

The Influence of Organizational Culture and Compensation on Employee Performance with Employee Motivation as an Intervening Variable at PT. Arai Rubber Seal Indonesia (ARSI)

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ABSTRACT

The purpose of the research is to analyze the impact of organizational culture on employee performance, the impact of compensation on employee performance, the impact of motivation on employee performance, the impact of organizational culture, compensation through motivation on employee performance. PT Arai Rubber Seal Indonesia (ARSI). This research was composed using a quantitative approach. The research population is employees at PT. ARSI using proportional random sampling technique of 112 employees. Testing using SEM Smart PLS 3.0 The results Motivation has a significant impact on performance. Organizational culture has a significant impact on motivation, compensation has a significant impact on motivation, compensation has no significant impact on performance, organizational culture has a significant impact on performance. Compensation has no significant impact on performance through motivation as intervening variable. Furthermore, organizational culture has significant impact on performance through motivation as an intervening variable

INTRODUCTION

Human Resources (HR) is an essential factor in an organization or company. Quality human resources are the strength for the company to continue to run as well as compete in the face of increasingly fierce competition in world of business. One of the determinants of the progress of an organization / company is the ability to manage the performance of its employees or employees. Companies can measure employees on the performance of each employee.

Performance is an action not an event. The performance consists of a lot of components and not an outcome that can be seen at that time. The rapid development of the automotive parts industry requires companies engaged in this industry to improve employee performance in order to face increasingly fierce competition. In attempt to improve employee performance, organizational culture and compensation factors play an important role. A strong organizational culture can provide identity and a sense of community, while effective compensation can influence employee motivation and performance.

A positive and conducive organizational culture will encourage employees to achieve the results expected by the organization. Research results (Girsang et al., 2021) said that organizational culture do not have impact on employee performance. If employees can implement the principles of organizational culture adequately, it can encourage the emergence of employee emotional involvement. (Wirae Gunawan et al., 2022). Employee motivation is also an important component in the company, motivation is related to internal and external factors that encourage employees to achieve company goals. Motivation can be influenced by recognition, support from leaders, work environment and career development opportunities (Jaya and Ningsih, 2018). Compensation is all extrinsic rewards received by employees in the form of wages or salaries, incentives or bonuses and some allowances / benefits (Sari et al., 2020). Research (Basori, Prahiawan and Daenulhay, 2017) with the research object of PT. Krakatau Bandar Samudera and shows the results that there is an influence of work motivation on employee performance. (Carolin & Rahadi, 2020). According to the results of research (Dahlia & Fadli, 2022) Compensation and Motivation have a positive and significant effect on employee performance, while the results of research from compensation have no effect on employee performance.

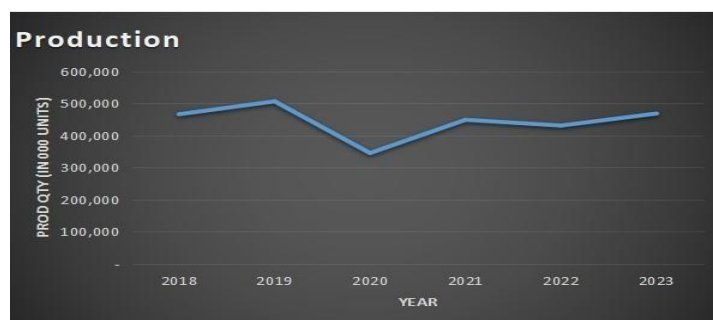


Figure 1. Production (Period 2019 - 2023)

Source: PT ARSI

From the graph above, it can be seen that during the 6-year period from 2018 to 2023 there were fluctuations in the Company's production results. The highest production output was recorded in 2019 at around 506 million units and the lowest occurred in 2020 at around 345 million units of products. The decline in production results occurred due to several factors, including the decline in production results due to the decline in the performance of the production department, the high defect factor or NG (Not Good) product, to the covid-19 factor in 2020 that had an impact on the decline in customer demand.

Based on explanation above, the problems in this research are:

- Does employee motivation affect the performance of employees of PT Arai Rubber Seal Indonesia?
- Does organizational culture affect the motivation of employees of PT Arai Rubber Seal Indonesia?
- Does compensation affect the motivation of employees of PT Arai Rubber Seal Indonesia?
- Does organizational culture affect the performance of employees of PT Arai Rubber Seal Indonesia?
- Does compensation affect the performance of employees of PT Arai Rubber Seal Indonesia?
- Does compensation affect employee performance through employee motivation of PT Arai Rubber Seal Indonesia?
- Does organizational culture affect employee performance through employee motivation of PT Arai Rubber Seal Indonesia?

