
STRATEGIES TO IMPROVE EMPLOYEE PERFORMANCE AT PT. XYZ



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Abstract

This study aims to analyze strategies for improving employee performance at PT. XYZ by examining various influencing factors, including organizational culture, work environment, and work motivation. The findings indicate that organizational culture does not have a significant impact on employee performance, either directly or through the work environment as an intervening variable. In contrast, the work environment has a significant positive effect on both work motivation and employee performance. Additionally, work motivation significantly influences performance, both directly and through the work environment. Based on these results, the main recommended strategy is to enhance the company's ability to manage internal and external issues by actively involving both employees and leadership. These findings are expected to serve as a reference for policy-making and more effective human resource development at PT. XYZ.

Keywords: Employee Performance, Organizational Culture, Work Environment, Work Motivation, Human Resource Strategy

INTRODUCTION

In the era of globalization and increasing competition, employee performance is a determining factor for the success and sustainability of organizations in the future. Companies with highly productive, capable, and high-performing employees gain a competitive advantage in achieving business goals. In this context, work motivation, work environment, and organizational culture are key factors that influence employee performance.

Work motivation, as an inner drive within individuals to achieve personal goals and satisfaction, has long been a focus of attention in the field of human resource management. Employees with high motivation at work tend to be more engaged, enthusiastic, and eager to achieve predetermined work objectives. Conversely, unmotivated employees tend to be less productive, which can negatively affect the overall performance of the organization (Anthony 2017) states that providing encouragement, as a form of motivation, is important to increase employee enthusiasm so that they can achieve the desired results set by management.

In addition to work motivation, the work environment also plays an important role in shaping employee performance. A physically and socially friendly work environment can create a comfortable atmosphere and motivate employees to work better. Fair job opportunities, support from colleagues and supervisors, as well as open communication channels, have a positive impact on employee productivity and performance. (Nitisemito 1993) stated that the work environment includes everything around workers that can influence them in carrying out their assigned tasks and is one of the factors affecting an employee's performance.

Furthermore, organizational culture also affects employee performance. Work culture includes the norms, values, and beliefs shared by members of the organization. A strong and positive work culture encourages employees to adapt, collaborate, and innovate to improve the overall quality of organizational performance. (Shodiyah 2017) stated that work culture significantly influences employee performance.

Performance is the result of work, in terms of quality and quantity, achieved by an employee in carrying out tasks in accordance with the responsibilities given (Mangkunegara 2004). However, given the ever-evolving dynamics of the workplace, the role of work motivation, work environment, and organizational culture in shaping employee performance requires further investigation. These factors can be complex, interrelated, interacting, and influencing each other in a diverse and dynamic work environment. Therefore, research on the "impact of work motivation, work environment, and organizational culture on employee performance" is relevant and valuable for this study.

The aim of this study is to analyze and understand the relationship between employee performance in an organization and work motivation, work environment, and organizational culture. The research findings are expected to lead to a better understanding of the factors that contribute to employee performance, enabling companies to take strategic steps to optimize their human resources.

In addition, this study is expected to provide relevant recommendations for HR practitioners and managers in developing employee development programs and improving working conditions. In this way, organizations can enhance employee performance and strengthen their position in a competitive market.

Extensive and in-depth research on the factors affecting employee performance is expected to make a positive contribution to the development of academia, business, and human resources in general. This research also serves as a reference for further studies on other aspects of employee performance within the context of dynamic and rapidly changing organizations.

LITERATURE REVIEW

Employee Performance

According to (Khotimah *et al.* 2017a), performance is a predetermined standard used as evidence that a person has made their best effort. Such effort is an indicator of a person's potential to take on greater responsibility, such as work quality, speed and accuracy of work, initiative at work, and teamwork ability.

