

Organizational Culture Moderates The Mediating Effect Of Motivation On The Influence Of Discipline And Incentives Toward Employees Performance

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ABSTRACT: This research explores the moderating effect of organizational culture on the mediating effect of motivation on the influence of discipline and incentives toward employees performance. This study involved the Indonesia media employee respondents. The developed hypotheses were analyzed using moderates regression analysis and path analysis. The findings showed that motivation played significantly positive effect to mediate the effect of discipline and incentives toward employees performance. Further, showed that employees performance was significant negatively influenced by interaction effect between incentives and motivation with organizational culture. These findings conclude that the positive effects of incentives on employees performance might be more positive when motivation and organizational culture were interacted in contrary level. The findings of this study suggested that when organizational culture was held by among organizational members as high as employees' motivation that implies on increasing discipline and incentives could increase employees performance would be better.

Keywords: Discipline, Incentive, Motivation, Employee Performance, Culture.

Introduction

Robbins and Judge¹ expressed that dimensions of perseverance of motivation as measures of how long an employee can sustain the effort to achieve the goals. Other important aspect of internal

employee relations is the application of disciplinary measures impose penalties to employees who failed to meet the standards established in accordance with the culture of the organization. Decrease in motivation, low labor discipline and weak organizational culture imply reducing earned incentives. These conditions made the organization changes the incentive system. The changed incentive system could lead decreasing in motivation that would imply to employee performance. Thus, improving employees performance requires situation in which human resources should be able to understand and carry out as well as the existing organizational culture, so that have a high work discipline and receive high incentive payments.

Purpose of the Study

This study purposes to establish empirically effect of work discipline and incentives on employee performance which mediated by motivation and moderated by organizational culture. The results of this study would be useful to provide suggestions to the policy of organization in order to increase their effectiveness of human resources which imply to employees performance.

Theoretical Framework and Development Hypotheses

Robbins and Judge¹ explains that an employee will be motivated to exert effort high when he believes that the employee attempted to show good performance when there is appreciation of the organization that will meet their own personal goals that focus on hope, intermediaries, bonuses, increasing wage, or promotion. Barry *et al*² identified two types of motivation, namely: (1) internal motivation; derived from internal stimulus resulting from the work, (2) external motivation; comes from action taken by others, usually in the form of gifts.

Work discipline teaches employees about what to expect, and creates a situation where the employee should try to do what's expected. Managers rely on to communicate to employees that need to change a behavior.³ Discipline was defined as the state of employees self control and orderly conduct that indicates the extent of genuine teamwork within an organization.^{4,5,18}

The organizational culture is the collection of shared values, beliefs, rituals, stories, and myths that foster a feeling of community among organizational members.^{2,5} Finally, performance is results have been achieved from an activity of either services or goods within a certain time to limit a person's ability and should be supported by the quality and accuracy of work.^{5,6} Employee performance depends on the performance appraisal work with considering the skills, leadership, time management, organizational skills and productivity.

Incentives versus Performance

The previous studies showed that the incentives were significant positive effect on performance, as reported by Stajkovic *et al.*⁷ Based on their studies, it can be postulated a relationship between incentives to performance in this study is "*the higher the incentives would higher improve performance*". Consequently, H1 hypothesized that incentives have directly positive effect on performance.

Work Discipline versus Performance

The studies of Indriyanti⁸, Horng & Lin⁹, Athins¹⁸, and Liestiani²⁰ revealed that discipline was significant positive effect on performance. Consequently, this study postulates hypothesize that (H2) work discipline has directly positive effect on the employee performance.

Motivation versus Performance

Motivation has significant positive effect on performance, as reported by Duma¹⁰, Springer & Gary¹¹, and Supandi & Syaefudin¹⁹ So it can be postulated a

relationship between motivation and performance as is “the higher the motivation, the higher performance”. Consequently, the hypothesis (H3) can be postulated as motivation has positive effect on performance.

