

# The Role of Work Motivation in Mediating the Effect of Organizational Culture on Employee Performance at PTPN 4 Regional II Medan

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## Abstract

This study aims to analyze the role of work motivation in mediating the influence of organizational culture on employee performance at PTPN IV Regional II Medan. This study employs a quantitative approach using an associative research design. The study population consists of all managerial-level employees at the PTPN IV Regional II Medan Regional Office, totaling 129 individuals, with the entire population serving as the sample. The data used are primary data collected via a questionnaire, which were then analyzed using the Partial Least Squares (PLS) method with the assistance of SmartPLS. The results of the outer model testing indicate that all indicators meet the criteria for validity and reliability, with outer loadings above 0.70, Cronbach's Alpha above 0.70, Composite Reliability above 0.70, and AVE above 0.50. The results of the inner model test indicate that organizational culture has a positive and significant effect on employee performance with a coefficient of 0.175, a t-statistic of 2.185, and a p-value of 0.029. Organizational culture also has a positive and significant effect on work motivation with a coefficient of 0.429, a t-statistic of 3.940, and a p-value of 0.000. Furthermore, work motivation has a positive and significant effect on employee performance with a coefficient of 0.801, a t-statistic of 9.273, and a p-value of 0.000. The results of the indirect effect test indicate that work motivation mediates the effect of organizational culture on employee performance, with a coefficient of 0.343, a t-statistic of 3.522, and a p-value of 0.000. Thus, improved employee performance at PTPN IV Regional II Medan is not only directly influenced by organizational culture but is also reinforced through work motivation. This study recommends that the company strengthen its risk management culture, clarify career paths, improve the reward system, and enhance leadership training and work coordination.

**Keywords:** Organizational Culture, Work Motivation, Employee Performance

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## Introduction

Employee performance is a key determinant of organizational success, particularly in large agribusiness companies operating in a business environment that demands productivity, efficiency, and consistent achievement of targets. In the context of PTPN IV PalmCo, the agenda of performance improvement remains a strategic focus of the company. At the corporate level, the company recorded a net profit of Rp3.76 trillion, a 149 percent increase compared to the previous year; however, management continues to target 2025 as a pivotal year to enhance productivity, strengthen downstream integration, and expand sustainability initiatives. At the operational level, PTPN IV Regional II's official account also highlighted town hall meetings regarding 2025 performance targets, monitoring of plantation performance, and production oversight to ensure optimal achievement of the 2026 targets. This situation indicates that while the company's overall performance is trending positively, efforts to maintain and improve employee performance at the work unit level remain a critical need.

This urgency is further heightened because PTPN IV PalmCo manages 69,455 employees from 55 ethnic groups, meaning the company faces high complexity in human resource management and requires alignment of values, work behavior, and organizational goal orientation. At the same time, the company continues to emphasize the internalization of the AKHLAK culture and "One PTPN One Culture," demonstrating that organizational culture is positioned as the foundation for guiding work behavior and productivity. In a situation with a large, diverse, and dispersed workforce, the success of achieving targets is determined not only by work systems and procedures but also by the extent to which the organizational culture is truly understood, accepted, and lived out by employees in their daily work. Analytically, this indicates that organizational culture at PTPN IV Regional II Medan is not merely a corporate symbol but a managerial variable that is highly likely to influence employee performance.

Conceptually, organizational culture is understood as a set of shared beliefs, expectations, norms, and values held by organizational members that shape their identity and behavioral patterns. Chalmers et al. (2025) assert that organizational culture is composed of shared beliefs, expectations, norms, values, and perspectives within a group, thereby serving as a framework that guides how organizational members think and act. On the other hand, work motivation is understood as internal or external drives that influence an individual's enthusiasm, effort, and behavioral direction toward achieving work goals. Sitepu et al. (2025) emphasize that work motivation is an internal or external drive that influences enthusiasm and effort toward goal achievement. Employee performance, on the other hand, essentially refers to an individual's work outcomes in carrying out their tasks and responsibilities, which can be assessed through quality, quantity, timeliness, productivity, and contribution to organizational goals.

