

EFFECT OF WORK CULTURE ON EMPLOYEE PERFORMANCE WITH WORK MOTIVATION AS MEDIATOR: STUDY AT NON- STAR HOTEL IN DENPASAR-BALI, INDONESIA

Ida Ayu Putu Widani Sugianingrat

Lecturer, Faculty of Economics Hindu University of Indonesia, Denpasar-Bali, Indonesia

widanidayu47@gmail.com

I Wayan Gde Sarmawa 

Lecturer, Faculty of Economics Warmadewa University, Denpasar-Bali, Indonesia

wayangdesarmawa@gmail.com

Abstract

The rapid development of hotel business in Bali caused an increasingly tight competition among the hotel businessmen. This encourages every hotel businessman vying to provide the best facilities and services in order to maintain business continuity. However, this is very dependent on both the poor performance of the hotel employees to the hotel's customers. Employee performance is influenced by a number of factors, including work culture and work motivation of each employee. This study aims to determine the effect of work culture and employee motivation on the performance of non-star hotel employees in Denpasar-Bali. The research was supported by 100 employees taken randomly at 25 non-star hotels in Denpasar-Bali. Data collection was done by conducting direct interviews based on prepared questionnaires. Furthermore, based on data collected conducted analysis by using smartPLS 3.0 program. The result of analysis shows that work culture influence employee's motivation in positively significant, so also motivation of work have significant positive effect to employee performance. On the other hand, work culture shows a significant positive effect on employee performance. Based on this, it can be said that work motivation has a role to mediate the relationship of work culture to the performance of employees partially.

Keywords: work culture, work motivation, employee performance, non-star hotel, Denpasar-Bali

INTRODUCTION

The proliferation of hotels followed by an increase in tourist arrivals as high as in Bali, resulted in increasingly tight hotel business competition. The hotels are built to meet the needs of accommodation for tourists both domestic and foreign tourists. The aggressiveness of hotel businesspeople seems to be too optimistic, so the availability of hotel / hotel room exceeds the requirement, resulting in the imbalance of occupancy rate of hotel rooms, especially the non-star hotels in Bali that tends to decline. The Central Bureau of Statistics survey shows that hotel occupancy rate in Bali has not shown satisfactory condition yet. This is the impact of competition among hoteliers, where each hotel is vying for the best facilities and services for hotel consumers (Ongori et al., 2013). However, this is highly dependent on employee engagement to perform as well as possible, because employee performance is a very important factor determining the success of the business in various fields (Kingir and Mesci, 2010). This statement is reinforced by Kiruja and Mukuru (2013) stating that organizational success in achieving strategic objectives is highly dependent on the level of performance of employees. If a group of employees has a good performance, it will berdanmpak on good company performance as well (Prawirosentono & Primasari, 2015). Taking the city of Denpasar as a research location, considering Denpasar is the center of government, trade as well as a tourist destination so that it has a high level of competition complexity.

LITERATURE REVIEW

Work Culture - Work Motivation

Dastjerdi & Pour (2012), states that the work culture is a belief, morale, attitude and work behavior of a person in doing work activities. The work culture is able to encourage someone to perform work activities (Sinha et al., 2010). The culture of work is seen as an important factor, because it is able to change from the traditional way of work to a more modern way of work (Iriani & Herlina, 2011). According to Raverkar (2016), work culture has the potential to affect employee motivation.

A number of research results have proven the influence between work culture on employee work motivation. Sinha et al. (2010); Nempung (2013); Ehimen et al. (2014), in the findings of his research suggests that the work culture shows a significant positive impact on employee work motivation. Other research findings that are consistent with the results of this study are Oredein & Akinriolu (2013), Kausar, (2014), Raverkar, (2016), which revealed that the work culture had a significant positive effect on employee work motivation.

Hypothesis 1: Work culture has a significant positive effect on employee work motivation

Working Culture - Employee Performance

Work culture is one of the factors that are considered important and vital in various organizations, because it can increase employee productivity (Jason & Sudha, 2013). Work culture in addition to affecting employee performance (Mankar & Debre, 2014). Therefore every organization is very important to have a strong work culture to maintain employee performance (Timane & Pendke, 2015). According to Raverkar (2016), work culture has the potential to affect employee performance. Darodjat (2015: 29) explains that a positive work culture can improve employee performance, otherwise a negative work culture can hinder the effectiveness of employee work. This is in line with the explanation of Moeheriono (2012) and Shikha & Paramoo (2013), which states that the work culture is beneficial in improving employee performance. According to Bansal (2014), the work culture is able to grow employee enthusiasm at work. Sivatte & Gordon (2014), suggesting the need to introduce work culture in each employee to improve employee performance.