LITERATURE REVIEW

Definition of Employee Performance

Based on Hersey and Blanchard in (Sinambela, 2021), employee performance is result of motivation as well as ability; in order to do tasks and work, an individual has to possess a specific amount of skill and willingness. An individual's willingness and skills alone will not enough to complete a task if they do not have a clear comprehension of what should be done and how to do it. Lijan, on the other hand, claims that an employee performance is determined by their capacity to carry out certain tasks. Performance is required to set the extent of an employee capacity to do the responsibilities

Employee Performance Indicators

Bernardin and Russel in (Tun Huseno, 2021) formulate indicators to gauge employee performance as Quantity, Cost-effectiveness, Quality, Supervision, Interpersonal impact, Timelines

Definition of Organizational Culture

Organizational culture according to Cushway B and Lodge D in (Hidayat, 2021) is a belief and values that transformed into main philosophy that is firmly held by members of the organization in operating organizational activities.

Organizational Culture Indicators

Organizational culture is a social force that is invisible and can move people in an organization to carry out work activities. According to Robbins & Judge in (Tiong, 2023) that the indicators in measuring organizational culture are:

Innovation as well as risk-taking, paying attention to details, Result-oriented, Team-oriented, Aggressiveness, Human-oriented, Stability

Definition of Compensation

Milkovich explains, "All monetary obtained also including material services and benefit that employees get as a result of their employment are collectively meaning as compensation" (Cashmere, 2019)

Compensation Indicator

According to (Gary Dessler, 2020) there are 2 (two) groups of compensation indicators, direct compensation such as Salary, Bonus, Reward, Allowances and indirect compensation such as Insurance payments (health insurance, pension program), Vacation (Holiday leave, etc.)

Definition of Motivation

Motivation is a behavioral activity to match desired needs. According to Chung and Meggison "motivation is defined as goal it's closely performance". Motivation means as behavior aimed at goals. Motivation is related to level of attempt of a person to achieve a goal, motivation is to job satisfaction and performance. (Fahmi, 2021).

Motivation Indicator

According to (Hasibuan, 2019) there are factors that act as satisfiers or motivators that can be used as indicators of work motivation such as Achievements, Recognition, Jobs, Responsibility, Progress, Development of Individual Potential

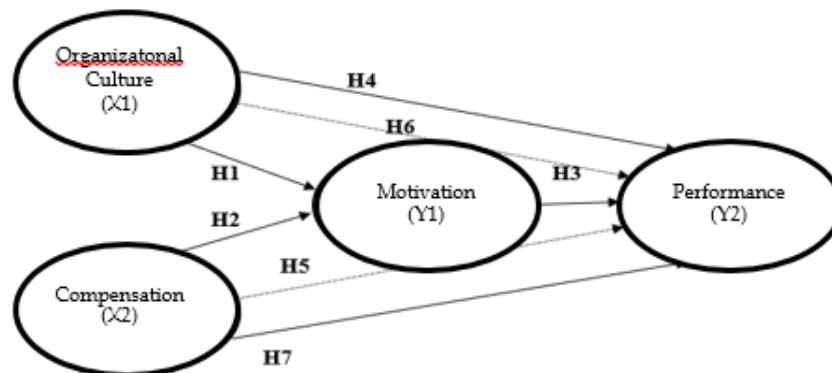


Figure 2. Conceptual Framework

Hypothesis

Relationship between Employee Motivation and Employee Performance

Motivation is a psychological process that helps people achieve goals and is influenced by internal and extrinsic circumstances. Motivation is the desire that drives team members to contribute their time and expertise to carry out various organizational tasks and commitments, within the standards of established goals and objectives. Motivation is a group of beliefs and principles that persuade people to pursue certain goals. Performance is the final outcome of an employee work both in quality as well as quantity that is completed while carrying out the obligations imposed on them. motivation have positive effect to performance. (Siregar & Khoiri, 2023). In research (Nurhuda et al., 2020) said that motivation have positive and significant effect to employee performance.