Work Motivation

According to (Gibson Ivancevich Donnelly 2010), motivation involves fulfilling needs. This is the first element in the process of motivating employees. Maslow's theory is relevant in the workplace because employees not only need money and rewards as income value but also respect and social interaction, which are addressed in Maslow's hierarchy of needs theory.

Work Environment

According to Sondang (Sondang P. Siagian 2013a), the work environment is the setting where employees carry out their daily tasks. Sondang P. Siagian (2013b) also explains that there are generally two types of work environments: the physical work environment and the non-physical work environment.

Organizational Culture

Organizational culture is defined as a set of expectations, experiences, and values that are embodied in the self-image of organizational members in carrying out activities aimed at achieving organizational goals (Robbins dan Judge 2015b).

RESEARCH METHOD

This study aims to determine the influence of work motivation, work environment, and organizational culture on employee performance at PT. XYZ. Efforts can be made by optimizing company progress influenced by employee performance; thus, to optimize performance, factors such as work motivation, work environment, and organizational culture must be addressed.

To prove the effect of each factor on employee performance at PT. XYZ, this research applies Structural Equation Modeling (SEM-PLS) analysis. The process begins with identifying and describing the current state of work motivation, work environment, organizational culture, and employee performance at PT. XYZ. Next, it analyzes the influence of work motivation, work environment, and organizational culture on employee performance. Then, it examines the role of the work environment in mediating the influence of work motivation on employee performance, as well as the role of work culture in mediating the influence of the work environment on employee performance at PT. XYZ. Finally, it formulates several alternative strategies to provide guidance and recommendations to company management in making policies and decisions related to improving employee performance.

This study was conducted at PT. XYZ, located at Cileungsi km. 7, Bogor Regency, from November 2023 to December 2023.

According to (Sugiyono 2017), the population is the generalization area consisting of objects/subjects that have certain qualities and characteristics determined by the researcher to be studied and from which conclusions are drawn. The population in this study is all employees of PT. XYZ, totaling 150 people.

According to (Sugiyono 2017), a sample is a portion of the number and characteristics possessed by the population. The conclusions drawn from the sample will apply to the population. Therefore, the sample taken must truly represent the population.

The sampling technique used in this research is purposive sampling a sampling technique for a specific purpose, based on certain criteria in respondents (Sugiyono 2014). The sampling method used is non-probability sampling. According to (Sugiyono 2014), non-probability sampling is a sampling technique that does not give every element or member of the population an equal chance to be selected. The type of non-probability sampling used is incidental sampling, which determines the sample based on coincidence anyone who happens to meet the researcher and meets the criteria can be used as a sample. In this study, the sample size was calculated using Slovin's formula (Sugiyono 2011);

$$n = \frac{N}{1 + Ne^2}$$

Where:

- n = sample size
- N = population size
- e = margin of error or degree of tolerance

The total population represents the population size (N) in the Slovin formula. The tolerance level was set at 0.1 percent, obtained from an accuracy rate of 90 percent subtracted from 100 percent, resulting in a minimum research sample size of 99.99, which is rounded up to 100. The following is the sample calculation result using the Slovin formula:

$$n = \frac{N}{1 + Ne^2} = \frac{150}{1 + 150 \cdot 0,1^2} = 60$$

RESULTS AND DISCUSSION

Validity and Reliability Testing of Variables

Validity Test

This study was measured using 27 question items. Based on the instrument test results from 70 respondents, the validity test of 22 indicator items in the instrument produced the following results:

Table 1.
Variable Validity Test Results

No	Question item	R Qount	R Table	Validity
1	Y1	0.933	0.235	valid
3	Y2	0.873	0.235	valid
5	Y3	0.899	0.235	valid
6	Y4	0.597	0.235	valid
8	Y5	0.876	0.235	valid