A number of research results have proven that the work culture is able to influence employees' performance significantly. Sinha et al. (2010); Titisari (2012); Arianto (2013); Khattak et al. (2013); Khuzaeni et al. (2013); Rahman (2013), in the study found that work culture positively significant effect on employee performance.

Hypothesis 2: Work culture has a significant positive effect on employee performance

Work Motivation - Employee Performance

According to Rivai & Sagala (2011), motivation can spur employees to work hard in order to achieve its goals. Motivation is one of the vital and very important concepts that can directly affect employee performance in an organization (Ali et al., 2012; Broni, 2012). Olawepo et al. (2013) states that work motivation is a tool to improve employee performance. This is reinforced by Kreitner and Kinichi (2014: 238); Ahiabor, 2014; Mazlomi et al. (2014); Shahzadi et al. (2014) and Zammer et al. (2014); which explains that the motivation of work is one factor that can affect the improvement of employee performance.

A number of research findings suggest that employee motivation has a significant positive effect on employee performance (Ahmed et al., 2010; Saleh et al., 2011; Springer, 2011; Susan et al., 2012; Chimalloo & Mahadeo, 2013; Asim and Massod , 2013) found that employee motivation had a significant positive effect on employee performance.

Hypothesis 3: Work motivation has a significant positive effect on employee performance

Work Culture - Work Motivation - Employee Performance

Based on the description, where there is a significant influence between work culture and work motivation (Sinha et al (2010), Nempung (2013), Oredein & Akinriolu (2013), Ehimen et al. (2014); Kausar, (2014); Raverdar, (2016)) who revealed that work culture had a significant positive effect on employee work motivation, and work motivation on employee performance (Ahmed et al., 2010; Saleh et al., 2011; Springer, 2011; Susan et al. 2012; Chintaloo & Mahadeo, 2013; Asim and Massod, 2013), it is reasonable to assume work motivation acts as a mediator between work culture and employee performance.

Hypothesis 4. Work motivation acts as a mediator between work culture to employee performance

METHODOLOGY

The research supporting sample is 100 employees from 25 non-star hotels located around Denpasar-Bali city. In each of the hotels used as a place of research is taken each four employees on different jobs. The determination of the employee as the respondent of the research in each hotel is done by accidental sampling.

Indicators of work culture in this study refers to Suparyadi (2015) consisting of nine indicators that split in two dimensions, namely the dimensions of work attitude and the dimensions of work behavior. The measurement of employee motivation refers to Salem et al. (2010) consisting of eight items, while employee performance measurement is based on Mathis and Jackson (2011) consisting of five items. Measurements on each indicator use Likert scale with range 1-5, where scale 1 = strongly disagree, 2 = less agree, 3 = hesitate, 4 = agree, and 5 = strongly agree.

Analysis of research data is done by using SmartPLS 3.0 program. The test is done by three stages: evaluation of measurement model, structural model evaluation, and hypothesis testing with level of significance 0,05. The evaluation of the measurement model is based on convergent validity, discriminant validity, Cronbach's Alpha and composite reliability. Meanwhile, testing of structural model is based on R-Square (R^2), Q-Square Predictive Relevance (Q^2), and Goodness of Fit (GoF) coefficients. The validity of research data based on convergent validity is valid if the loading factor coefficient ranges from 0.5-0.6 and significant (Chin, 1998). Discriminant validity test is based on Average Variance Extracted (AVE) coefficient with value greater than 0.50 (Bagozzi & Yi, 1988). According to Hair et al. (2010), research data can be expressed reliably, if the coefficient of Cronnach's Alpha and composite reliability is greater than 0.70.

RESULTS AND DISCUSSION

Testing validity, Reliability, and Fit Model

The result of the convergent validity test is based on the outer loading coefficient showing values ranging from 0.592 to 0.931 which means all items are valid (because the outer loading coefficient > 0.50). The convergent validity test, viewed through the average variance extracted (AVE) coefficient, shows that all indicators used in the research model are valid, because it has been eligible for AVE above 0.50.