Several studies over the past five years indicate that organizational culture and work motivation are two key determinants of employee performance. Ludin et al. (2023) found that organizational culture and work motivation have a positive influence on employee performance. Kanuto (2024) also demonstrated that organizational culture significantly influences employee motivation and performance, both directly and indirectly. However, Trisnayanthi et al. (2024) demonstrated that the relationship between organizational culture and work motivation on performance can yield different mediation patterns when other variables are included, thereby indicating that the relationships among these concepts are contextual and not always identical across every organization. These findings indicate that while the relationship between organizational culture, work motivation, and employee performance has been extensively discussed, the results still leave room for further testing in different corporate settings, particularly in state-owned plantation companies.

Within this framework, work motivation is crucial to be positioned as a mediating variable. Theoretically, a strong organizational culture can foster a sense of belonging, clarity of direction, and psychological support for employees, which in turn enhances their motivation to perform better. This motivation can then translate into more disciplined, productive, and results-oriented work behavior. Empirical support for this pathway is also evident in the study

by Fadila et al. (2025), which specifically examined the mediating role of work motivation in the relationship between work culture and employee performance using PLS-SEM. Kanuto (2024) also demonstrated that part of the influence of organizational culture on performance operates indirectly through employee motivation. Thus, positioning work motivation as a mediator is not only theoretically logical but also empirically relevant.

When applied to PTPN IV Regional II Medan, the primary issue is not merely whether the company possesses an organizational culture, but whether that culture is truly capable of fostering employee work motivation and ultimately enhancing their performance. The company's publications indicate efforts toward cultural strengthening, human resource transformation, target monitoring, and initiatives to boost productivity. However, this public information has not scientifically addressed whether the organizational culture the company has built directly influences employee performance, or whether its influence operates through work motivation as an internal psychological mechanism. This is where the relevance of this study lies: there is a need to explain how organizational culture at PTPN IV Regional II Medan translates into performance through work motivation.

Based on the above discussion, research on the role of work motivation in mediating the influence of organizational culture on employee performance at PTPN IV Regional II Medan is important to conduct. This study is expected to provide a theoretical contribution by strengthening the model of the relationship between organizational culture, work motivation, and employee performance in the context of a state-owned plantation company, while also offering practical insights for company management in formulating strategies to strengthen work culture strategies that go beyond the internalization of values to effectively stimulate work motivation and drive more optimal performance outcomes.

## **Literature Review**

### **Employee Performance**

#### **Definition of Employee Performance**

According to Silaen (2021), employee performance is the work output achieved by employees in carrying out their duties in accordance with the standards and criteria established by the company.

#### **Employee Performance Indicators**

According to Silaen et al. (2021), employee performance indicators consist of:

- 1) Work quality  
The completeness of tasks in relation to employees' skills and abilities, as well as employees' perceptions of the quality of the work produced.
- 2) Work quantity  
The amount of work produced or completed within a specific unit and activity cycle.
- 3) Timeliness  
The ability to complete activities on time and make the most of the available time.
- 4) Effectiveness  
The ability to improve work results by making the most of organizational resources, such as labor, money, and raw materials.
- 5) Commitment  
The level of an employee's willingness to perform their job functions and fulfill their responsibilities toward the agency or company.

## **Work Motivation**

### **Definition of Work Motivation**

According to Afandi (2021), motivation is a desire that arises from within an individual inspired, enthusiastic, and driven to perform activities wholeheartedly, cheerfully, and earnestly thereby producing good, high-quality work. In the context of PTPN IV Regional II Medan, work motivation can be understood as internal and external drives that encourage employees to

work more diligently, with discipline, and with a focus on the company's goals. The higher an employee's work motivation, the greater the likelihood they will demonstrate work enthusiasm, responsibility, and optimal performance.

### **Indicators of Work Motivation**

According to Afandi (2021), the dimensions and indicators of work motivation consist of two dimensions with six indicators, namely:

- 1) Compensation  
Compensation is the reward employees receive for their contributions to the organization, whether in the form of money or other forms of recognition. In the context of PTPN, this indicator relates to the extent to which employees feel the rewards they receive are commensurate with the work they perform.
- 2) Working Conditions  
Working conditions refer to the state of the work environment where employees carry out their duties. At PTPN, working conditions include the work atmosphere, comfort, safety, and the extent to which the work environment supports employees in performing their duties.
- 3) Work facilities  
Work facilities are physical resources that support company operations and are used to ensure the smooth running of work. In the context of PTPN, work facilities may include operational equipment, work tools, and administrative and field support resources.
- 4) Work performance  
Work performance refers to the results achieved by an individual based on experience, dedication, accomplishments, and the effective use of time. At PTPN, this indicator is reflected in an employee's ability to meet the work targets set by the company.
- 5) Recognition from Superiors  
Recognition from superiors is a form of appreciation for the work results or achievements attained by employees. In the context of PTPN, this recognition is important because it can enhance employees' sense of being valued and strengthen their work motivation.
- 6) The work itself  
The work itself relates to the extent to which the tasks performed are considered interesting, provide learning opportunities, and offer employees a sense of responsibility. At PTPN, clear, challenging, and meaningful work can strengthen employee motivation.