10	X1.1	0.898	0.235	valid
11	X1.2	0.871	0.235	valid
12	X1.3	0.862	0.235	valid
13	X1.4	0.277	0.235	valid
14	X2.1	0.927	0.235	valid
15	X2.2	0.886	0.235	valid
16	X2.3	0.907	0.235	valid
17	X2.4	0.746	0.235	valid
18	X2.5	0.864	0.235	valid
19	X2.6	0.368	0.235	valid
20	X2.7	0.795	0.235	valid
21	X3.1	0.935	0.235	valid
22	X3.2	0.913	0.235	valid
23	X3.3	0.886	0.235	valid
24	X3.4	0.821	0.235	valid
25	X3.5	0.801	0.235	valid
26	X3.6	0.812	0.235	valid
27	X3.7	0.883	0.235	valid

Source: Processed Data (2024)

Based on the validity test results of the 22 indicator items in Table 1, it was found that all question items for the variables of employee performance, work motivation, physical and non-physical work environment, and organizational culture were proven valid.

Reliability Test

The reliability test was then conducted on the variables of employee performance, work motivation, physical and non-physical work environment, and organizational culture. The results showed that all variables were proven reliable. The reliability test results for the employee performance variable in Table 2 show a Cronbach’s alpha value of 0.896; the work motivation variable in Table 3 shows a Cronbach’s alpha value of 0.703; the physical and non-physical work environment variable in Table 3 shows a Cronbach’s alpha value of 0.895; and the organizational culture variable in Table 2 shows a Cronbach’s alpha value of 0.943, indicating that all variables are reliable and suitable for use.

Table 2.
Reliability Test Results for Employee Performance Variable

Reliability Statistics

Cronbach's Alpha	N of Items
.896	5

Source: Processed Data (2024)

Table 3.
Reliability Test Results for Work Motivation Variable

Reliability Statistics

Cronbach's Alpha	N of Items
.703	4

Source: Processed Data (2024)

Table 4.
Reliability Test Results for Physical and Non-Physical Work Environment Variables

Reliability Statistics	
Cronbach's Alpha	N of Items
.895	7

Source: Processed Data (2024)

Table 5.
Reliability Test Results for Individual Readiness to Change

Reliability Statistics	
Cronbach's Alpha	N of Items
.943	7

Source: Processed Data (2024)

Respondent Characteristics Description

A total of 70 respondents were involved in this study, all working at Jalan Raya Setu – Kp. Rawahingkik km.07 Rt.001 Rw.001 Limusnunggal, Cileungsi, Kab. Bogor, West Java. Based on the collected data, the characteristics of respondents by gender, age, last education, position, and length of service are as follows:

Table 6.
Respondent Characteristics Description

Characteristic	Category	Frequency	Percentage (%)
Gender	Male	60	85.71
	Female	10	14.29
Age	< 25 years	5	7.24
	25–35 years	12	17.11
	35–45 years	22	32.24
	45–55 years	24	33.55
	> 55 years	7	9.87
	Last Education Level	Elementary School	1
Junior High School		0	0
Senior High School		68	97.14
Diploma		0	0
Bachelor’s Degree		1	1.43
Master’s Degree		0	0
Doctoral Degree		0	0
Position	Expedition	17	24.29
	Director	2	2.86
	Technician	4	5.71
	Supervisor	4	5.71
	Staff	10	14.29

	Production	32	45.71
	Cleaning Service	1	1.43
Length of Employment	< 1 year	0	0
	> 1 year – 3 years	1	1.43
	> 3 years – 5 years	1	1.43
	> 5 years	68	97.14

Source: Processed Data (2024)

Based on the analysis in Table 6, most respondents in this study were male employees (85.71%), with the dominant age group between 45–55 years (33.55%). The majority had a high school education (97.14%) and worked in the production department (45.71%). Most respondents had worked for more than 5 years (97.14%).

