



The Effect of Organizational Culture on Employee Performance Mediated by Work Motivation at PT. Permodalan Nasional Madani Cianjur Branch

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Abstract. This study aims to examine the effect of organizational culture on employee performance through employee work motivation at PT Permodalan Nasional Madani Cianjur Branch. This research uses a quantitative approach with Structural Equation Modeling (SEM) using the SmartPLS program. The population used is all employees of PT Permodalan Nasional Madani Cianjur Branch. The sample consisted of 102 respondents. The data collection technique was carried out using a questionnaire distributed online. The results showed that work motivation can significantly mediate the effect of organizational culture on employee performance at PT Permodalan Nasional Madani Cianjur Branch. The result of Direct Effect Analysis is BO -> MK : Original Sample (Path) = 0,693; t-Statistics = 10,788; P-Values = 0,000; Decision = Positive. BO -> KK : Original Sample (Path) = 0,068; t-Statistics = 1,949 P-Values = 0,052; Decision = Positive. MK -> KK : Original Sample (Path) = 0,760; t-Statistics = 13,294; P-Values = 0,000; Decision = Positive.

Keywords: Employee performance; Organizational Culture; Work Motivation

1. Introduction

PT Permodalan Nasional Madani (PNM) is one of the State-Owned Enterprises (SOEs) engaged in financial services. The company was established in 1999 with the main objective of assisting the development of micro, small, and medium enterprises (MSMEs) in Indonesia. As a non-bank financial institution, PNM has a strategic role in driving national economic growth through empowering MSMEs (Diantari & Riana, 2019). The Cianjur branch of PT PNM, which is the focus of this research, operates in the West Java region and has a big responsibility in channeling financing and providing assistance to MSME players in the area. In carrying out its functions, employee performance is a crucial factor that determines the success of the branch in achieving targets and providing optimal service to customers (Haryono & Arafat, 2021).

Employee performance itself is influenced by various factors, both internal and external (Firman et al., 2022). One factor that is believed to have a significant influence is organizational culture. Organizational culture includes values, norms, and beliefs shared by all members of the organization. In the context of PT PNM Cianjur Branch, a strong

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organizational culture can guide employees in their daily actions and decisions (Irwan et al., 2020).

A positive organizational culture that is aligned with the company's vision and mission has the potential to create a conducive work environment. This in turn can increase employee work motivation. High work motivation encourages employees to give their best effort, which ultimately has an impact on improving performance (Ismoyo et al., 2022). However, the relationship between organizational culture, work motivation, and employee performance is not simple and linear. There are complexities and dynamics that need to be understood more deeply. For example, how organizational culture is translated into daily management practices, the extent to which employees internalize organizational values, and how intrinsic and extrinsic motivation interact in influencing performance (Junaedi & Digdowiseiso, 2023).

On the other hand, PT PNM Cianjur Branch also faces external challenges that can affect the internal dynamics of the organization. Increasing competition in the financial services industry, changes in government regulations, and rapid digital transformation are some of the factors that must be anticipated. In the face of these changes, the organization's ability to adapt and maintain employee performance is very important (Niken et al., 2022). Research on the influence of organizational culture on employee performance with mediation of work motivation at PT PNM Cianjur Branch is relevant and important for several reasons. First, the research results can provide a deeper understanding of the internal dynamics of the organization and the factors that influence employee performance. Second, the research findings can be the basis for the management of PT PNM Cianjur Branch in developing more effective human resource management strategies (Nurasniar, 2021).

Furthermore, this study also has the potential for theoretical contributions in the development of management science, particularly in the context of SOEs in Indonesia. Taking into account the unique characteristics of PT PNM as a non-bank financial institution that focuses on empowering MSMEs, the results of the study may provide a new perspective in understanding the interaction between organizational culture, work motivation, and employee performance in this sector (Paais & Pattiruhu, 2020).

In a broader context, a better understanding of the factors that influence employee performance at PT PNM Cianjur Branch may contribute to improving the effectiveness of MSME empowerment programs in Indonesia. This in turn has the potential to support the government's efforts in driving inclusive economic growth and poverty alleviation (Riyanto et al., 2021). Against this background, research on the influence of organizational culture on employee performance mediated by work motivation at PT PNM Cianjur Branch is not only relevant from an organizational management perspective, but also has important implications for the development of the MSME sector and the national economy as a whole.