Incentives versus Motivation

Sagala¹², Murdock & Kevin¹³ reported that incentives have significantly positive effect on motivation. And it can be postulated relationship between the incentives and motivation in hypothesis (H4) is the incentive has positive effect on motivation.

Discipline versus Motivation

As revealed in the study of Haenlein *et al.*¹⁴ reported that discipline was significant positive effect on motivation. So it can be postulated the relationship between discipline to motivation in this study is stated as the hypothesis (H5) is the discipline has positive effect on motivation.

Motivation mediates the effect of Incentive and Discipline on Employee Performance

Several studies reported that the positive effect of incentive on performance would increase while the employee motivation was high.^{7,10,11} Otherwise, reported that discipline has positively significance influence to motivation.¹⁵ Further, showed by Duma², Springer & Gary¹¹, and Suwandi & Syaefudin¹⁹ that motivation significance positively affected the performance. Thus, based on their results it can be postulated the hypothesis as (H6) the motivation has positively mediated the effect of incentives and work discipline on the employee performance.

Organizational culture moderates the effect of Incentive on Employee Performance

As reported by Xenikou *et al.* that organizational culture positive effect on performance^{17, 18}, and Stajkovic *et al.* showed that the incentive was a significant

positive effect on performance¹⁵, thus it can be postulated that the interaction between incentives and organizational culture will improve performance. Consequently, the proposed hypothesis (H7) is stated as the interaction of organizational culture and incentives positively affect the employee performance.

Organizational culture moderates the effect of Discipline on Employee Performance

Indriyanti⁸, Horng & Lin⁹, Sumiah¹⁶, and Xenikou *et al.*¹⁵ revealed that the discipline has significant positive effect on performance. Also revealed that organizational culture has significant positive effect on performance^{15, 18}, thus it can be postulated hypothesis (H8) is stated as the interaction of the discipline and the organizational culture will further improve performance.

Organizational culture moderates the effect of Motivation on Employee Performance

Duma¹⁰, Sumiah¹⁶, Springer & Gary¹¹, and Xenikou *et al.*¹⁵ revealed that the motivation positive significant effect on the performance when in synergy with the organizational culture. Thus it can be postulated the hypothesis (H9) in this study is stated as the interaction between motivation and organizational culture will further improve performance.

(Look at Figure 1. Diagram of Structural Model)

Research Method

The sample in this study involved 115 Indonesia media employee respondents. The primary data obtained through a questionnaire with items were measured on 5-point Likert-type scales¹⁷. Three types of variables were classified namely as: (1) exogenous variables: incentives, work discipline, (2) endogenous variables: motivation, and employee performance,

and (3) moderator variable was organizational culture. All unobservable variables were measured by indicators (see figure 1). The instrument used items questionnaire containing a list of statements using validity and reliability. Data were analyzed by using structural model of the equations which being solved by path analysis and moderated regression with interaction, as stated below:

$$\text{Equation 1: } \text{MOTIV} = \alpha_1 \text{ INC} + \alpha_2 \text{ DIS} + \epsilon_1$$

$$\text{Equation 2: } \text{PERFM} = \beta_1 \text{ INC} + \beta_2 \text{ DIS} + \beta_3 \text{ MOTIV} + \beta_{14} \text{ INC} \times \beta_{24} \text{ DIS} \times \text{OC} + \beta_{34} \text{ MOTIV} \times \text{OC} + \epsilon_2$$

Results and Discussion

Estimation equation model-1: $\text{MOTIV} = 0.338\text{INC} + 0.121\text{DIS}$.

The coefficient of R^2 showed 14.5% of the variation of motivation variable can be explained by variations of incentives and discipline variables. The model depicted that incentives and discipline have significant positive effect on motivation.