SEM-PLS Analysis

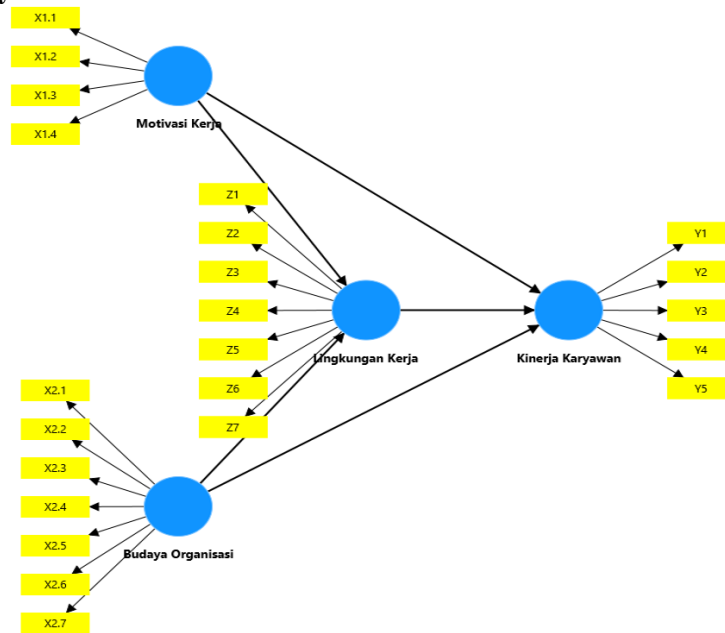


Figure 2.
SEM-PLS Model Specification
 Source: Processed Data (2024)

Outer Model Testing

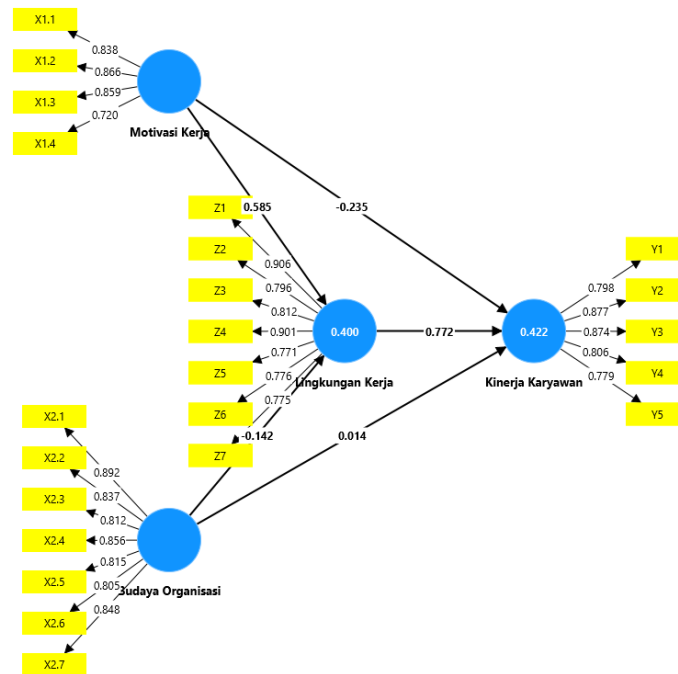


Figure 3.
SEM-PLS Algorithm Model Estimation Results
 Source: Processed Data (2024)

Convergent Validity Test

Based on the re-estimated SEM model results in Figure 3, it was found that all remaining variables in the model were valid. Testing could then proceed to the AVE test. The loading factor and AVE values can be seen more clearly in Table 7:

Table 7.
Convergent Validity Test Results

Variable	Indicator	Loading Factor	Cut Value	AVE	Convergent Validity
Work Motivation	X1.1	0.838	0.7	0.677	Valid
	X1.2	0.866	0.7		Valid
	X1.3	0.859	0.7		Valid
	X1.4	0.720	0.7		Valid
Work Environment	Z1	0.906	0.7	0.674	Valid
	Z2	0.796	0.7		Valid
	Z3	0.812	0.7		Valid
	Z4	0.901	0.7		Valid
	Z5	0.771	0.7		Valid
	Z6	0.776	0.7		Valid
	Z7	0.775	0.7		Valid
Organizational Culture	X2.1	0.892	0.7	0.703	Valid
	X2.2	0.837	0.7		Valid
	X2.3	0.812	0.7		Valid

