The Role of Motivation in Improving Employee Performance

Azhar Syah, Kiki Farida Ferine

Abstract

This study aims to analyze the influence of Human Resource Quality and Organizational Culture on Employee Performance moderated by Work Motivation at the Representative Office of Bank Indonesia Pematangsiantar. The research method used is a quantitative approach with data analysis techniques employing Structural Equation Modeling (SEM) based on SmartPLS 3.0. The research sample consists of employees selected using purposive sampling based on predetermined criteria. The results indicate that Human Resource Quality and Organizational Culture have a positive and significant effect on Employee Performance. In addition, Work Motivation also has a positive and significant effect on Employee Performance. Furthermore, Work Motivation functions as a moderating variable that strengthens the influence of Organizational Culture on Employee Performance, but is not significant in moderating the relationship between Human Resource Quality and Employee Performance. These findings emphasize the importance of high-quality human resources, strong organizational culture implementation, and work motivation in improving employee performance within Bank Indonesia Pematangsiantar.

Keywords: Human Resource Quality, Organizational Culture, Work Motivation, Employee Performance.

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Introduction

Banks are required not only to provide fast and efficient services but also to maintain customer trust by prioritizing professionalism and integrity among their employees. Therefore, improving employee performance becomes one of the strategic priorities in supporting the bank's operational success. Optimal employee performance does not occur by itself. Continuous efforts in developing superior human resources and shaping a culture that supports productivity are needed. In practice, the Representative Office of Bank Indonesia Pematangsiantar faces various challenges, ranging from demands for excellent service, increasing work targets, to competitive pressures among financial institutions in the region. This situation requires management to not only focus on technical aspects but also pay attention to the psychological and social aspects of employees. Although training and human resource development have been conducted, performance improvement does not always progress accordingly. This indicates the presence of other variables that play a role in influencing employee work outcomes. Motivation serves as an internal driver that encourages employees to work harder, be more disciplined, and be more responsible for their assigned tasks. Employees with high motivation tend to show initiative, loyalty, and consistency in achieving work targets. Unfortunately, many organizations have not yet maximally utilized work motivation as a crucial element in performance management. Understanding this relationship is very important for strategic decision-making, especially in designing performance improvement programs based on human capital approaches and organizational values. Thus, this research is crucial to conduct as an effort to provide a more comprehensive understanding of the factors influencing employee performance in the banking sector. The results of this study are expected to contribute to the development of human resource management policies that not only emphasize competency improvement and organizational culture but also prioritize work motivation as a reinforcement for the success of employee development programs. The organizational culture, which should serve as a guide for shared values and behavior, has not yet been fully internalized by all employees. Work values such as teamwork, effective communication, and responsibility are sometimes still neglected, ultimately impacting the achievement of overall performance targets. This condition indicates that the existing human resource quality and organizational culture have not been fully capable of driving employee performance to the maximum. This opens up space for deeper analysis regarding the extent to which these two factors influence performance, and how work motivation can strengthen that relationship.

Problem Formulation
1. Does Human Resource Quality have a positive and significant effect on Employee Performance at the Representative Office of Bank Indonesia Pematangsiantar?
2. Does Organizational Culture have a positive and significant effect on Employee Performance at the Representative Office of Bank Indonesia Pematangsiantar?
3. Does Motivation have a positive and significant effect on Employee Performance at the Representative Office of Bank Indonesia Pematangsiantar?
4. Does Human Resource Quality have a positive and significant effect on Employee Performance moderated by Motivation at the Representative Office of Bank Indonesia Pematangsiantar?
5. Does Organizational Culture have a positive and significant effect on Employee Performance moderated by Motivation at the Representative Office of Bank Indonesia Pematangsiantar?

Research Objectives
1. To test and analyze the influence of Human Resource Quality on Employee Performance at the Representative Office of Bank Indonesia Pematangsiantar.
2. To test and analyze the influence of Organizational Culture on Employee Performance at the Representative Office of Bank Indonesia Pematangsiantar.

3. To test and analyze the influence of Motivation on Employee Performance at the Representative Office of Bank Indonesia Pematangsiantar.
4. To test and analyze the influence of Human Resource Quality on Employee Performance moderated by Motivation at the Representative Office of Bank Indonesia Pematangsiantar.
5. To test and analyze the influence of Organizational Culture on Employee Performance moderated by Motivation at the Representative Office of Bank Indonesia Pematangsiantar.