2. Methods

In the midst of evolving economic dynamics, PT Permodalan Nasional Madani (PNM) Cianjur Branch stands as an important pillar in the ecosystem of Micro, Small, and Medium Enterprises (MSMEs) in the West Java region. As a non-bank financial institution that has a special mission in community economic empowerment, PT PNM Cianjur Branch faces



unique challenges in managing its human resources (Widayanto & Nugroho, 2022). This research is here to dissect the complexity of the interaction between organizational culture, work motivation, and employee performance at the institution. By adopting a rigorous quantitative approach, this study aims to uncover hidden patterns that influence organizational dynamics at PT PNM Cianjur Branch. This method was chosen for its ability to objectively test hypotheses and identify causal relationships between the variables under study. Over a one-month period, all 102 employees of PT PNM Cianjur Branch were involved in a comprehensive survey, providing a holistic picture of their perceptions and experiences regarding organizational culture, work motivation, and performance (Amelia et al., 2023).

The methodological innovation in this study lies in the use of Structural Equation Modeling (SEM) analysis technique based on Partial Least Squares (PLS). This approach opens up opportunities to not only test causality, but also build robust predictive models. The superiority of PLS-SEM in handling data complexity without being bound to normality assumptions and large sample sizes makes it an ideal choice for the unique context of PT PNM Cianjur Branch (Derry; Nugraha, 2024). The use of Smart PLS software for data management and analysis further strengthened the reliability of the research findings. Over the course of two full months, the data collected through questionnaires was processed in depth, paving the way for more nuanced and contextualized interpretations (D Nugraha et al., 2023).

The significance of this research goes beyond academic boundaries. For PT PNM Cianjur Branch, the findings have the potential to serve as a compass in navigating the challenges of human resource management in an increasingly competitive era. For policy makers, the research results can serve as an empirical basis in designing more effective and sustainable MSME empowerment strategies.

3. Results and Discussion Result

Researchers employed Structural Equation Modeling (SEM) to analyze the complex relationships between key organizational factors, particularly focusing on organizational culture, work motivation, and employee performance. The analysis uncovered significant insights into how these elements interact to shape overall productivity and employee engagement within the company. Organizational culture, which encompasses shared values, beliefs, and practices, was found to play a crucial role in influencing employees' motivation to perform well in their jobs. A culture that promotes collaboration, support, and recognition tends to foster higher levels of motivation, while a more rigid or unsupportive culture can suppress employee drive and engagement.

One of the major findings was the mediating role of work motivation between organizational culture and employee performance. This suggests that while organizational culture directly influences performance, much of its impact is channeled through how motivated employees feel within the environment. Motivated employees, inspired by a positive culture, are more likely to perform at higher levels. On the contrary, without sufficient motivation, even a good culture may not lead to optimal performance. This finding emphasizes the importance of creating an environment that not only supports good work practices but also actively engages and motivates employees to contribute to their fullest potential.

The SEM analysis also revealed the complexity of the interactions between these variables. Organizational culture not only has a direct impact on performance but also an



indirect one through its influence on motivation. For example, a culture that encourages open communication and values employee input not only boosts performance directly but also enhances motivation, which further drives performance. Different aspects of organizational culture, such as leadership style, teamwork, and the promotion of innovation, contribute in varied ways to motivation and performance, making it essential for organizations to understand which areas to focus on to achieve the best results.

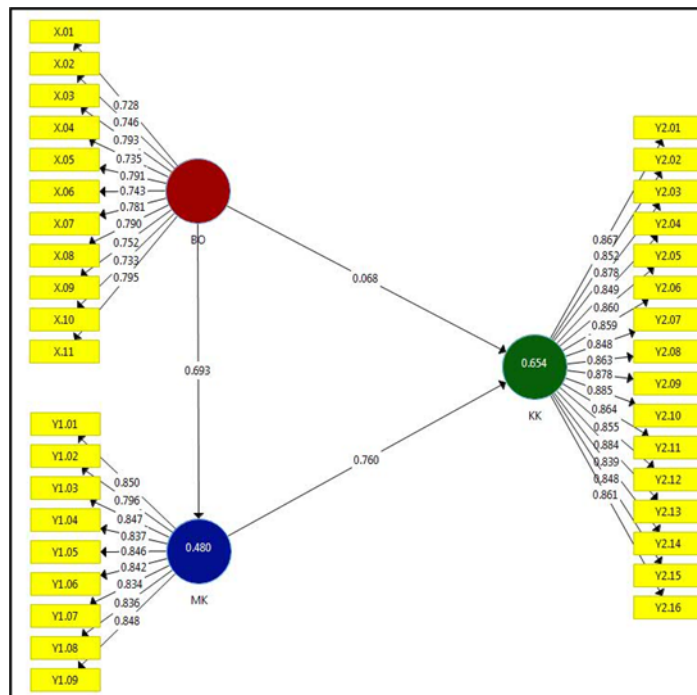


Figure 1 SEM-PLS Model Calculation Results

These findings have practical implications for management at PT PNM Cianjur Branch. Improving the organizational culture, especially in ways that support employee motivation, should be a priority. Cultivating a positive work environment where employees feel recognized, supported, and engaged can lead to higher performance and satisfaction. For employees, the study highlights how their perceptions of the work environment significantly affect their motivation and, ultimately, their job performance. This research provides a deeper understanding of organizational dynamics and offers actionable insights to enhance both employee well-being and organizational success.