	X2.4	0.856	0.7	Valid
	X2.5	0.815	0.7	Valid
	X2.6	0.805	0.7	Valid
	X2.7	0.848	0.7	Valid
Employee Performance	Y1	0.798	0.7	Valid
	Y2	0.877	0.7	Valid
	Y3	0.874	0.7	Valid
	Y4	0.806	0.7	Valid
	Y5	0.779	0.7	Valid

Source: Processed Data (2024)

Discriminant Validity

Discriminant validity ensures that each concept of a latent variable is distinct from other variables. The model has good discriminant validity if the square root of the AVE for each exogenous construct exceeds its correlation with other constructs. The results are as follows:

Table 8.
Discriminant Validity Test (Fornell-Larcker Criterion)

	Organizational Culture	Employee Performance	Work Environment	Work Motivation
Organizational Culture	0.838			
Employee Performance	-0.146	0.828		
Work Environment	-0.277	0.623	0.821	
Work Motivation	-0.230	0.238	0.617	0.823

Source: Processed Data (2024)

Based on Table 8, the square root of the AVE for all constructs exceeded the correlation coefficient with other constructs, meaning all constructs met the required discriminant validity. Additionally, using the cross-loading method, indicators are valid if their loading on their respective construct is higher than on any other construct.

Table 9.
Discriminant Validity Test (Cross Loading)

	Organizational Culture	Employee Performance	Work Environment	Work Motivation
X1.1	-0.249	0.111	0.486	0.838
X1.2	-0.096	0.076	0.477	0.866
X1.3	-0.247	0.312	0.647	0.859
X1.4	-0.130	0.242	0.344	0.720
Z1	-0.234	0.670	0.906	0.618
Z2	-0.233	0.444	0.796	0.473
Z3	-0.203	0.442	0.812	0.482
Z4	-0.227	0.649	0.901	0.630
Z5	-0.224	0.378	0.771	0.459
Z6	-0.202	0.484	0.776	0.382
Z7	-0.282	0.418	0.775	0.437
X2.1	0.892	-0.157	-0.320	-0.278

X2.2	0.837	-0.062	-0.205	-0.234
X2.3	0.812	-0.099	-0.221	-0.166
X2.4	0.856	-0.215	-0.269	-0.144
X2.5	0.815	-0.020	-0.131	-0.019
X2.6	0.805	-0.014	-0.183	-0.302
X2.7	0.848	-0.154	-0.182	-0.148
Y1	-0.219	0.877	0.626	0.221
Y2	-0.195	0.874	0.672	0.381
Y3	-0.022	0.806	0.368	0.049
Y4	-0.030	0.779	0.356	0.172
Y5	-0.046	0.798	0.427	0.074

Source: Processed Data (2024)

The results in Table 9 show that all indicators loaded highest on their own constructs, meeting discriminant validity requirements. Furthermore, the Heterotrait-Monotrait Ratio (HTMT) method was used, where the HTMT value must be <0.9 (Henseler et al., 2015) to confirm discriminant validity between two reflective constructs.

Table 10.
Discriminant Validity Test (HTMT)

	Organizational Culture	Employee Performance	Work Environment	Work Motivation
Organizational Culture				
Employee Performance	0.155			
Work Environment	0.280	0.636		
Work Motivation	0.252	0.271	0.663	

Source: Processed Data (2024)

Based on Table 10, no HTMT values exceeded 0.9, indicating that all constructs met discriminant validity criteria. Overall, the PLS outer model fulfilled all discriminant validity requirements. The testing proceeded to a composite reliability analysis.