Employee Performance

According to Mathis & Jackson (2019), Employee Performance is defined as the result of work behavior that can be observed and measured, both individually and in groups, which contributes to organizational success. According to Dessler (2020), Performance is the result achieved by an employee after carrying out their duties and responsibilities, where the result can be viewed from the aspects of quality, efficiency, and effectiveness.

Indicators of Employee Performance

According to Mathis & Jackson (2019), the indicators of employee performance are as follows:
1. Work results (output)
2. Work Attitude
3. Discipline and attendance
4. Accuracy and precision
5. Team performance

Human Resource Quality

According to Wibowo (2020), Human Resource Quality is defined as the potential possessed by individuals within an organization consisting of thinking power, skills, and work attitude. Human resource management must be done strategically so that this potential can be maximized for the benefit of the organization.

Indicators of Human Resources

According to Wibowo (2020), the indicators of Human Resource Quality are as follows:
1. Competence
   According to Wibowo (2020), the indicators of Human Resource Quality are as follows:
2. Work experience
   Length of service and experience in handling various work situations.
3. Work ethics and attitude
   Responsibility, discipline, and honesty at work.
4. Innovation and creativity
   Ability to create new ideas or solutions beneficial to the organization.
5. Adaptability
   Ability to adjust to changes and challenges in the work environment.

Organizational Culture

According to Robbins & Judge (2017), Organizational Culture is a system of shared meanings held by members of an organization that distinguishes that organization from others. This culture includes values, norms, and practices that shape individual behavior in the workplace.

Indicators of Organizational Culture

Indicators according to Robbins & Judge (2017) are as follows:
1. Innovation and risk-taking
2. Attention to detail
3. Result orientation

4. People orientation
5. Team orientation
6. Aggressiveness
7. Organizational stability

Work Motivation

According to Siagian (2020), work motivation is the driving force from within a person that causes an individual to take actions to achieve certain goals, especially in the context of carrying out work duties and responsibilities. This motivation can be influenced by needs, personal goals, work environment, and rewards.

Indicators of Work Motivation

According to Siagian (2020), there are several indicators of work motivation; the indicators are as follows:
1. Internal drive (interest, enthusiasm)
2. External factors (work environment, leadership)
3. Personal and organizational goals
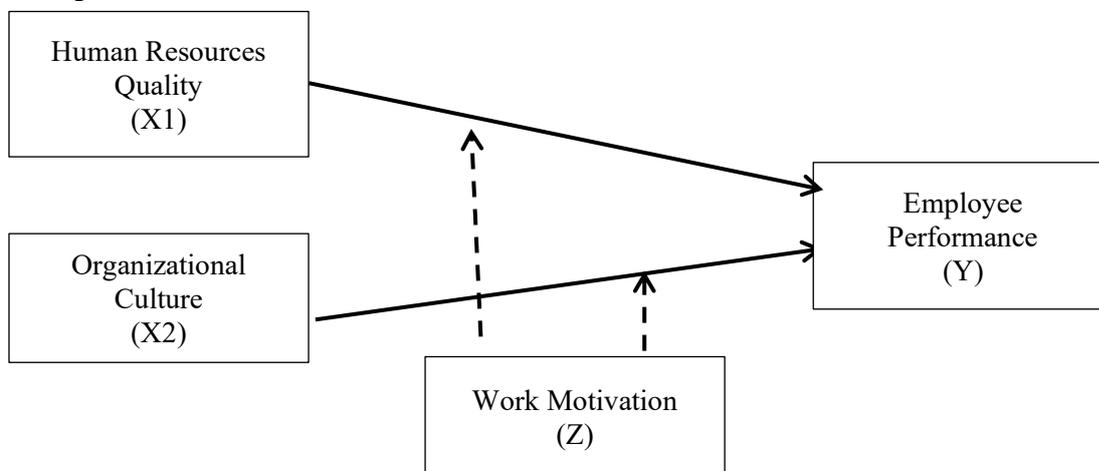4. Expectation of rewards and recognition

Conceptual Framework

Figure 1. Conceptual Framework

Hypotheses

The hypotheses in this study are as follows:
H1: Human resource quality has a positive and significant effect on Employee Performance at the Representative Office of Bank Indonesia Pematangsiantar.
H2: Organizational culture has a positive and significant effect on Employee Performance at the Representative Office of Bank Indonesia Pematangsiantar.
H3: Motivation has a positive and significant effect on employee performance at the Representative Office of Bank Indonesia Pematangsiantar.
H4: Human resource quality has a positive and significant effect on Employee Performance moderated by Motivation at the Representative Office of Bank Indonesia Pematangsiantar.
H5: Organizational culture has a positive and significant effect on Employee Performance moderated by Motivation at the Representative Office of Bank Indonesia Pematangsiantar.