H1: Employee motivation has a positive effect on employee performance

Relationship between Organizational Culture and Employee Motivation

Organizational culture is a reality, attitudes and values that emerge in organizations or a way do things. This pattern of attitudes, norms, beliefs, values and assumptions may not be expressed, but will shape the way people behave and do things. (Purnama et al., 2022) This study concluded that Organizational Culture have positive and significant effect on Employee Performance. Organizational culture is system of spreading beliefs so are values that develop and can direct the behavior of its members in an organization. With employees who behave and apply organizational culture in terms of work, it will have a positive impact and serve good performance to the organization (Dayani & Kadang, 2020).

H2: Organizational culture has a positive effect on employee motivation

Relationship between Compensation and Employee Motivation

(Dewi & Ardana, 2022) stated that compensation have positive and significant effect on motivation. The bigger compensation provided by the company, it would affect the increasing motivation of employees. This is also supported by research from (Mangesti et al., 2020) which states that compensation have direct positive impact on employee motivation.

H3: Employee compensation has a positive effect on motivation

Relationship between Compensation and Employee Performance

(Hasan, 2016) asserts that the topic of pay is crucial as it affects morale and serves as the primary incentive to join an organization. Therefore, in order for a firm to effectively and efficiently support the attainment of corporate goals, it must be able to decide the most appropriate remuneration. The findings indicate that employee performance is positively and significantly affected by salary. This is same with studies (Rahmadani et al., 2023) that shows pay affects employee performance in a very great and good way.

H4: Compensation has a positive effect on employee performance

Relationship between Organizational Culture and Employee Performance

According to study, there is a relation between employee performance and corporate culture (Munawirsyah, 2021). regarded as positive and significant, which means that an organization's culture—the product of habitual traits affecting groups of people in their organizational environment—will create an overall non objective perception of the organization based on elements like taking risks, team pressure, and people's support. This perception will then become the organization's culture or personality, which can drive employee performance and have a greater impact on a stronger culture. This study is consistent with that conducted by Wahjono et al. (2021). (Wahjono et al., 2021) which claims that employee performance is positively and significantly affected by corporate culture.

H5: Organizational culture has a positive effect on employee performance

Relationship between Compensation and Employee Performance through Employee Motivation

According research results of (Zulfanni & Nugraha, 2021) Providing motivation and compensation is essential factor in developing employee performance. Increased employee performance will make consumers satisfied with the services provided. This is also in accordance with research from (Kusjono & Ratnasari, 2019) where there is an impact between motivation and compensation on employee performance, as well as in research from (Abid, 2020). (Abid, 2020) that there is a significant impact among compensation and motivation on employee performance

H6: Compensation has a positive effect on employee performance through employee motivation

Relationship between Organizational Culture and Employee Performance through Employee Motivation

Employee motivation at work is one way that a positive company culture may boost productivity. Employee motivation will rise in direct proportion to the quality of the organizational culture (Purnama et al., 2022). Motivation is one way that organizational culture influences employee performance. Similarly, research (Heslina, 2017) indicates that motivation mediates the beneficial and substantial impact of corporate culture on employee performance.

H7: Organizational culture has a positive effect on employee performance through employee motivation

METHODOLOGY

This research uses quantitative methods with questionnaire. Questionnaires are data collection techniques that are carried out by providing a set of questions or written statements to respondents to answer. This research was conducted at PT Arai Rubber Seal Indonesia, located in the Manis industrial zone, Tangerang. Research time from November 1-30, 2023. The population are employees of PT Arai Rubber Seal Indonesia in the production section, totaling 720 employees with the Slovin formula to determine the sample size. Total respondents are 112 employees of PT Arai Rubber Seal Indonesia. The object of research is explained by demographic aspects such as gender, age, marital status, latest education, working time.

Table 1. Demographic Description of Research Objects

	Category	Number of Respondents	Percentage
Gender	Male	41	36,61%
	Female	71	63,39%
	Total	112	100,00%
Age	20 - 30 years	82	73,21%
	30 - 40 years	23	20,54%
	40 - 50 years	7	6,25%
	Total	112	100,00%
Marriage	Not married	53	47,32%
	Married	59	52,68%

Status	Total	112	100,00%
Education	D3	3	2,68%
	S1	13	11,61%
	SMA/SMK	96	85,71%
	Total	112	100,00%
Length of Service	10 - 15 years	15	13,39%
	15 - 20 years	5	4,46%
	20 - 25 years	3	2,68%
	5 - 10 years	30	26,79%
	Under 5 years	57	50,89%
	Above 25 year	2	1,79%
	Total	112	100,00%

Source: Research Results (2023)

