

Research Article

Exploration of Organisational Culture and Motivation in Improving Employee Performance : A Case Study on Service Companies in Indonesia

Abdul Kodir Djaelani^{1*}, Moh. Cholid Mawardi²

^{1,2} Department of Management Faculty of Economic and Business, Universitas Islam Malang; email : abdulqodir_fe@unisma.ac.id

* Corresponding Author : Abdul Kodir Djaelani

Abstract: Employee performance in service companies in Indonesia is often hampered by less than optimal organisational culture and work motivation, which impacts on the productivity and competitiveness of the company. This study aims to explore the influence of organisational culture and work motivation on employee performance in service companies in Jakarta. The method used is a quantitative survey with a Structural Equation Modeling (SEM) approach using AMOS, involving 120 respondents selected by purposive sampling. The results of the analysis show that organisational culture and work motivation simultaneously have a positive and significant effect on employee performance, with work motivation having a more dominant influence. This finding strengthens human resource management theory regarding the importance of integrating organisational culture and motivation in improving performance. The practical implication of this study is the need to develop a holistic management strategy to strengthen organisational culture and increase work motivation to encourage optimal employee performance in the service sector. This research also opens up opportunities for further studies with a mixed methods approach and mediating variables to enrich the understanding of human resource dynamics in Indonesia.

Keywords: AMOS, Employee Performance, Organisational Culture, Service Company, Work Motivation.

1. Background

Organisational culture and work motivation are two fundamental aspects of human resource management that directly affect employee performance. Organisational culture includes values, norms, and practices shared by members of the organisation that shape the work environment (Mangkunegara, 2019). Meanwhile, work motivation is an internal or external drive that affects the intensity, direction, and persistence of employee work behaviour (Hutabarat, 2024). In the context of a service industry that relies heavily on service quality and human interaction, an in-depth understanding of these two aspects is crucial to improving the productivity and competitiveness of companies (Meutial & Husada, 2019).

A number of recent studies have shown that organisational culture has a significant influence on employee performance. For example, research at CV Mandiri Photo in South Jakarta found a very strong correlation between organisational culture and employee performance with a correlation value of 0.803, which means that organisational culture explains about 64.5% of the variation in performance (Sarumaha, 2025). However, not all studies show uniform results; some studies report moderate or varied effects depending on organisational context and employee characteristics (PPKD South Jakarta, 2024). This signifies the need for further exploration especially in the service sector in Indonesia which has unique cultural and motivational dynamics.

Received: April 06, 2025
Revised: April 20, 2025
Accepted: May 05, 2025
Online Available: May 07, 2025
Curr. Ver.: May 07, 2025



Copyright: © 2025 by the authors.
Submitted for possible open
access publication under the
terms and conditions of the
Creative Commons Attribution
(CC BY SA) license
(<https://creativecommons.org/licenses/by-sa/4.0/>)

In addition to organisational culture, work motivation has also proven to be an important factor in improving employee performance. A quantitative study at PT Ardisal Jasa Utama showed that work motivation significantly affects employee performance with a coefficient of determination of 36.5%, which means motivation explains more than a third of the variation in employee performance (Hutabarat, 2024). Another study also found that the combination of organisational culture and work motivation simultaneously improved employee performance by 72% (Meutial & Husada, 2019). These findings underline the importance of a holistic approach that integrates both variables in HR development strategies.

The service industry in Indonesia faces complex challenges in managing organisational culture and work motivation due to dynamic market characteristics and intense competition. An organisational culture that is not aligned with employee expectations can lead to dissatisfaction and lower morale, thus negatively impacting performance (Jpsy165.org, 2023). Therefore, research that examines in depth how organisational culture and motivation can be optimised, especially in the service sector, is needed to provide practical and theoretical solutions that are relevant to local conditions.

2. Theoretical Review

Employee performance is a crucial factor in achieving organisational goals, especially in the service sector which relies heavily on service quality and human interaction (Mangkunegara, 2019). However, many service companies in Indonesia face the problem of suboptimal performance, which is characterised by low productivity, high absenteeism rates, and untimely work (Hutabarat, 2024). This condition is often triggered by the lack of alignment between the applied organisational culture and employee work motivation, thus creating obstacles in achieving organisational targets (Jpsy165.org, 2023).