Research Type

According to Sugiyono (2018), quantitative data is a research method based on positivism (concrete data), where research data is in the form of numbers that will be measured using statistics as a calculation test tool, related to the researched problem to produce a conclusion.

Research Time and Place

This research was conducted in November 2025. This research was carried out at the location of the Representative Office of Bank Indonesia, Jl. H. Adam Malik No. 1, Pematangsiantar.

Population

This research uses the entire population of employees of the Representative Office of Bank Indonesia Pematangsiantar, totaling 38 employees. According to Sugiyono (2018), Population is the generalization area consisting of objects or subjects that have certain qualities and characteristics determined by the researcher to study and then draw conclusions.

Sample

The sample for this research is the entire population at the Representative Office of Bank Indonesia Pematangsiantar, totaling 38 employees, using saturated sampling technique. According to Sugiyono (2018), Sample is a part of the number and characteristics possessed by that population.

Data Source

The data source used by the researcher is primary data source; primary data source means the researcher obtains data directly. Sugiyono (2018) states that primary data source is a source that directly provides data to the data collector or researcher.

Data Collection Technique

The data collection technique used is a questionnaire; the researcher will distribute questionnaires to respondents who are the sample. According to Sugiyono (2018), a questionnaire is a data collection technique done by providing a set of written questions or statements to respondents for them to answer.

Data Analysis Method

According to Imam Ghozali (2016), the Partial Least Square (PLS) method explains that the variance-based structural equation model (PLS) is capable of describing latent variables (not directly measured and measured using indicators (manifest variables)). According to Ghozali (2016), Partial Least Square (PLS) is an analysis method that is powerful because it does not assume data must be on a certain measurement scale, and it works with small sample sizes. The goal of Partial Least Square (PLS) is to help researchers obtain latent variable values for prediction purposes.

Outer model

This model includes testing individual item reliability, internal consistency or construct reliability, and Average Variance Extracted. These three measures are grouped based on convergent validity, which measures the degree of correlation between variables and latent variables. Besides convergent validity, there is also discriminant validity testing. Measurement modeling is conducted to determine the relationship between variables and their indicators. The Individual Item Reliability test describes the correlation between each measurement item (metric) and its construct in standardized loading factor values. If the ideal loading factor value is greater than 0.5, it means the indicator is valid as an indicator that can measure the construct. Next, internal consistency measurement is evaluated with composite reliability with a minimum value of 0.7. Measurement of convergent validity is then continued by testing the Average

Variance Extracted (AVE) value. This value describes the amount of variance or variation of manifest variables that can be accounted for by the latent variable. For an ideal AVE value of 0.5, it means its convergent validity is good. Discriminant Validity is evaluated with cross-loadings, then comparing the AVE value with the square of the correlation value between variables. Cross-loading measurement is to compare the correlation of a variable with other variable blocks, showing that the variable predicts its block's measures better than other blocks. Another measure of Discriminant validity is that the square root of AVE must be greater than the correlation between the variable and other variables, or the AVE value is greater than the squared correlation between variables.

Inner model

Structural model measurement is conducted by the researcher to determine the relationship between hypothesized constructs. In this model, there are several steps to perform evaluation. The first step is to examine the significance of the relationship between variables. This can be seen from the path coefficient, which describes the strength of the relationship between variables. The path coefficient (β) measure has a threshold value greater than 0.2, meaning that path has an effect in the model.

The second step is to test the T-test value using the bootstrapping method with a two-tailed test at a 5% significance level to test the research hypotheses. If the T-test value is greater than 1.96, then the developed research hypothesis can be accepted.