The employees of PT ARAI seen from the male gender are 41 people or 36.61% and the female gender is 71 people or 63.39%. Age of 20 - 30 years are 82 people or 73.21%, age 30 - 40 years are 23 people or 20.54%, age 40 - 50 years are 7 people or 6.25%. Seen from unmarried marital status as many as 53 people or 47.32%, then married as many as 59 people or 52.68%. Seen from D3 education as many as 3 people or 2.68%, S1 as many as 13 people or 11.61%, SMA / SMK as many as 96 people or 85.71%. Judging from the length of work 10- 15 years as many as 15 people or 13.39%, 15-20 years as many as 5 people or 4.46%, 20-25 years as many as 3 people or 2.68%, 5-10 years as many as 30 people or 26.79%, under 5 years as many as 57 people or 50.89%, above 25 years as many as 2 people or 1.79%.

Data Analysis

Data analysis created by enumerating the Outer Model, Inner Model, and hypothesis test using SmartPLS 4. Then the framework is explained in the initial model including all indicators after the validity test and reliability test obtained from the questionnaire analyze test.

RESULT

Measurement Model or Outer Model

The relationship between each indication and its corresponding latent variable is defined by this model, alternatively, the connection between latent variables and indicators can be described by the outer model. Confirmatory Factor Analysis (CFA) is the method used in the test conducted on the outer model. The outer model in SmartPLS 4 may be evaluated based on three criteria: composite reliability, discriminant validity also convergent validity.

Convergent Validity

Using SmartPLS, Convergent Validity seen based on the relationship among indicator and construct scores. A reflexive measure is deemed reliable if it has a correlation score above 0.70 with the construct being measured.