Estimation equation model-2:

$$\text{PERFORM} = 0.011 \text{ INC} + 0.476 \text{ DIS} + 0.017 \text{ MOTIV} - 0.083 \text{ INC} \times \text{OC} + 0.148 \text{ DIS} \times \text{OC} - 0.245 \text{ MOTIV} \times \text{OC}$$

The coefficient of R^2 showed 42,4% of the variation of employee performance can be explained by variation of organizational culture, incentives, motivation and work discipline. The results statistical hypotheses testing of coefficients equation model-2 above showed the statistical conclusions are as follows: incentives, discipline, and motivation have significantly positive effect on employee performance (accept H1-H3). Motivation has significant positive mediated the

effects of incentives and work discipline on the employee performance (accept H6). The Organizational culture has no significance positive moderated the positive effect of work discipline on employee performance (reject H8), but significant negative moderated the effects of incentives and motivation on employee performance (H7 and H9). Table 2 shows all path coefficients as below:

(Look at Figure 2. Path diagram of structural model and Table 2. Hypothesis testing of Motivation as intervening variable)

Table 2 above provided statistical results: the positive effect incentives on performance would more positive while motivation increased. The positive effect discipline on performance would more positive while motivation increased. Thus, motivation has very significant positive mediation effect of incentives toward employee performance.

The findings showed evidence that the compensation paid to the employees could improve performance (accept H1), as reported by Robbins⁶ and Louis *et al.*³. These results described the positive effect incentives on employee performance, supported the findings of Stajkovic *et al.*⁷ This study also revealed that the work discipline was very significant positive effect on employee performance (accept H2). The employee performance strongly positive influenced by work discipline.^{8,9,18} This study reinforced the evidence who urged that the motivation was needed to drive employees to be more active in their work and achieve the target, as reported by Barry² and Robbins & Judge¹. The significance of these findings supported on Duma¹⁰, Springer & Gary¹¹, who proved the positive influence motivation toward the employee performance (accept H3). The findings of this study provided evidence of support on evidence of significant positive effect incentives on motivation (accept H4) as reported by

Sagala¹² and Murdock & Kevin¹³. The findings also supported the results which showed that work discipline has positive effect on motivation (accept H5), as shown by Haenlein¹⁴. This research revealed that motivation mediates significantly positive the influence of incentives and work discipline toward employee performance (accept H6). Improving employee performance through the provision of incentives should be done when employee motivation was high^{1,7,11}. Improving employee performance on a high motivation could also be done by the company through the work discipline^{11, 14}. Also revealed that the positive effects of incentives on employees performance might be more positive when motivation and organizational culture were synchronized in contrary level (H7-H9). Further showed that organizational culture or work discipline have contributed positively on the employee performance. When an organizational culture was held by among organizational members as high as employees' motivation that implies on increasing discipline and incentives could increase employee performance.

Conclusion

The results of this study showed evidences that employee performance was significant positively influenced by incentives, work discipline, and motivation. Motivation played significantly to mediate the effects of incentives and discipline toward employee performance. Increasing employee performance through the provision of incentives and enforcement of work discipline should be done when employees were motivated to work harder. This findings concluded that when the organizational culture is well understood by among members of the organization, then the increase in employee motivation through incentives would improve employee performance.

7. Recommendation

Recommendations can be given as a solution to the findings of this study that in order to improve employee performance, organization should improve work discipline. However, for organizations where the culture of the organization is not well understood or well implemented by members of the organization, then the increase in employee motivation through incentives should be the top priority in a bid to stimulate employees to work harder and be more productive, which in turn implies on organizational performance is getting better.