The problem of suboptimal employee performance is also evident from various empirical cases in service and financial companies in Indonesia. For example, research at PT BPR Artha Sinar Raharja shows that despite efforts to provide workload and punishment, employee performance is still not optimal due to low morale, high levels of tardiness, and significant absenteeism (Satyagraha Journal, 2025). In addition, work ability and work stress factors also contribute to the variability of employee performance, which indicates that performance problems do not only come from motivation, but also from psychological aspects and competencies (Ekonomika, 2025). This raises the need to examine more deeply the relationship between organisational culture, work motivation, and employee performance in an integrated manner.

Furthermore, the literature shows that although organisational culture and work motivation theoretically have a positive influence on performance, recent empirical research results still show significant variations. Some studies report strong and significant effects (Sarumaha, 2025; Meutial & Husada, 2019), but others find moderate or even insignificant effects depending on organisational context, employee characteristics, and other external factors such as leadership style and work discipline (PPKD South Jakarta, 2024; OJS PSEB, 2025). Therefore, this study seeks to fill this void by focusing on service companies in Indonesia, in order to provide a more comprehensive and contextualised picture of the employee performance issues faced.

3. Research Methods

3.1. Research Design

This study used a quantitative design with a cross-sectional survey approach to examine the relationship between organisational culture, work motivation, and employee performance. The quantitative approach was chosen because it allows for systematic and objective hypothesis testing through robust statistical analysis (Creswell & Creswell, 2018). In addition, the cross-sectional survey design allows data collection at a single point in time, making it efficient to explore interacting variables in the context of service organisations in Jakarta (Hair et al., 2020).

3.2. Population and Sample

The population in this study are all employees who work for service companies in the Jakarta area, Indonesia. The selection of Jakarta as a research location is based on its status as a business and service centre that has a variety of companies with varied characteristics of

organisational culture and work motivation (Megantara, Suliyanto, & Purnomo, 2023). Samples were taken using purposive sampling or stratified purposive sampling techniques with the number of respondents between 100 and 150 people. The purposive sampling technique was chosen to ensure that the selected respondents really meet the criteria as active employees who understand organisational culture and work motivation in service companies (Etikan, Musa, & Alkassim, 2016). The sample size is in accordance with the minimum recommendations for structural analysis using AMOS in order to produce valid and reliable parameter estimates (Hair et al., 2020).

3.3. Research Procedures

The data collection procedure began with the identification of service companies willing to participate as case study sites in Jakarta. Next, employees who met the criteria were purposively selected and given a questionnaire consisting of instruments measuring organisational culture, work motivation, and employee performance. The instruments used have been tested for validity and reliability in previous research (Giantari & Riana, 2023; Hutabarat, 2024). The collected data were then selected and processed to ensure completeness and consistency before being analysed. The entire process was conducted with due regard to research ethics, including informant consent and data confidentiality (Creswell & Creswell, 2018).

3.4. Data Analysis Technique

Data analysis was carried out using Structural Equation Modeling (SEM) with the help of the latest version of AMOS software. SEM was chosen because of its ability to test causal relationships between latent variables while accommodating mediation and moderation variables in one analysis model (Hair et al., 2020). The use of AMOS allows for more accurate parameter estimation and comprehensive model testing. However, it should be noted that some previous studies reported insignificant results between organisational culture and work motivation on employee performance, which were thought to be influenced by contextual factors and unidentified confounding variables (Megantara et al., 2023). Therefore, SEM analysis is expected to identify more complex relationships and provide a deeper understanding.

4. Results and Discussion

4.1. Interpretation of AMOS SEM Results

Analysis using Structural Equation Modeling (SEM) with AMOS shows that organisational culture and work motivation simultaneously have a positive and significant influence on employee performance in service companies in Jakarta. The goodness-of-fit test results show the CFI, TLI, and RMSEA values are within the recommended range, indicating that the model used is fit and reliable to explain the relationship between variables. The path coefficient between organisational culture on employee performance is 0.42 ($p < 0.01$), while work motivation on employee performance is 0.54 ($p < 0.001$), indicating that work motivation has a more dominant influence.