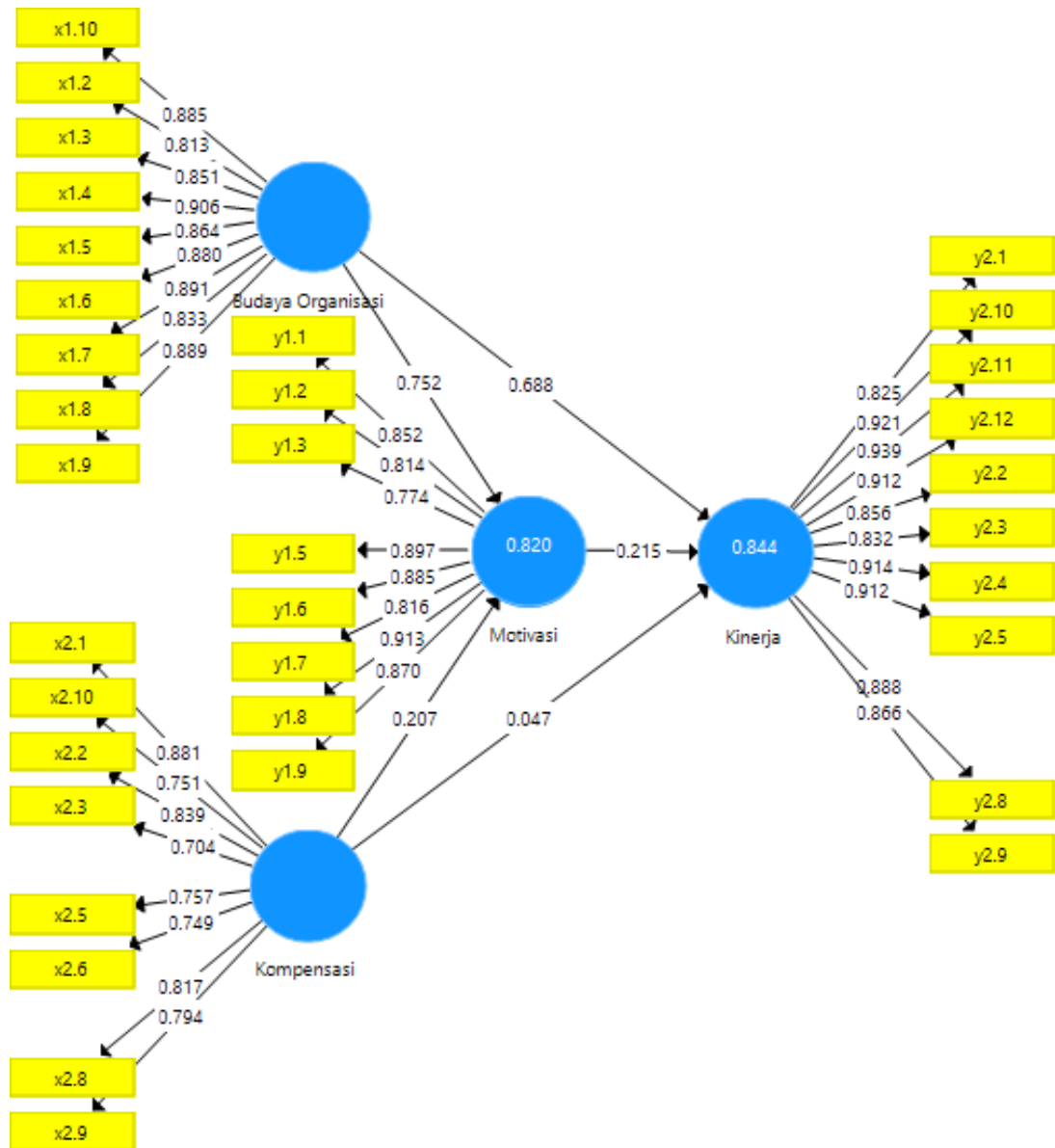


Figure 3. Outer Loading
Source: SmartPls 4 Results (2023)

Table 2. Loading Factor

	Organizational Culture	Performance	Compensation	Motivation
x1.10	0,885			
x1.2	0,813			
x1.3	0,851			
x1.4	0,906			
x1.5	0,864			
x1.6	0,880			
x1.7	0,891			
x1.8	0,833			
x1.9	0,889			
x2.1			0,881	
x2.10			0,751	
x2.2			0,839	
x2.3			0,704	
x2.5			0,757	
x2.6			0,749	
x2.8			0,817	
x2.9			0,794	
y1.1				0,852
y1.2				0,814
y1.3				0,774
y1.5				0,897
y1.6				0,885
y1.7				0,816
y1.8				0,913
y1.9				0,870
y2.1		0,825		
y2.10		0,921		
y2.11		0,939		
y2.12		0,912		
y2.2		0,856		
y2.3		0,832		
y2.4		0,914		
y2.5		0,912		
y2.8		0,888		
y2.9		0,866		

Source: SmartPls 4 Calculation Results (2023)

Discriminant Validity

This test is obtained from the cross loading value and the Average Variance Extracted (AVE) value with the cross loadings score should higher than 0.70 for every variable, and outcome of the construct correlation with measurement item are higher than the size of the another constructs, it going to estimate latent construct shows a better block size than other block sizes.

Table 3. Cross Loading Value

	Organizational Culture	Performance	Compensation	Motivation
x1.10	0,885	0,792	0,618	0,815
x1.2	0,813	0,720	0,572	0,736
x1.3	0,851	0,772	0,567	0,733
x1.4	0,906	0,841	0,628	0,783
x1.5	0,864	0,792	0,590	0,769
x1.6	0,880	0,772	0,572	0,763
x1.7	0,891	0,829	0,592	0,795
x1.8	0,833	0,754	0,569	0,771
x1.9	0,889	0,847	0,608	0,809
x2.1	0,603	0,624	0,881	0,628
x2.10	0,564	0,571	0,751	0,692
x2.2	0,598	0,634	0,839	0,610
x2.3	0,309	0,254	0,704	0,307
x2.5	0,335	0,336	0,757	0,356
x2.6	0,287	0,270	0,749	0,322
x2.8	0,606	0,538	0,817	0,585
x2.9	0,680	0,656	0,794	0,701
y1.1	0,700	0,712	0,498	0,852
y1.2	0,657	0,613	0,512	0,814
y1.3	0,658	0,606	0,628	0,774
y1.5	0,843	0,814	0,699	0,897
y1.6	0,874	0,855	0,603	0,885
y1.7	0,722	0,714	0,637	0,816
y1.8	0,810	0,773	0,691	0,913
y1.9	0,787	0,757	0,621	0,870
y2.1	0,722	0,825	0,525	0,728
y2.10	0,853	0,921	0,571	0,798
y2.11	0,875	0,939	0,638	0,834
y2.12	0,866	0,912	0,589	0,825
y2.2	0,778	0,856	0,552	0,696
y2.3	0,720	0,832	0,539	0,698
y2.4	0,833	0,914	0,607	0,775
y2.5	0,856	0,912	0,675	0,808
y2.8	0,802	0,888	0,613	0,777
y2.9	0,765	0,866	0,621	0,700

Source: SmartPls 4 Calculation Results (2023)

The cross loadings of all variables in the table are greater higher than 0.7, and the ties among constructs and indicators is higher than the size of another constructs. For instance, the compensation variable's x2.9 indicator is worth 0.794 more than the variables pertaining to organizational culture, motivation,

and performance, which are worth 0.680, 0.701, and 0.656, respectively. This indicates that compared to alternative block sizes, the latent construct displays a superior block size. Moreover, the Average Variance Extracted (AVE) value is examined during the discriminant validity test. For the convergent validity test on the Average Variance Extracted parameter to be deemed valid, the values of all variables must be greater than 0.50.