The third step is to evaluate the R^2 (coefficient of determination) value. This value explains the variance of each target variable, with a standard measure of about 0.75 considered strong, about 0.5 moderate, and less than 0.25 indicating a low level of variance. .

Results
Outer Model Analysis

Measurement model testing (outer model) is used to determine the relationship between latent and manifest variables. The test includes convergent validity, discriminant validity, and reliability.

Convergent Validity

This test is viewed from the loading factor; the threshold value is 0.7, and the threshold value for Average Variance Extracted (AVE) is 0.5; if it exceeds those numbers, it is said to be valid.
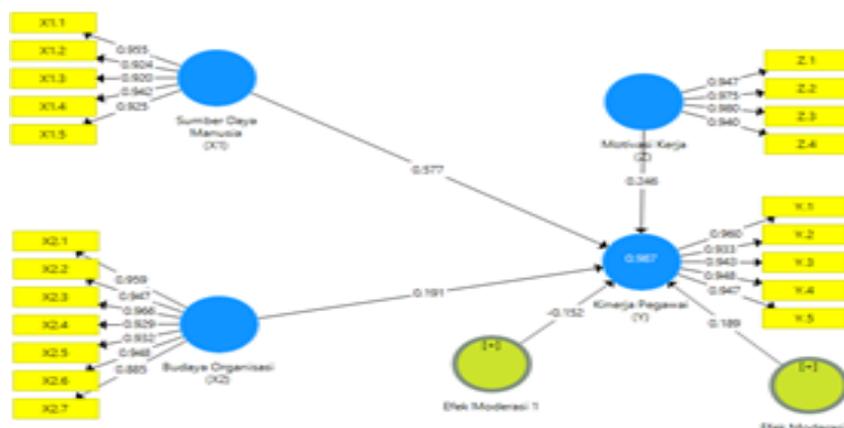

Figure 2. Outer Model

Source : Smart PLS 3.3.3

Smart PLS output for loading factor provides results in the following table: Outer Loadings In this study, there are equations, and the equation consists of two equations.

$Y = b1X1 + b2Z + b3X1Z \, e1$
$Y = 0,577 + 0,246 - 0,152 + e1$
$Y = b2X2 + b3Z + b4X2Z + e2$
$Y = 0,191 + 0,246 - 0,189 + e2$

Table 1. Outer Loadings

	Organizational Culture (X2)	Moderation Effect 1	Moderation Effect 2	Employee Performance (Y)	Work Motivation (Z)	HR Quality (X1) (X1)
Organizational Culture (X2) * Work Motivation (Z)			1,017			
HR Quality (X1) * Work Motivation (Z)		1,021				
X1.1						0,955
X1.2						0,924
X1.3						0,920
X1.4						0,942
X1.5						0,925
X2.1	0,959					
X2.2	0,952					
X2.3	0,964					
X2.4	0,934					
X2.5	0,936					
X2.6	0,952					
Y.1				0,960		
Y.2				0,933		
Y.3				0,943		
Y.4				0,948		
Y.5				0,947		
Z.1					0,956	
Z.2					0,979	
Z.3					0,987	

Source : Smart PLS 3.3.3

Table 1 shows the results of the outer loadings test for each variable indicator in the research model. All indicators have outer loadings values above 0.90, meaning each indicator can reflect the construct very strongly and meets convergent validity requirements. For the Human Resource (X1) variable, outer loadings values range from 0.920 to 0.955. The Organizational Culture (X2) variable has a range of values from 0.934 to 0.964. The Employee Performance (Y) variable shows values between 0.933 and 0.960, while the Work Motivation (Z) variable has a range from 0.956 to 0.987. Furthermore, the moderation effect shows outer loading values of 1.021 for the X1Z interaction and 1.017 for the X2Z interaction, indicating a

very strong moderation contribution in the model. Thus, all indicators are declared valid and suitable for further analysis.