Table 1 R2 (R-Square) Value

Variable	R-Square	R-Square Adjusted	Model Indication
Y1 (Work Motivation)	0,480	0,477	Weak
Y2 (Employee performance)	0,654	0,650	Moderate



First of all, let's see how strongly these variables influence each other. The coefficient of determination (R^2) provides an interesting picture. For work motivation, the R^2 value of 0.480 indicates that organizational culture has a moderate, albeit weak, influence on employee work motivation. This means that 48% of the variation in work motivation can be explained by the existing organizational culture.

More interestingly, when we look at employee performance, the R^2 value increases to 0.654. This indicates that the combination of organizational culture and work motivation has a stronger, or moderate, influence on employee performance. About 65.4% of the variation in employee performance can be explained by these two factors

Furthermore, the path analysis revealed some interesting insights. The strongest relationship was seen between work motivation and employee performance, with a path coefficient of 0.7606. This confirms that motivation does have a very significant impact on performance.

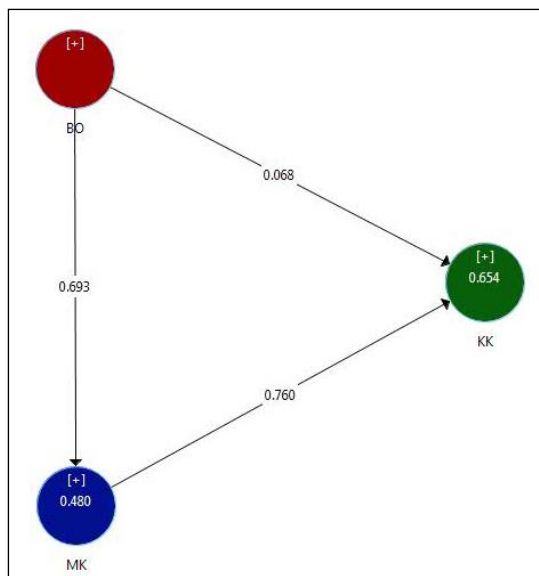


Figure 2 Direct Effect on Model Path Diagram

Figure 2 shows that the direct relationship between organizational culture and employee performance is relatively weak, with a path coefficient of only 0.068. However, do not rush to conclude that organizational culture is not important. Instead, this finding leads us to a more interesting discovery.

When we look at the indirect effects, it is revealed that organizational culture has a fairly strong influence on employee performance through work motivation, with a coefficient of 0.525. This suggests that organizational culture plays an important role in shaping work motivation, which in turn greatly affects employee performance.

Table 2 Results of Direct Effect Analysis

<i>Path (Jalur)</i>	<i>Original Sample (Path)</i>	<i>t-Statistics</i>	<i>P-Values</i>	<i>Decision</i>
BO -> MK	0,693	10,788	0,000	Positive
BO -> KK	0,068	1,949	0,052	Positive



MK -> KK	0,760	13,294	0,000	Positive
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Description: BO (Organizational Culture); MK (Work Motivation); and KK (Employee Performance).

Based on table 2, all paths show a positive relationship. This means that the relationship between exogenous latent variables and their endogenous latent variables is positive (unidirectional) and acceptable.

3.1. Influence of Organizational Culture on Work Motivation

Statistical analysis conducted using SmartPLS provides strong evidence of a positive and significant relationship between organizational culture and employee work motivation. With a t-value of 10,788 and a p-value well below the significance threshold of 0.05, this finding shows that organizational culture is not just jargon, but a crucial factor in shaping employee morale. This result strengthens the argument that the work ethic and values embedded in organizational culture have a direct impact on employees' internal drive for achievement. The stronger and more positive the culture, the higher the motivation that arises from within employees.

More than just numbers, the results of this study have profound practical implications. A conducive organizational culture, characterized by harmonious relationships between superiors and subordinates, solidarity among employees, and strong support from management, is proven to create a comfortable working environment. This comfort, in turn, catalyzes the growth of employees' intrinsic motivation. Most interestingly, a strong organizational culture has been shown to stimulate employees' enthusiasm for their tasks. It is not just about working harder, but about creating an environment where employees feel compelled to give their best, not because of coercion, but because of strong internal motivation.