Table 4. Average Variance Extracted (AVE)

Variables	AVE	Rule of Thumb	Result
Organizational Culture	0,754	>0,5	Valid
Performance	0,787	>0,5	Valid
Compensation	0,621	>0,5	Valid
Motivation	0,729	>0,5	Valid

Source: SmartPls 4 Calculation Results (2023)

The AVE score for all research variables is > 0.5 so that discriminant validity testing can be continued and the Discriminant Validity and Convergent Validity model are valid.

Reliability Test

A questionnaire deem to be reliable if the answers on questions in the questionnaire are consistent over time (Ghazali, 2014). Cronbach's Alpha and composite reliability are the two criterias utilized in the reliability test. If the values of the composite reliability and each Cronbach's alpha are more than 0.7, the variables are deemed reliable.

Table 5. Reliability Test

Variables	Cronbach's Alpha	Composite Reliability
Organizational Culture	0,959	0,965
Performance	0,970	0,974
Compensation	0,916	0,929
Motivation	0,946	0,955

Source: SmartPls 4 Calculation Results (2023)

All of the variables fulfill the requirements for the reliability test since the results of reliability test show that every of the variables have values in the Cronbach's alpha and composite reliability parameters higher than 0.70.

Structural Model Testing (Inner Model)

This test implied by testing the type and amount of influence of independent latent variable on the dependent latent variable. which composed of the R-Square (R^2) Determinant Coefficient test / goodness fit model test. The structural model assessed using R-square for dependent construct and t-test.