### **Organizational Culture**

#### **Definition of Organizational Culture**

According to Afandi (2021), organizational culture is a system of values, assumptions, beliefs, philosophies, and customs within an organization. In other words, organizational culture serves as a shared framework that shapes how members of the organization think, behave, and act in performing their duties. In the context of PTPN IV Regional II Medan, organizational culture can be understood as the shared work values and practices embraced by employees to support targets, work discipline, cooperation, and the achievement of the company's objectives.

#### **Indicators of Organizational Culture**

According to Afandi (2021), indicators of organizational culture can be outlined as follows:

- 1) Application of Norms  
Norms are behavioral rules that determine how employees respond to a situation, whether it is considered appropriate or inappropriate. In the context of PTPN, these norms relate to compliance with work rules, discipline, and work behavior in accordance with company standards.
- 2) Application of values

Values are principles or beliefs that serve as guidelines for individuals and organizations in their actions. At PTPN, the application of values is reflected in integrity, responsibility, cooperation, and a focus on work results.

3) Beliefs

Organizational beliefs relate to views on what is considered right or wrong within the organization. In the context of PTPN, these beliefs can be seen in how the organization fosters trust in the importance of discipline, professionalism, and the achievement of work targets.

4) Implementation of the Code of Ethics

A code of ethics consists of good practices or moral rules that are passed down and serve as a guide for the behavior of organizational members. At PTPN, the code of ethics plays a crucial role in guiding employees' work behavior to ensure it remains professional, responsible, and aligned with company standards.

### Conceptual Framework

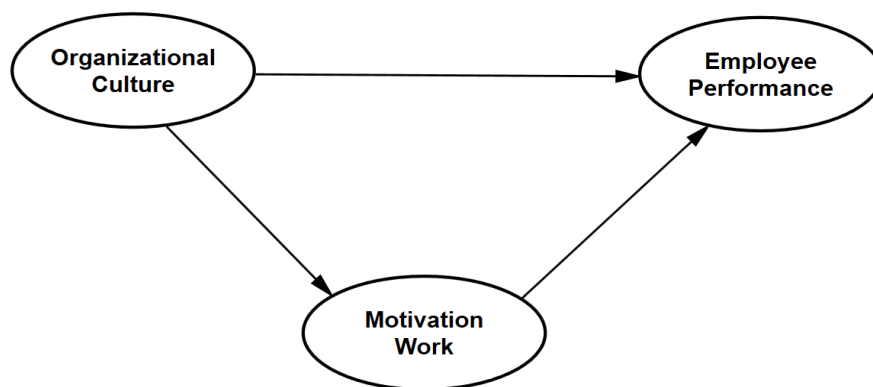


Figure 1. Conceptual Framework

### Research Hypotheses

H<sub>1</sub> : Organizational culture has a positive and significant effect on employee performance at PTPN 4 Regional II Medan.

H<sub>2</sub>: Organizational culture has a positive and significant effect on work motivation at PTPN 4 Regional II Medan.

H<sub>3</sub> Work motivation has a positive and significant effect on employee performance at PTPN 4 Regional II Medan.

H<sub>4</sub> Organizational culture has a positive and significant effect on employee performance through work motivation at PTPN 4 Regional II Medan.

### Research Methodology

#### Type of Research

This study employs a quantitative approach . It is a scientific method based on systematic reasoning grounded in nomothetic principles and a deductive approach. The associative approach was chosen to uncover causal relationships between variables, in which the independent variable exerts an influence, and the dependent variable is influenced by it.

#### Research Location and Time

The location of this study is at PTPN IV Regional II (formerly PTPN II), located at Jalan Letjen Suprpto No. 2, Hamdan, Medan Maimun District, Medan City, North Sumatra. The study was conducted over a period of 7 months, from October 2025 to May 2026.

#### Population and Sample

The population is defined as the group to be studied in order to conclude from the research results. The population in this study consists of 129 managerial employees at the PTPN

4 Regional II Medan Regional Office, and the entire population was used as the sample, making this a population study.

**Research Data Sources**

The data source used in this study is primary data.