Reliability test can be seen through Cronbach's Alpha coefficient and composite reliability. The results of data analysis showed that the coefficient of Cronbach's Alpha shows the value between 0.818 - 0.895 and composite reliability shows the value between 0.874-0.916. Terms reliability is based on Cronbach's Alpha and Composite Reliability is above 0.70 met, so the research data can be said reliable. Hal is shown in Table 1.

Table 1. Cronbach's Alpha, Composite Reliability, and Average Variance Extracted (AVE)

Variable	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Work Culture	0,895	0,916	0,553
Work Motivation	0,878	0,905	0,552
Employee Performance	0,820	0,880	0,585

Strong weak work culture influence, work motivation on employee performance can be seen through coefficient of R-Square (R^2), Q-Square Predictive Relevance (Q^2), and Goodness of Fit (GoF). The result shows the value of R^2 work culture toward work motivation is 0,455, while R^2 work culture and work motivation to employee performance equal to 0,821 . This is shown in Table 2).

Table 2. The Influence of Work Culture, Work Motivation on Employee Performance

Variable	R-Square
Work Culture	
Work Motivation	0,455
Employee Performance	0,821

Based on this it can be stated that the influence of work culture on work motivation, the influence of work culture and work motivation on employee performance is strong, because R^2

value above 0.26 is strong influence (Cohen, 1988). Furthermore, testing the accuracy of research models based on Q-Square Predictive Relevance (Q^2), is shown below:

$$Q^2 = 1 - (1 - R_1^2)(1 - R_2^2)$$

$$Q^2 = 1 - (1 - 0,455)(1 - 0,821)$$

$$Q^2 = 1 - (0,097555)$$

$$Q^2 = 0,9024$$

According to Chin (1998), the value of Q^2 Based on the criteria proposed by Chin (1998), the value of Q^2 of 0.9024 is quite strong, where the model gives prediction accuracy of 90.24%, the prediction error is only 9.76%. When viewed from Goodnes of Fit (GoF), then its value is as follows:

$$GoF = \sqrt{(\overline{AVE} \times \overline{R^2})}$$

$$GoF = \sqrt{\{((0,553+0,552+0,582)/3) \times ((0,455+0,821)/2)\}}$$

$$GoF = \sqrt{\{(1,687/3) \times (1,276/2)\}}$$

$$GoF = 0,5988$$

Based on the criteria used by Akter, et al. (2011) where GoF has a value greater than 0.36, then the model can be said to be quite strong. Through three model feasibility assessments, it turns out that the model is at a high level of feasibility.

Hypothesis Testing Effect of Self-leadership, Working Culture, Performance

Figure 1. The relationship between work culture, work motivation, and employee performance at non-star hotels in Denpasar-Bali