For PT PNM Cianjur Branch, these findings serve as a compass in navigating human resource development strategies. Focusing on building and strengthening a positive organizational culture is no longer just an option, but a strategic imperative if it is to improve employee motivation and, ultimately, performance.

3.2. Influence of Work Motivation on Employee Performance

Using advanced statistical analysis through SmartPLS software, the study produced a startling finding: a t-value of 13,294 with a p-value below the 0.05 significance threshold. These numbers are not just dry statistics; they tell the story of how employees' internal drive dramatically affects their work output. This finding has revolutionary implications for the management of PT PNM Cianjur Branch. It is no longer about simply providing financial incentives, but about creating a work ecosystem that stimulates intrinsic motivation. A deep sense of responsibility and a burning passion for work are key indicators of successfully cultivated motivation.

Furthermore, this research demands a new paradigm in leadership. Corporate leaders are challenged to be more than just managers; they must become sensitive organizational psychologists. A holistic approach that involves not only employees, but also their social circles, is key to unlocking the latent potential of motivation. However, motivation is not a magic wand. It is a precision tool that requires constant calibration. Competitive salaries and benefits are important, but they are only the foundation. On top of them, a complex and personalized motivation structure needs to be built, tailored to the unique needs of each employee.



For PT PNM Cianjur Branch, this finding is not just about improving the numbers in the financial statements. It is about creating a work environment where every employee feels compelled to give their best, not because they have to, but because they want to.

3.3. Influence of Organizational Culture on Employee Performance

With a t-count of 1.949 and a p-value of 0.052, the results of statistical analysis using SmartPLS are at the threshold of significance. These numbers, while seemingly dry, tell a story that challenges long-held assumptions in management theory. These findings open the door to fundamental questions. Is the long-held importance of organizational culture perhaps overrated? Or could there be other factors that are more dominant in influencing employee performance in this modern era?

For the management of PT PNM Cianjur Branch, this result does not mean that organizational culture should be ignored. Rather, it is a call for introspection and innovation. Perhaps it is time to re-evaluate how organizational culture is defined, implemented, and measured in the specific context of the company.

3.4. Influence of Work Motivation in Mediating the Effect of Organizational Culture on Employee Performance

In modern organizational dynamics, the interaction between corporate culture, employee morale, and performance outcomes has become a major focus of management research. An interesting study conducted at PT PNM Cianjur Branch revealed significant findings regarding the important role of work motivation as a bridge between organizational culture and employee performance. Careful statistical analysis, utilizing SmartPLS software, yielded a t-count of 9.188 and a p-value of 0.000. These numbers are not just a numerical row - they reveal a deeper narrative. With a p-value well below the 0.05 threshold, these results strongly suggest that work motivation does indeed act as an effective mediator between the company's cultural ethos and employee achievement.

This finding reinforces the idea that a positive organizational culture not only affects performance directly, but also ignites the fire of motivation within each employee. It is this motivation that then becomes the catalyst, driving employees to achieve higher levels of performance. The stronger the organizational culture is embedded, the higher the motivation created, which ultimately results in a significant spike in performance.

The implications of this study are profound. It describes an organizational ecosystem where positive and strong cultural values are the foundation. On this foundation, fertile work motivation grows, which in turn bears the fruit of superior employee performance. The synergy between a strong organizational culture and high work motivation creates an environment conducive to productivity and excellence.

4. Conclusions

An in-depth study within PT PNM Cianjur Branch has uncovered interesting dynamics between three crucial elements in the organization: corporate culture, employees' internal drive, and their work outcomes. The results of this study open a new veil of understanding on how these three factors interact and influence each other.

The first finding shows a strong positive correlation between the atmosphere of organizational culture and employee morale. The stronger the values and norms embedded in the work environment, the higher the passion and dedication shown by



employees. This illustrates how important it is to create an inspiring and supportive work climate.

Furthermore, this study confirms the direct link between employees' motivation levels and the quality of their performance. When the fire of passion burns within each individual, it is reflected in a significant increase in productivity and work efficiency. This finding confirms the urgency for management to continuously nurture and maintain their employees' internal motivation.

Interestingly, this study also revealed a surprising phenomenon: the absence of a direct effect of organizational culture on employee performance. This indicates that the relationship between these two variables is more complex than previously thought. However, this study managed to uncover the crucial role of work motivation as a bridge between organizational culture and employee performance. Motivation acts as a catalyst that transforms organizational culture values into action, which in turn drives performance improvement. The stronger the motivation that grows from a positive organizational culture, the higher the level of performance that can be achieved.

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