761 > 1.98793$ indicates that Work Motivation (Y2) mediates the effect of Organizational Culture (X1) on Performance (Y1). Thus, Organizational Culture has a positive effect on Performance through Work Motivation.

Compensation variable (X2) has a direct effect on performance (Y1) and through work motivation (Y2) as a mediating variable.

$$S_{ab} = \sqrt{b^2sa^2 + a^2sb^2 + sa^2sb^2}$$

$$S_{ab} = \sqrt{(0,000676)(0.008464) + (0,119716)(0,006084) + (0.008464)(0,006084)}$$

$$S_{ab} = 0,000784$$

Calculation result

$$t = \frac{0,026988}{0,000784}$$

$$t_{\text{calculated}} = 34.423469$$

$$t_{\text{table}} = 1.98793$$

From the calculation of the t-table value $34.423469 > 1.98793$ indicates that Work Motivation (Y2) mediates the effect of Compensation (X2) on Performance (Y1). Thus, Organizational Culture has a positive effect on Performance through Work Motivation.

DISCUSSION

Effect of Organizational Culture (X1) on Performance (Y1)

The results of research on the effect of Organizational Culture (X1) on Performance (Y1) obtained a t-count value of 4.505 greater than the t-table 1.98793 with a significance level of 0.000. So it can be concluded that the Organizational Culture variable (X1) has a positive and significant effect on Performance (Y1). Organizational culture has a direct influence on employee performance. The higher the organizational culture, the higher the employee performance (Surya, 2022). The results of this study are in line with research conducted by Zeindra & Lukito, (2020) which states that organizational culture affects employee performance.

Effect of Compensation (X2) on Performance (Y1)

The results of research on the effect of Compensation (X2) on Performance (Y1) obtained

a t-count value of 4.100 greater than the t-table 1.98793 with a significance level of 0.000. So it can be concluded that the Compensation variable (X_2) has a positive and significant effect on Employee Performance (Y_1). Compensation has a direct influence on employee performance. The higher the compensation, the higher the employee performance. The results of this study are in line with research conducted by Wandu et al., (2022) and Anggraeni & Sumartik, (2023) which states that compensation affects employee performance.

Effect of Work Motivation on Performance (Y_1)

The results of research on the effect of Work Motivation (Y_2) on Performance (Y_1) obtained a t-count value of 2.101 greater than the t-table 1.98793 with a significance level of 0.039. So it can be concluded that the Work Motivation variable (Y_2) has a positive and significant effect on Employee Performance (Y_1). Work motivation has a direct influence on employee performance. Highly motivated employees have a positive influence on colleagues in an organization. The effect caused is the increased desire to work. The results of this study are in line with research conducted by Sariadi & Heryanda, (2020) and Dewi & Yuvika, (2022) which states that work motivation affects employee performance.

The Effect of Organizational Culture (X_1) on Performance (Y_1) Through Which Mediated by Work Motivation (Y_2)

The results of research on the effect of Organizational Culture (X_1) on Performance (Y_1) through mediated by Work Motivation (Y_2) obtained the t-count value obtained is greater than the value in the t-table, namely $16.79761 > 1.98793$. Organizational culture can affect performance indirectly through work motivation, where a positive organizational culture, such as the application of values, norms, and good work practices, can increase employee motivation (Hidayat et al., 2022). The results of this study are in line with research conducted by Jumadil et al., (2023) and Jatiningrum et al., (2024) which states that organizational culture affects employee performance through work motivation.

The Effect of Compensation on Performance (Y_1) Mediated by Work Motivation (Y_2)

The results of research on the effect of Compensation (X_2) Performance (Y_1) through mediated by Work Motivation (Y_2) obtained the t-count value obtained is greater than the value in the t-table, namely $34.423469 > 1.98793$. Compensation can affect performance indirectly through work motivation, where fair and appropriate compensation, both in the form of salaries, allowances, and incentives, can increase employee motivation. The results of this study are in line with research conducted by Wijaya & Laily, (2021) and Maryani et al., (2020) which states that compensation affects employee performance through work motivation.

CONCLUSIONS AND SUGGESTIONS

Based on the results of research and discussion that has been carried out regarding the influence of organizational culture and compensation on performance with work motivation as a mediating variable:

1. Direct influence

Organizational culture, compensation, and work motivation have a positive and significant direct influence on employee performance at BPS Kabupaten/Kota Regional Tapanuli Selatan. In addition, good compensation also contributes to improving performance, because employees who feel valued tend to be more motivated to work optimally.

2. Indirect influence

Organizational culture and compensation have an indirect influence on employee

performance at BPS Kabupaten/Kota Regional Tapanuli Selatan through work motivation variables as mediating factors. A positive organizational culture is able to increase employee motivation, which in turn encourages an increase in their performance. Similarly, good compensation not only provides appreciation for employees but also increases their motivation to work more optimally, thus having a positive impact on performance.

Based on these conclusions, the suggestions given for further research are to become an additional reference for future research that discusses organizational culture and compensation on performance with work motivation as a mediating variable and for BPS Kabupaten/Kota Regional Tapanuli Selatan, BPS can implement routine training that emphasizes organizational values, conduct employee satisfaction surveys related to the existing compensation system and to increase motivation as a mediating factor, BPS can adopt a non-financial reward system.

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