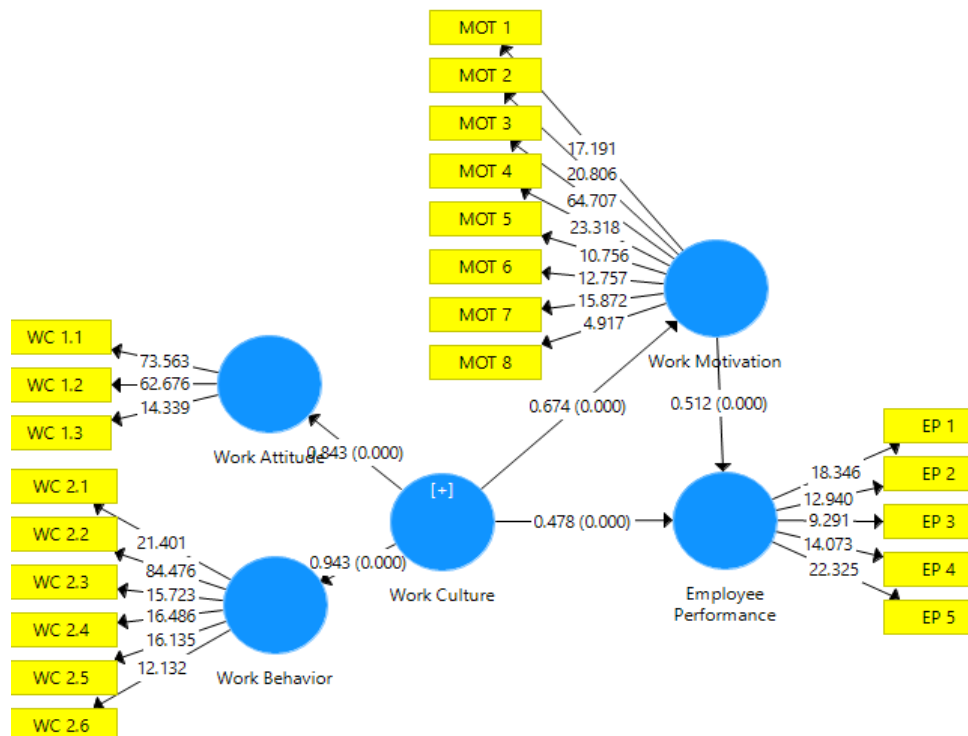


Table 3. The Influence of Work Culture, Work Motivation, to Employee Performance

Hypothesis	Relationship between Variables	Effect	p-value	Information
H1	Work Culture → Work Motivation	0,674	0,000	Significant
H2	Work Culture → Employee Performance	0,478	0,000	Significant
H3	Work Motivation → Employee Performance	0,512	0,000	Significant
H4	Work Culture → Work Motivation → Employee Performance	0,345	0,000	Significant

Based on Figures 1 and 3, it can be seen that work culture is positively significant to work motivation, with a path coefficient of 0.674 and p-value 0,000 <0.05. This implies that a more robust employee work culture can improve employee performance. Work culture also showed a significant positive effect on employee employee performance, this is indicated by the path coefficient of 0.478 with p-value of 0.000 <0.05. The meaning, that the work culture is getting stronger can significantly improve employee performance. On the other hand it also appears that work motivation shows a significant positive effect on employee performance. This illustrates that the increasingly strong work motivation is able to encourage strong performance improvement also in non-star hotel employees in Denpasar-Bali. Thus, employee work motivation can act as mediator relationship between work culture with employee performance. Therefore, the influence of work culture on work motivation and employee performance is significantly positive, as well as the influence of work motivation on positive employee performance is significant, then the role of mediation rather than work culture is partial.

The results of this study were able to confirm a number of previous research findings that found that a positive work culture can significantly affect work motivation. In addition to this, the results of this study also confirm the results of previous studies, which states that the work culture can affect the performance of employees in a positive and significant. Demian also, confirm the influence of employee's motivation to employee performance positively significant.

CONCLUSION AND RECOMMENDATIONS

The result of the research conclude that work culture has significant effect to work motivation, and work culture has a significant effect on employee performance. In another part, work culture shows a significant influence on employee performance. Thus, employee motivation has a strong role in mediating the relationship of work culture to employee performance in non-star hotels in Denpasar-Bali. Work motivation is able to bridge the strengthening of the influence of work culture on employee performance. Therefore, it is very important to integrate employee work motivation with work culture in order to maintain and improve employee performance in non-star hotels in Denpasar-Bali.

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APPENDIX

Variable/ Dimension	item	Source
Work Culture	I really like my current job.	Suparyadi, H. (2015)
Work Attitude	I do the job responsibly.	
Work Behavior	I am willing to sacrifice to finish my job.	
	I always obey company regulations.	
	I always try my best to get the job done.	
	I always try to find the best way to get the job done.	
	I always help each other in solving work problems.	
	I am very dependent on others in my work.	
	I always help each other in overcoming work difficulties.	
Work Motivation	I start work on time	Salem et al.(2010)
	The work I do is very interesting	
	I am confident in my ability to succeed at work	
	I do not blame others when I fail to finish my work	
	I have a companion who motivates me in my work	
	I hope to be the best employee in completing the job	
	When I am at home, I always think about my work	
	I attend training to improve my skills in working	
Employee Performance	I always finish the job in accordance with the number of company targets.	Mathis, R.L. and Jackson, J.H. (2011)
	I always finish my work in accordance with the company's quality standards.	
	I always finish the job on time.	
	I am always on time in starting a job.	
	I always make good cooperation with my fellow workers.	