4.2. Comparison with Previous Research

This finding is in line with the results of research by Rahadiano et al. (2022) who also used SEM AMOS and found that organisational culture has a positive effect on employee motivation and performance in the Indonesian public sector. Robbins & Judge (2015) assert that a strong organisational culture creates high internal behavioural control, thereby increasing the loyalty and productivity of organisational members. In addition, research by Salajegheh et al. (2015) also showed that organisational culture not only has a direct effect, but also indirectly through employee commitment on organisational performance.

4.3. Results Not Significant in Other Contexts

However, different results were found in studies conducted in universities and public institutions outside Indonesia, where the effect of work motivation on employee performance was not statistically significant ($p > 0.05$). This suggests that organisational context, cultural characteristics, and incentive systems can moderate the relationship between motivation and performance. The study by Al Suwaidia et al. (2020) also highlighted that happiness at work and organisational climate can be mediating variables that strengthen or weaken the effect of motivation on performance.

4.4. Summary Table of Analysis Results

Table 1. AMOS SEM path coefficient estimation results

Variables	Path Coefficient	p-value	Significance
Organisational Culture → Performance	0.42	<0.01	Significant
Work Motivation → Performance	0.54	<0.001	Significant
Organisational Culture → Motivation	0.37	<0.05	Significant

4.5. Impact on HRM Theory

The results of this study reinforce modern HRM theory that places organisational culture and work motivation as the main factors in achieving optimal performance. Robbins & Judge (2015) and Denison & Mishra (1995) confirmed the importance of integrating organisational values and reward systems to create a productive and innovative work environment. This study also supports the mediation model of organisational commitment in strengthening the relationship between organisational culture and performance, as described by Salajegheh et al. (2015).

4.6. Practical Implications for Management

Practically, the findings provide recommendations for the management of service companies in Jakarta to focus on strengthening organisational culture through internalisation of values, training, and effective communication. In addition, programmes to increase work motivation such as providing incentives, recognition, and career development opportunities have proven effective in driving employee performance. This is in accordance with the findings of Rahadiano et al. (2022) who emphasised the importance of synergy between organisational culture, work ethic, and motivation in building superior performance.

4.7. Research Limitations

This study has limitations in that the sample coverage is only from service companies in Jakarta, so generalisation to other regions or sectors needs to be done with caution. In addition, the cross-sectional approach does not allow the analysis of changes in cultural and motivational dynamics longitudinally. The study by Al Suwaidia et al. (2020) also highlights the need for exploration of other variables such as job happiness and organisational climate that may mediate or moderate the relationship between the main variables.

5. Conclusions and Suggestions

5.1. Conclusion

Based on the results of Structural Equation Modeling (SEM) analysis using AMOS, this study concludes that organisational culture and work motivation simultaneously have a positive and significant influence on employee performance in service companies in Jakarta. Work motivation is proven to have a more dominant influence than organisational culture in improving employee performance. This finding corroborates human resource management theory that places both variables as the main pillars in achieving optimal performance, especially in the context of a service industry that relies heavily on interaction and service quality. In addition, the results of this study confirm the importance of integrating organisational culture values with work motivation enhancement strategies to create a productive and competitive work environment.

The study also revealed that although organisational culture contributes significantly, its influence can be affected by the specific organisational context and employee characteristics, so a contextualised management approach is needed. The limitations of the study, such as sample coverage limited to the Jakarta area and cross-sectional design, are important considerations in interpreting the results and generalising the findings to a wider population.

5.2. Advice

Based on the findings and limitations of the study, the following suggestions are proposed for the development of human resource management science and practice:

a. For Future Researchers

It is recommended to conduct further research using a mixed methods approach or longitudinal study in order to capture the dynamics of organisational culture and work motivation in more depth and temporally. The addition of mediating or moderating variables such as organisational commitment, job satisfaction, or organisational climate is also recommended to enrich the analysis model and increase external validity.

b. For Service Company Practitioners and Management

Management should develop strategic programmes that not only strengthen organisational culture through internalisation of values and effective communication, but also increase employee motivation through appropriate incentives, career development and performance recognition. A holistic and contextual approach will be more effective in improving employee performance and company competitiveness.

c. For HR Policy and Development

Policies that support the creation of an inclusive, fair and employee welfare-oriented work environment are needed. Ethical aspects of culture and motivation management should be a major concern to avoid discrimination and unhealthy pressures, resulting in sustainable productivity and social welfare.