Discriminat Validity

The next research step is to determine data validity using Discriminant Validity, with the aim of knowing whether the cross-loading value is greater compared to other latent variables to identify findings of indicators that have a strong connection with the concept. The following table presents the cross-loading findings from the validity test, as follows:

Table 2. Discriminant Validity

	Organizational Culture (X2)	Moderation Effect 1	Moderation Effect 2	Employee Performance (Y)	Work Motivation (Z)	HR Quality (X1)
Organizational Culture (X2) * Work Motivation (Z)	-0,403	0,964	**1,000**	-0,382	-0,426	-0,414
HR Quality (X1) * Work Motivation (Z)	-0,412	**1,000**	0,964	-0,420	-0,438	-0,446
X1.1	0,925	-0,484	-0,467	0,936	0,940	**0,955**
X1.2	0,893	-0,442	-0,390	0,920	0,911	**0,924**
X1.3	0,883	-0,255	-0,220	0,929	0,903	**0,920**
X1.4	0,899	-0,486	-0,464	0,920	0,880	**0,942**
X1.5	0,933	-0,414	-0,391	0,913	0,841	**0,925**
X2.1	**0,959**	-0,407	-0,400	0,906	0,880	0,907
X2.2	**0,952**	-0,300	-0,288	0,941	0,918	0,927
X2.3	**0,964**	-0,490	-0,474	0,960	0,943	0,953
X2.4	**0,934**	-0,408	-0,418	0,880	0,851	0,895
X2.5	**0,936**	-0,411	-0,416	0,908	0,871	0,915
X2.6	**0,952**	-0,332	-0,304	0,936	0,905	0,934
Y.1	0,938	-0,522	-0,502	**0,960**	0,952	0,955
Y.2	0,903	-0,482	-0,419	**0,933**	0,881	0,924
Y.3	0,878	-0,314	-0,277	**0,943**	0,906	0,926
Y.4	0,923	-0,375	-0,339	**0,948**	0,917	0,939
Y.5	0,952	-0,293	-0,269	**0,947**	0,907	0,937
Z.1	0,875	-0,403	-0,396	0,884	**0,956**	0,878
Z.2	0,929	-0,461	-0,454	0,960	**0,979**	0,959
Z.3	0,949	-0,414	-0,395	0,971	**0,987**	0,962

Source : Smart PLS 3.3.3

Table 2 presents the results of the discriminant validity test using the method of correlation between constructs. The results show that each indicator and construct has the highest correlation value with its own variable compared to other constructs, proving that each variable in the model has the ability to clearly distinguish itself from other variables. This indicates that discriminant validity has been fulfilled. Furthermore, the high correlation values

within the main constructs and lower correlation values towards other constructs indicate that each indicator reflects the appropriate concept and there is no overlap problem between variables. Therefore, all constructs are declared valid and suitable for use in the subsequent structural model analysis.

Composite reliability

In composite reliability research, each variable is evaluated using its reliability value; if the variable value is greater than 0.60, then the research is considered reliable; if between 0.60 and 0.7, then it is not reliable. The table below shows the Cronbach's alpha value, composite reliability, and AVE, which are used to determine whether the research is reliable and valid.

Table 3. Construct Reliability and Validity

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Organizational Culture (X2)	0,978	0,982	0,902
Moderation Effect 1	1,000	1,000	1,000
Moderation Effect 2	1,000	1,000	1,000
Employee Performance (Y)	0,971	0,977	0,896
Work Motivation (Z)	0,973	0,982	0,949
Human Resource Quality (X1)	0,963	0,971	0,871

Source : Smart PLS 3.3.3

Table 3 shows that all constructs in the research model meet the criteria for good reliability and validity. This is indicated by Cronbach's Alpha and Composite Reliability values above 0.70, signifying very strong internal consistency for each construct. Furthermore, all Average Variance Extracted (AVE) values are above 0.50, meaning each construct is able to explain the variance of its indicators well. The Moderation Effect 1 and Moderation Effect 2 constructs have perfect reliability values (1.000), while other constructs such as Organizational Culture (X2), Human Resource Quality (X1), Employee Performance (Y), and Work Motivation (Z) also show high reliability and validity. Thus, the research instrument is declared reliable and valid for analysis in the next stage.

Inner Model Analysis

Structured model evaluation (inner model) is conducted to ensure the basic model is accurate and well constructed. The inspection stages carried out in the primary model assessment can be seen from several markers, namely:

Coefficient of Determination (R2)

Based on data processing that has been carried out using the SmartPLS 3.3.3 program, the R Square value obtained is as follows:

Table 4. R Square Results

	R Square	Adjusted R Square
Employee Performance (Y)	0,987	0,985

Source : Smart PLS 3.3.3

Table 4 shows that the R Square value for the Employee Performance (Y) variable is 0.987 with an Adjusted R Square value of 0.985. This means that 98.7% of the variation in Employee Performance changes can be explained by the variables Organizational Culture (X2), Human Resources (X1), Work Motivation (Z), and the formed moderation interactions, while the remaining 1.3% is influenced by other factors outside the research model. This value indicates that the model has a very strong predictive ability in explaining the Employee Performance variable.