**Results**

**Outer Model Analysis**

The *Outer Model* analysis using the *PLS Algorithm* yielded the following:

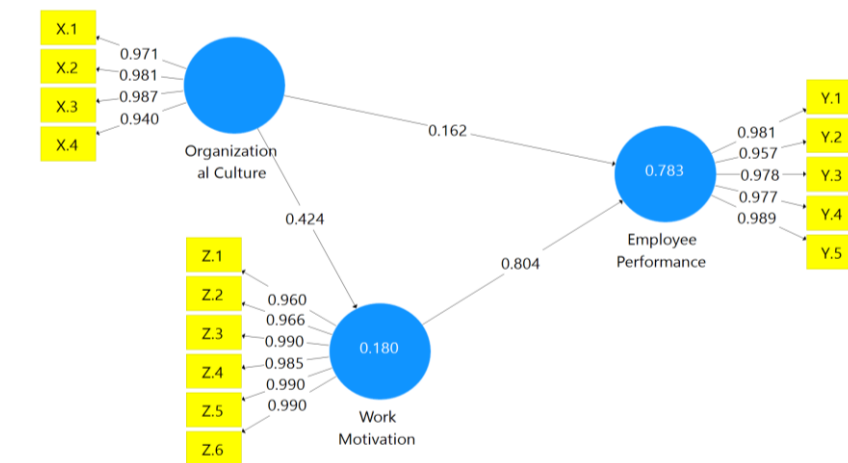
**Validity Test**

**Table 1.** Outer Loadings Values

	Employee Performance	Organizational Culture	Work Motivation
X.1		0.971	
X.2		0.981	
X.3		0.987	
X.4		0.940	
Y.1	0.981		
Y.2	0.957		
Y.3	0.978		
Y.4	0.977		
Y.5	0.989		
Z.1			0.960
Z.2			0.966
Z.3			0.990
Z.4			0.985
Z.5			0.990
Z.6			0.990

Source: Smart PLS Output, 2026

Based on the values in Table 1 above, the results of the outer model testing through factor loadings/outer loadings indicate that all indicators for each variable have loadings  $\geq 0.70$ . This indicates that each indicator is measured validly and strongly. Therefore, it can be concluded that all items in the questionnaire have met the validity criteria, as shown in the following figure.



**Figure 1.** Outer Loadings

**Reliability Test**

**Table 2.** Construct Reliability and Validity Test

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Employee Performance	0.988	0.988	0.990	0.953
Organizational Culture	0.979	0.982	0.985	0.941
Work Motivation	0.992	0.992	0.993	0.961

Source: Smart PLS Output, 2025

From Table 2 above, the reliability test results show that the Cronbach’s Alpha and Composite Reliability values for all constructs are above 0.70. This indicates that all indicators have high internal consistency and are reliable in measuring their respective constructs. Thus, the research instrument is deemed reliable and suitable for use in structural equation modeling.

**Coefficient of Determination (R<sup>2</sup>)**

When evaluating a model using PLS, the process begins by examining the R-squared for each latent dependent variable. The table below presents the estimated R-square values using SmartPLS.

**Table 3. R-Square Results**

	R-Square	Adjusted R-Square
Work Motivation	0.180	0.172
Employee Performance	0.783	0.778

Source: Smart PLS, 2025

Table 3 shows the R-squared values for both dependent variables. For the work motivation variable, the R-squared value is 0.184; this means that organizational culture accounts for 0.180 or 18% of the variance. The remainder is attributed to other variables outside the model. The R-squared value for employee performance is 0.783, meaning that organizational culture and work motivation account for 0.783 or 78.3%; the remainder is attributed to other variables outside the model.

**Structural Model Testing (Inner Model)**

**Hypothesis Testing**

**Direct Effects Between Variables**

Direct effects between variables can be seen in the *path coefficient* values. The data analysis results show that the direct effect values can be seen in the following table.