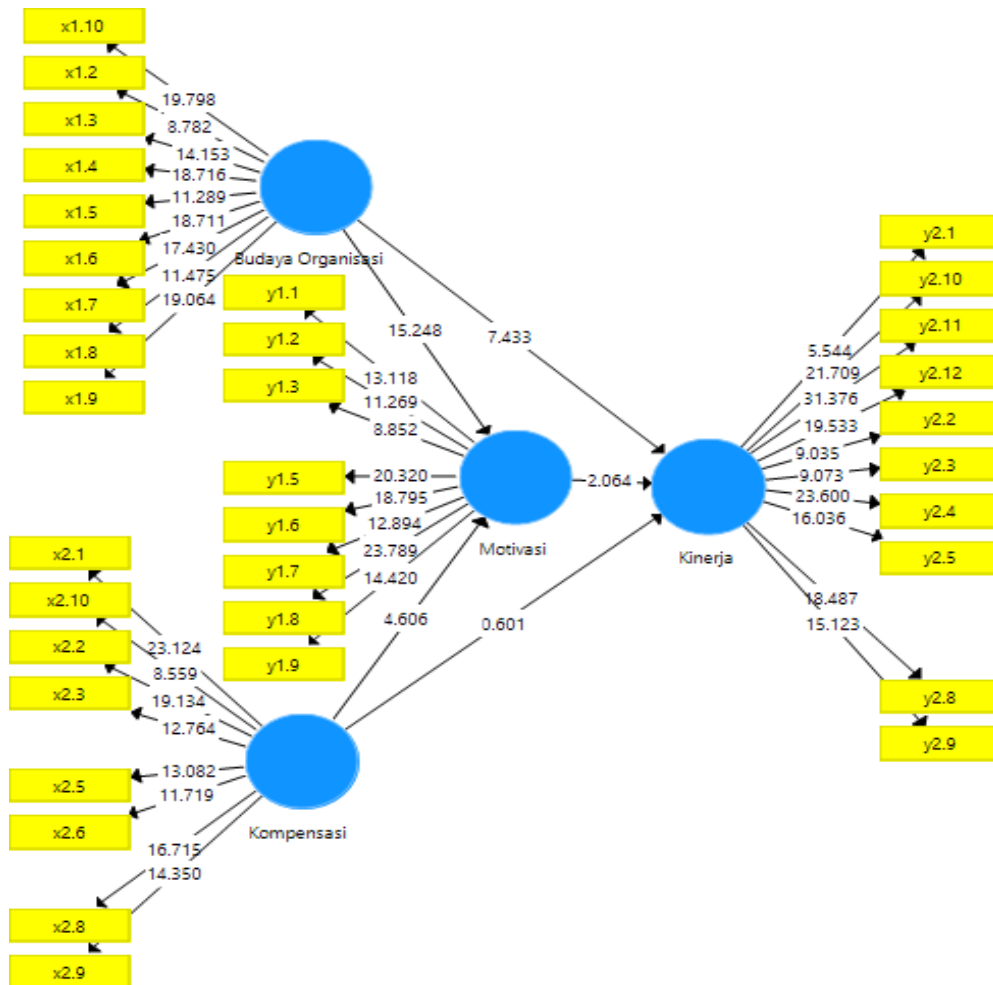


Figure 4. Inner Model Image
 Source: SmartPLS 4 Calculation Results (2023)

R-square score to every independent latent variable reveals its value. The degree of variance in changes in the independent variable on dependent variable may be determined by R-Square value. Whether a specific independent latent variable had a substantive influence on dependent latent variable may be determined by examining changes in the R-square value (Ghazali, 2015). According to Sarstedt et al. (2017), a R Square score of 0.75 present robust model, 0.50 present moderat model, and 0.25 present weak model. Conversely, the R-Square value that already adjusted in light of the standard error value is known as the Adjusted R-Square.

Table 6. R-Square

	R Square	R Square Adjusted
Performance	0,844	0,840
Motivation	0,820	0,817

Source: SmartPLS 4 Calculation Results (2023)

The performance R-square value of 0.844 is displayed in the above table. This demonstrates that the relation between salary and organizational culture and performance yields an R-Square value 0.844, or 84.4%, which falls into the strong group. It can be understood that 84.4% of the variation in the performance variable is determined by the organizational culture and remuneration factors, with the remaining 15.6% being determined by variables not included in this study. In contrast, the motivation variable show R-square value 0.820, or 82%, placing it in the strong group. It can be understood that 82% of the variation in the motivation variable is determined by the factors related to organizational culture and remuneration, with the remaining 18% being determined by variables not included in the research.

Hypothesis Test

Table 7. Direct Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Budaya Organisasi -> Kinerja	0,688	0,678	0,093	7,433	0,000
Budaya Organisasi -> Motivasi	0,752	0,739	0,049	15,248	0,000
Kompensasi -> Kinerja	0,047	0,055	0,078	0,601	0,549
Kompensasi -> Motivasi	0,207	0,210	0,045	4,606	0,000
Motivasi -> Kinerja	0,215	0,208	0,104	2,064	0,041

Source: SmartPls 4 Results (2023)

The variables that have a direct influence for the organizational culture variable on performance have T-Statistics $7.433 > 1.982$, so it has a strong direct influence with a P-Value $0.000 < 0.05$ exhibit a significant influence, for the organizational culture variable on motivation has T-Statistics $15.248 > 1.982$, so it has a strong direct influence with a P-Value $0.000 < 0.05$ shows a significant influence, for the compensation variable on performance has T-Statistics $0.601 < 1.982$, then it has a weak direct effect with a P-Value $0.549 > 0.05$ indicating no significant effect, for the compensation variable on motivation has T-Statistics $4.606 > 1.982$, then it has a strong direct effect with a P- Value $0.000 < 0.05$ exhibit a significant effect, for the motivation variable on performance has T-Statistics $2.064 > 1.982$, then it has a strong direct effect with P-Value $0.041 < 0.05$ exhibit a significant effect.

Table 8. Indirect Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Organizational culture -> Motivatio -> Performance	0,162	0,154	0,079	2,058	0,042
Compensation -> Motivation-> Performance	0,044	0,043	0,023	1,896	0,060

Source: SmartPls 4 Calculation Results (2023)

Variables that have an indirect effect for organizational culture variable on performance through motivation have T-Statistics $2.058 > 1.982$, so it has a strong indirect effect with a P-Value of $0.042 < 0.05$ indicating a significant effect, for the compensation variable on performance through motivation has T-Statistics $1.896 < 1.982$, so it has a weak indirect effect with a P-Value of $0.062 > 0.05$ indicating no significant effect.

DISCUSSION

Based on calculation, then the interpretation of the research results is based on hypothesis that already compiled.