Coefficient of Determination

The coefficient of determination indicates the extent to which exogenous variables explain the endogenous variable. This can be seen from the Adjusted R Square value, ranging from 0–1 (or 0–100%). A higher value indicates greater variance explained by the exogenous variables.

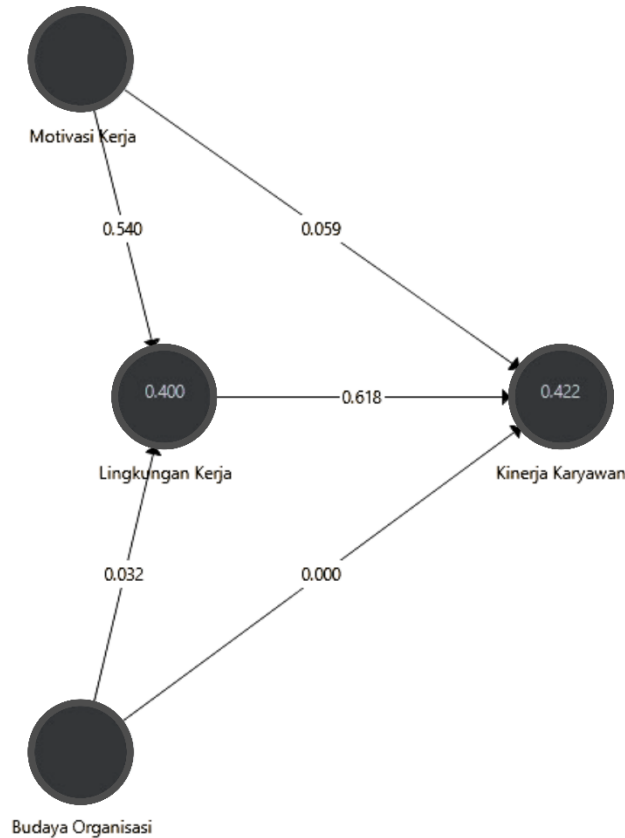


Figure 4.
Coefficient of Determination
 Source: Processed Data (2023)

Based on Figure 4, the R Square for the work environment is 0.400, meaning that 40% of the variance in the work environment is explained by work motivation and organizational culture, while the remaining 60% is influenced by other factors. The R Square for employee performance is 0.422, meaning that 42% of its variance is explained by work motivation, work environment, and organizational culture, while the remaining 58% is influenced by other factors.

Hypothesis Testing

The hypothesis testing in this study was conducted based on SEM-PLS analysis results. The summary of the hypothesis testing is as follows:

Table 11.
Summary of Hypothesis Testing Results

No.	Hypothesis	Path Coefficient	T	Sig.	Conclusion
1	Organizational Culture has a significant effect on Employee Performance	0.014	0.125	0.901	Rejected

2	Organizational Culture has a significant effect on Work Environment	-0.142	1.654	0.098	Rejected
3	Work Environment has a significant effect on Employee Performance	0.772	9.720	0.000	Accepted
4	Work Environment has a significant effect on Work Motivation	-0.235	2.070	0.038	Accepted
5	Work Motivation has a significant effect on Employee Performance	0.585	6.063	0.000	Accepted
6	Organizational Culture affects Employee Performance through Work Environment	-0.110	1.598	0.110	Rejected
7	Work Motivation affects Employee Performance through Work Environment	0.451	4.707	0.000	Accepted

Source: Processed Data (2023)

Effect of Organizational Culture on Employee Performance

The results of this study indicate that organizational culture does not have a significant effect on employee performance, as evidenced by a significance value of 0.901 (> 0.05) and a t-statistic of 0.125 (< 1.96). Statistically, this suggests a very weak or even negligible relationship between organizational culture and employee performance at PT. XYZ.

Effect of Organizational Culture on Work Environment

The results show that organizational culture does not have a significant effect on employee performance, with a significance value of 0.098 (> 0.05) and a t-statistic of 1.654 (< 1.96). This means that although organizational culture was rated highly by respondents (average score of 4.298, classified as “good”), such a condition does not directly translate into improved employee performance.