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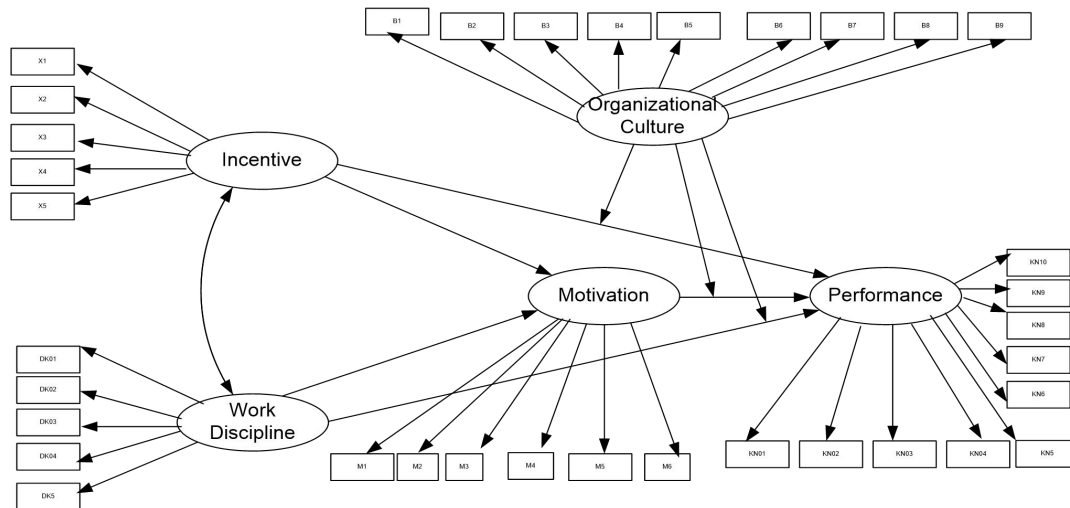
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Indirect	0,0057	0,0021
Total	0,0167	0,4781

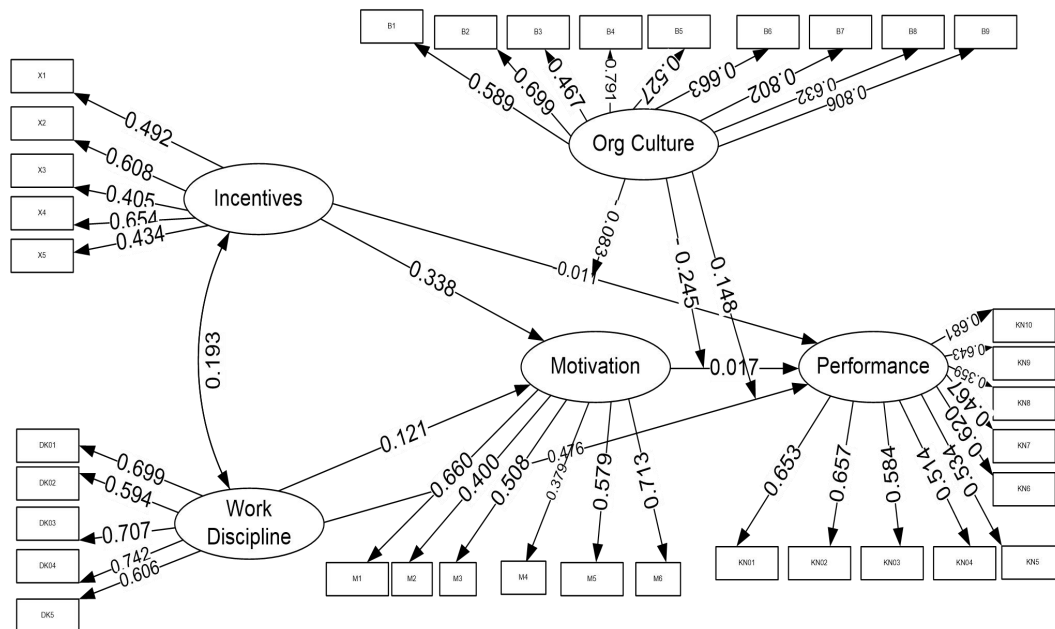
**) significance level $\alpha = 0,05$

Figure 1. Diagram of Structural Model



Source: Empirical model which was built and developed in this study

Figure 2. Path diagram of structural model



Source: The processed data in this study

Table 2. Hypothesis testing of Motivation as intervening variable:

EFFECT	INC → MOTIV → PERF	DIS → MOTIV → PERF
Direct	0,011 **)	0,476 **)