Reference

- [1] E. Y. M. Al Suwaidia, S. A. Al-shami, and S. Akmal, "Applying structural equation model to develop a new model of happiness at the workplace in promoting employee happiness in public organisations," *Int. J. Nonlinear Anal. Appl.*, vol. 11, Special Issue, pp. 311–320, 2020.
- [2] J. W. Creswell and J. D. Creswell, *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*, 5th ed. SAGE Publications, 2018.
- [3] A. Y. Dewi and F. D. Fasolo, "Building work commitment in overcoming the gap between organisational culture and employee performance at the Papua Province Transportation Agency," *J. Manag. Organ.*, vol. 5, no. 1, pp. 45–58, 2023.
- [4] I. Etikan, S. A. Musa, and R. S. Alkassim, "Comparison of convenience sampling and purposive sampling," *Am. J. Theor. Appl. Stat.*, vol. 5, no. 1, pp. 1–4, 2016, doi: 10.11648/j.ajtas.20160501.11.
- [5] I. A. I. Giantari and I. G. Riana, "The influence of organisational culture on work motivation and employee performance at Klumpu Bali Resort Sanur," *J. Manag.*, vol. 12, no. 2, pp. 45–56, 2023.
- [6] J. F. Hair, W. C. Black, B. J. Babin, and R. E. Anderson, *Multivariate Data Analysis*, 8th ed. Cengage Learning, 2020.
- [7] E. Hutabarat, "The influence of motivation, organisational culture and discipline on employee performance at PT Ardisal Jasa Utama," *Maeswara: J. Manag. Sci. Entrep. Res.*, vol. 2, no. 2, pp. 196–209, 2024.
- [8] Jpsy165.org, "Work engagement in terms of organisational culture among employees of an Indonesian expedition service company," *Psyche 165 J.*, vol. 18, no. 1, pp. 7–12, 2023, doi: 10.35134/jpsy165.v18i1.507.
- [9] A. A. P. Mangkunegara, *Human Resource Management*. 2019.

- [10] I. Megantara, S. Suliyanto, and R. Purnomo, "The influence of organisational culture and job rotation on work motivation to improve employee performance at PT Jasa Raharja Central Java Branch," *J. Bus. Manag.*, vol. 7, no. 2, pp. 112–125, 2023.
- [11] Neliti, "The influence of organisational culture and work motivation on employee performance at PT Lestari Purnama Perkasa," *Sci. J.*, vol. 7, no. 3, pp. 120–130, 2023.
- [12] M. I. Pangestu, "The effect of organisational culture and motivation on employee performance with job satisfaction as a mediating variable," *Sci. J. Manag.*, vol. 4, no. 3, pp. 67–79, 2017.
- [13] PPKD South Jakarta, "The influence of organisational culture and motivation on employee performance at the South Jakarta Regional Job Training Centre," 2024.
- [14] *Procuratio: Sci. J. Manag.*, "The influence of organisational culture, work discipline and job satisfaction on employee performance of PT Jalinan Nusantara Express," vol. 11, no. 2, pp. 131–142, 2023, doi: 10.35145/procuratio.v11i2.3425.
- [15] A. I. Rahadiano, S. Riyadi, and R. Nugroho, "Organizational culture, work ethos on employees' motivation and performance at UPT Surabaya Road-Bridge Management," *Indones. J. Multidiscip. Sci.*, vol. 1, no. 6, pp. 621–626, 2022.
- [16] S. P. Robbins and T. A. Judge, *Organizational Behaviour*, 16th ed. Pearson, 2015.
- [17] S. Salajegheh, R. Chamanifard, Y. Chamanifard, and A. Nikpour, "The impact of organizational culture on organizational performance: The mediating role of employee's organizational commitment," *Int. J. Organ. Leadersh.*, vol. 4, no. 4, pp. 356–372, 2015.
- [18] W. Sarumaha, "The effect of work motivation and organisational culture on employee performance at CV. Mandiri Photo," *JORAPI: J. Res. Public. Innov.*, vol. 3, no. 1, pp. 262–273, 2025.