**Table 4. Path Coefficients (Direct Effects)**

	Original Sample	T Statistics	P-Values	Conclusion
Organizational Culture -> Employee Performance	0.162	2.028	0.043	Accepted
Organizational Culture -> Work Motivation	0.424	3.964	0.000	Accepted
Work Motivation -> Employee Performance	0.804	9.158	0.000	Accepted

Source: Smart PLS Output, 2025

Table 4 shows the following direct effect values:

1. Organizational culture has a positive and significant effect on employee performance, with a t-statistic value of 2.028 above 1.96 and a significance level of 0.043 below 0.05. This means that organizational culture has a significant effect on employee performance because the significance level is below 0.05. These findings align with previous research, which found that organizational culture has a positive and significant effect on the performance of the Parks and Sanitation Unit (Tamsih) at Panca Budi Medan (Indah et al., 2025).

2. Organizational culture has a positive and significant effect on work motivation, with a t-statistic value of 3.964 above 1.96 and a significance level of 0.000 below 0.05, meaning that organizational culture has a significant effect on work motivation because the significance level is below 0.05. These findings align with previous research, specifically that organizational culture has a positive and significant effect on work motivation at the Disaster Management Agency in Batu Bara Regency (Partomo et al., 2025).
3. Work motivation has a positive and significant effect on employee performance, with a t-statistic value of 9.158 above 1.96 and a significance level of 0.000 below 0.05, meaning that work motivation has a significant effect on employee performance because the significance level is below 0.05. These findings align with previous research, which found that work motivation has a positive and significant effect on employee performance at the BPJS Tenaga Kerja Sumbagut Regional Office (Paranoto & Mesra, 2024).

### Indirect Effects Between Variables

Indirect effects between variables can be seen in the *specific indirect effects* values. The results of the data analysis show that the values of the indirect effects are presented in Table 5 below.

**Table 5.** *Specific Indirect Effects*

	Original Sample	T Statistics	P Values	Conclusion
Organizational Culture -> Work Motivation -> Employee Performance	0.341	3.540	0.000	Accepted

Source: Smart PLS, 2025

In Table 5, there is an indirect effect between variables, namely that organizational culture has a positive and significant effect on employee performance through work motivation, with a t-statistic value of 3.540 above 1.96 and a significance value of 0.000 below 0.05. This means that work motivation acts as an intervening variable between organizational culture and employee performance. This study aligns with research conducted by Afif & Ferine (2024) and Fauzi & Indrawan (2023), namely that organizational culture has a positive and significant effect on employee performance through work motivation at BPJS Ketenagakerjaan throughout the Greater Medan area.

### Conclusion

1. Organizational culture has a positive and significant effect on employee performance at PTPN 4 Regional II Medan.
2. Organizational culture has a positive and significant effect on work motivation at PTPN 4 Regional II Medan.
3. Work motivation has a positive and significant effect on employee performance at PTPN 4 Regional II Medan.
4. Organizational culture has a positive and significant effect on employee performance through work motivation at PTPN 4 Regional II Medan.

### Recommendations

1. The analysis of employee performance variables (Y) revealed the lowest average score of 4.07 for the statement “I can guide my team to complete tasks on time.” Therefore, the company is advised to provide training in leadership, time management, and communication and coordination skills to employees or team leaders. Additionally, a structured division of tasks and work targets is necessary to ensure that the team guidance process runs more effectively and leads to improved performance.
2. From the analysis of the work motivation variable (Z), the lowest average score of 4.02 was found for the statement “I am satisfied with the company because it actively provides a clear path for career advancement for employees,” followed by the statement “I am enthusiastic about taking on new work challenges that can pave the way for career advancement” followed by the statement “I am willing to always be given full

responsibility for every task assigned to me,” then the statement “I feel my ideas are heard by management,” and the statement “I am satisfied with the existence of a formal recognition system (awards and appreciation) for employee performance in this company.” This indicates that employees’ intrinsic and extrinsic motivation has not yet been fully optimized, particularly regarding career development, participation, and recognition. Therefore, the company is advised to establish and communicate clear, structured career paths; provide opportunities for competency development through training and challenging assignments; and foster a participatory culture that encourages employee input. Additionally, the implementation of a fair, transparent, and performance-based recognition and appreciation system needs to be strengthened to enhance employee satisfaction, work enthusiasm, and motivation in achieving the company’s goals.

3. Analysis of the organizational culture variable (X1) revealed the lowest average score of 3.76 for the statement “I feel capable of managing potential risks in a measured manner that may arise in my work.” Therefore, the company is advised to strengthen its risk management culture through policy dissemination, training on the identification and mitigation of workplace risks, and the development of clearer and more measurable standard operating procedures (SOPs). Consequently, employees are expected to have a better understanding and ability to anticipate and manage risks, thereby enhancing organizational effectiveness and performance.

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