The Effect of Motivation on Performance

P-value 0.041 under significance level 0.05 and t statistic 2.064 above t table 1.982, so motivation affecting performance (Ha accepted). Coefficient value 0.215 shows motivation affecting performance by 21.5%. Hypothesis (H1) accepted. Therefore, motivation have significant affect to performance

The Effect of Organizational Culture on Motivation

The P-value 0.000 under significance level 0.05, t statistics 15.248 above t table 1.982, so organizational culture affecting motivation (Ha accepted). Coefficient value 0.752 shows organizational culture affecting motivation by 75.2%. Hypothesis (H2) accepted. So organizational culture have a significant effect on motivation.

The Effect of Compensation on Motivation

P-value 0.000 under significance level 0.05, t statistics 4.606 above t table 1.982, so compensation affecting motivation (Ha is accepted). The coefficient value 0.207 shows that compensation affects motivation by 20.7%. Hypothesis (H3) is accepted. This shows that compensation have significant effect on motivation.

The Effect of Compensation on Performance

The P-value 0.549 is above significance level of 0.05 and the t statistics value 0.601 is smaller than t table value 1.982, so compensation have not effected performance (Ha is rejected). The positive coefficient value of 0.047 indicates that compensation only affects performance by 4.7%. Hypothesis (H4) rejected. Therefore, compensation have no significant effect on performance.

The Effect of Organizational Culture on Performance

Organizational culture affecting performance, as evidenced by the P-value 0.000 under significance level 0.05 and t statistics 7.433 larger than t table 1.982 (Ha is accepted). Organizational culture have 68.8% impact on performance, according to positive coefficient value 0.688. As a result, hypothesis (H5) is approved. This shows that performance is significantly affected by organizational culture

The Effect of Compensation on Performance through Motivation as an Intervening Variable

T statistics score 1.896 less than t table 1.982 and the P-value 0.060 higher from significance level 0.05, compensation as an intervening variable not affecting performance (Ha is rejected). Compensation affecting performance through motivation as an intervening variable by 4.4%, based on the positive coefficient value of 0.044. Consequently, the hypothesis (H6) is disproved. This indicates that desire, an intervening variable, has no discernible impact on compensation's influence on performance.

The Effect of Organizational Culture on Performance Through Motivation as an Intervening Variable

P-value 0.042 at significance level 0.05, t-statistics 2.058 higher from t-table 1.982 stated that motivation the intervening variable to mediate the relationship among organizational culture and performance (Ha is accepted). With motivation acting as an intervening variable, organizational culture affecting performance by 16.2%, according to the positive coefficient value of 0.162. As a result, hypothesis (H7) approved. This indicates that, as an intervening variable, motivation has a major impact on performance due to organizational culture.

COCLUSION

Based on the analysis and discussion described, the conclusions are:

1. Motivation have a significant effect toward performance
2. Organizational culture have significant effect toward motivation
3. Compensation have significant effect toward motivation
4. Compensation have significant effect toward performance
5. Organizational culture have significant effect toward performance
6. Compensation have significant effect toward performance through motivation as an intervening variable
7. Organizational culture have significant effect toward performance through motivation as an intervening variable

RECOMENDATION

In the organizational culture variable, the lowest score is in indicator x1.1 with a value of 3.67 points "I am given the opportunity to innovate in risky work". It is understandable why innovation in risky work is limited to minimize work accidents as well as unnecessary losses. However, if it turns out that there is a possibility that this innovation is useful for the good running of the company, it is better for the company to study this possibility with the consideration of not getting out of the corridor of the applicable SOP.

In the compensation variable, the lowest score is in indicator x2.4 with a value of 3.59 points "The bonus I received was as expected". The bonus system has been regulated in Government Regulation number 36 of 2021 concerning wages. Both employees and companies should refer to the PP so that there is justice for both parties.

In the motivation variable, the lowest score is in indicator y1.4 with a value of 3.84 points "I am always praised for my good work". A leader should be more sensitive to their subordinates, including in matters of complementing, because this small thing can have a big impact on some people.

In the performance variable, the lowest score is in indicator y2.6 with a value of 3.70 points "Never absent during the working day". The employee attendance system refers to the office working hour regulations that have been regulated through the Manpower Law and Government Regulation No. 35 of 2021. It is necessary to impose rewards and punishments to maintain employee discipline and motivate them to work.

FURTHER STUDY

This research still has limitations so further research needs to be carried out regarding the topic The Influence of Organizational Culture and Compensation on Employee Performance with Employee Motivation as an Intervening Variable in order to perfect this research and increase insight for readers.

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