Hypothesis Testing

After examining the inner model, the next step is to investigate the relationship between the latent constructs, as suggested in this review. In this review, hypothesis testing is conducted using T-Statistics and P-values. The hypothesis is determined to be accepted if the T-Statistic value is greater than 1.96 and the P-Values < 0.05. The following are the results of the direct effect path coefficients:

Table 5. Hypotheses and Moderation Effect

	Original Sample (O)	T Statistik (| O/STDEV |)	P Values	Results
Organizational Culture (X2) -> Employee Performance (Y)	0,208	2,134	**0,033**	**Accepted**
Moderation Effect 1 -> Employee Performance (Y)	-0,186	1,882	**0,060**	**Rejected**
Moderation Effect 2 -> Employee Performance (Y)	0,216	2,401	**0,017**	**Accepted**
Work Motivation (Z) -> Employee Performance (Y)	0,219	2,117	**0,035**	**Accepted**
Human Resource Quality (X1) -> Employee Performance (Y)	0,583	3,315	**0,001**	**Accepted**

Source : Smart PLS 3.3.3

1. The Effect of Organizational Culture (X2) on Employee Performance (Y)

    The test results show that Organizational Culture has a positive and significant effect on Employee Performance, indicated by a T-statistic value of 2.134 and p-value of 0.033 ($<$ 0.05). Thus, the hypothesis is accepted, meaning the better the organizational culture, the more improved employee performance becomes.

2. The Effect of Moderation Effect 1 on Employee Performance (Y)

    Testing of Moderation Effect 1 shows a T-statistic value of 1.882 and p-value of 0.060 ($>$ 0.05), so the hypothesis is rejected. This means the first moderation variable does not have a significant effect in moderating the relationship towards Employee Performance.

3. The Effect of Moderation Effect 2 on Employee Performance (Y)

The analysis results show that Moderation Effect 2 has a significant effect with a T-statistic value of 2.401 and p-value of 0.017 (< 0.05). Thus, the hypothesis is accepted, showing that the second moderation is able to strengthen the relationship in improving Employee Performance.

4. The Effect of Work Motivation (Z) on Employee Performance (Y)

The Work Motivation variable is proven to have a positive and significant effect on Employee Performance, indicated by a T-statistic value of 2.117 and p-value of 0.035. The hypothesis is accepted, meaning the higher the work motivation of employees, the better their performance.

5. The Effect of Human Resource Quality (X1) on Employee Performance (Y)

Human Resource Quality has a significant effect on Employee Performance with a T-statistic of 3.315 and p-value of 0.001 (< 0.05). The hypothesis is accepted, showing that HR quality plays an important role in driving improvement in employee performance.

Conclusion

1. Organizational Culture has a positive and significant effect on Employee Performance. The better the organizational culture, the more improved employee performance becomes.
2. Moderation Effect 1 does not have a significant effect, thus it is unable to moderate the relationship towards Employee Performance.
3. Moderation Effect 2 has a significant effect and is able to strengthen the relationship in improving Employee Performance.
4. Work Motivation has a significant effect on Employee Performance. The higher employee motivation, the better their performance.
5. Human Resource Quality has a significant effect on Employee Performance. The higher the quality of HR, the more improved their performance becomes.

Suggestions

1. Improving Organizational Culture Management needs to build a strong organizational culture through strengthening work values, transparent communication, and enhancing team togetherness to encourage improvement in employee performance.
2. Optimizing HR Development The organization is suggested to improve employee competence through training programs, continuous education, coaching, and placement of employees according to competence so that performance can increase optimally.
3. Optimizing HR Development The organization is suggested to improve employee competence through training programs, continuous education, coaching, and placement of employees according to competence so that performance can increase optimally.
4. Strengthening Moderation Effectiveness Moderation Effect 2 has proven to be significant, so it needs to be continuously developed through management policies that provide support to employees, such as mentoring, coaching, and psychological support so that the relationship between variables becomes stronger.

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