Effect of Work Environment on Employee Performance

Based on the hypothesis testing results, the work environment has a positive and significant effect on employee performance, indicated by a significance value of 0.000 (< 0.05), a t-statistic of 9.720 (> 1.96), and a positive path coefficient of 0.772. This demonstrates that the work environment variable has a strong and statistically significant contribution to improving employee performance.

Effect of Work Environment on Work Motivation

The findings show that the work environment significantly influences employee work motivation, as indicated by a significance value of 0.038 (< 0.05) and a t-statistic of 2.070 (> 1.96). Although the recorded path coefficient is -0.235, likely due to a technical input error or misinterpretation, the theoretical logic and descriptive data support a positive and significant relationship between work environment and work motivation.

Effect of Work Motivation on Employee Performance

The study confirms that work motivation has a positive and significant effect on employee performance, with a significance value of 0.000 (< 0.05), a t-statistic of 6.063 (> 1.96), and a path coefficient of 0.585. The average variable score of 4.204 (high category) indicates that higher work motivation leads to better employee performance, and vice versa.

Effect of Organizational Culture on Employee Performance through Work Environment

The results indicate that organizational culture does not have a significant negative effect on employee performance through the work environment as an intervening variable, as shown by a significance value of 0.110 (> 0.05), a t-statistic of 1.598 (< 1.96), and a path coefficient of -0.110. Although the average score for organizational culture was high (4.298), it does not determine employee performance through the work environment.

Effect of Work Motivation on Employee Performance through Work Environment

The study demonstrates that work motivation has a positive and significant effect on employee performance through the work environment as an intervening variable, as indicated by a significance value of 0.000 (< 0.05), a t-statistic of 4.707 (> 1.96), and a path coefficient of 0.451. This means that higher work motivation leads to higher performance, supported by a conducive work environment

CONCLUSION

The study on "Strategies to Improve Employee Performance at PT. XYZ" has provided in-depth insights into the factors influencing employee performance. Based on the analysis conducted, the following conclusions can be drawn:

1. Effect of Organizational Culture on Employee Performance: Organizational culture has no significant effect on employee performance. This means that a good organizational culture does not necessarily result in higher or lower employee performance.
2. Effect of Organizational Culture on Work Environment: Organizational culture has no significant effect on employee performance. This means that a good organizational culture does not necessarily result in higher or lower employee performance.
3. Effect of Work Environment on Work Motivation: The work environment has a significant positive effect on employee performance. This means that the better the work environment, the higher the employee performance, and conversely, the poorer the work environment, the lower the employee performance.
4. Effect of Work Environment on Work Motivation: The work environment has a significant effect on motivation. This means that the better the work environment, the higher the work motivation, and conversely, the poorer the work environment, the lower the work motivation.
5. Effect of Work Motivation on Employee Performance: Work motivation has a significant positive effect on employee performance. This means that the higher the work motivation, the higher the employee performance, and conversely, the lower the work motivation, the lower the employee performance.
6. Effect of Organizational Culture on Employee Performance through Work Environment: Organizational culture has no significant negative effect on employee performance through the work environment as an intervening variable. This means that a good organizational culture does not necessarily result in higher or lower employee performance through the work environment as an intervening variable.
7. Effect of Work Motivation on Employee Performance through Work Environment: Work motivation has a significant positive effect on employee performance through the work environment as an intervening variable. This means that the higher the work motivation, the higher the employee performance through the work environment, and conversely, the

lower the work motivation, the lower the employee performance through the work environment as an intervening variable.

8. Alternative Strategy Focused on Improving Employee Performance at PT. XYZ: Enhancing the company's ability to prevent internal and external problems by involving both employees and company leadership.

Thus, this study is expected to serve as a reference for policy-making and strategic steps in human resource development at PT. XYZ

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