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The Influence of Leadership Competencies and Organizational Culture on Work Motivation and its Impact on Employee Performance

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ABSTRACT

XYZ Group faces several major challenges that hinder the achievement of optimal employee performance. The main problem faced is low employee performance, where many employees do not meet the minimum performance standards set by the company. This study aims to identify and analyze the influence of leadership competencies and organizational culture on work motivation and its impact on employee performance in XYZ Group. The research method used is a descriptive quantitative approach with a population consisting of all employees of XYZ Group, totaling 106 people. Samples were taken using a saturated sampling technique, in which the entire population was included. This research reveals that leadership competencies and organizational culture in XYZ Group have a positive and significant impact on employee motivation and performance. The higher the leadership competence and the stronger the organizational culture applied, the higher the motivation and performance of employees. Work motivation also functions as an intervention variable that connects leadership competence and organizational culture with performance. Weaknesses in leadership competencies and organizational culture can decrease employee motivation and performance, so XYZ Group needs to improve leadership competencies and strengthen organizational culture to further improve employee motivation and performance.

Introduction

A strategic part of a company's success is human resources (HR). Increased awareness of the strategic value of human resources emphasizes that the contribution of human resources is not only an achievement of short-term success but also a sustainable long-term investment (Indiyati et al., 2021). In an increasingly competitive business climate, the development and management of professional human resources is no longer an option but a strategic and essential necessity to achieve goals effectively and efficiently. Therefore, the implementation of a comprehensive and future-oriented HR management strategy is a crucial element for organizations that aim to more than just survive, but to thrive and achieve substantial growth (Sabrina et al., 2023).

According to (Masram & Mu'ah, 2017), Effective HR management has a positive impact on the organization. In this context, improving employee performance is one of the main goals of human resource management.

According to (Dessler, 2020) Work performance, which is the comparison between work results and set standards, is also called performance. (Adamy, 2016) argues that Employee Performance is defined as the work performed by an employee or a group of people by the duties and authorities given to them. Meanwhile, according to Marniaty (2020:88), Performance comes from the word job performance or actual performance which means work achievements or real achievements achieved by an employee while carrying out his duties by his responsibilities.

XYZ Group has an expected employee performance score of at least 60 out of a scale of 100, but employee performance data based on the HC&GA Department, XYZ Group's 2023 report shows that its performance is below those expectations, as shown in Table 1.

Table 1
XYZ Group Employee Performance Score 2023

No	*Value*	*No*	*Value*	*No*	*Value*
1	60,92	*26*	65,57	*51*	76,34
2	55,23	*27*	60,25	*52*	68,45
3	69,17	*28*	44,80	*53*	70,86
4	69,64	*29*	67,43	*54*	55,32
5	44,90	*30*	63,62	*55*	58,90
6	61,17	*31*	61,10	*56*	52,11
7	82,46	*32*	65,60	*57*	63,28
8	67,98	*33*	54,27	*58*	55,80
9	68,82	*34*	44,66	*59*	64,26
10	66,86	*35*	63,46	*60*	39,82
11	73,11	*36*	56,04	*61*	53,18
12	62,76	*37*	53,21	*62*	65,31
13	59,31	*38*	67,90	*63*	75,98
14	62,93	*39*	59,25	*64*	57,88
15	65,67	*40*	57,53	*65*	69,45
16	63,08	*41*	60,53	*66*	59,36
17	58,98	*42*	60,26	*67*	58,66
18	54,00	*43*	68,25	*68*	55,67
19	45,89	*44*	67,87	*69*	61,80
20	66,56	*45*	51,18	*70*	54,66
21	61,86	*46*	66,17	*71*	72,22
22	67,45	*47*	67,08	*72*	62,56
23	49,19	*48*	60,47	*73*	71,67
24	70,75	*49*	65,43	*74*	56,76
25	71,74	*50*	63,60	*75*	65,66
Performance <60		= 27 Employee		= 36,00%	
Performance ≥60<75		= 45 Employee		= 60,00%	
Performance ≥75		= 3 Employee		= 4,00%	

In addition, XYZ Group has a tolerance that a maximum of 10% of the total employees can be in the "liability" category in the human asset value matrix. However, based on the HC&GA Department's 2023 report, XYZ Group did not succeed in achieving these set tolerance standards. Employee performance is influenced by a variety of factors, including motivation, which is one of the key determinants in determining the level of effectiveness and efficiency of work. According to Gomez (Adamy, 2016), Three components affect performance: (1) Individual Factors: including abilities and skills, knowledge, and expertise possessed by an employee; (2) Psychological Factors: Including individual motivations, attitudes, perceptions, and personalities; (3) Social Factors: Concerning relationships between employees, organizational culture, and work environment.

Research by (Nurkarim, 2023) states that Leaders are important in all aspects of life and serve as role models, motivators, and sources of influence, so they must be able to organize activities and resources to achieve their goals. Medium Kan (Adiawaty, 2020) In his research, he stated that there is a positive work relationship situation in the company, of course, there is intervention from the leader, where in addition to the main task of a leader is to make decisions, the leader must also be able to increase employee confidence in completing work tasks by the company's expectations by providing motivation and enthusiasm (Wahyuningtyas, 2021).

Data on leadership competencies in XYZ Group highlights that leaders in XYZ Group have a competency score below the requirements of the Company, which is a minimum of 75 out of a scale of 100. The leadership competency data used in this case is the leadership competency data of XYZ Group employees ranging from First Line Management, Middle Management, to Top Management (Section Head to Board of Directors levels).

On that basis, at the beginning of 2022, in line with the business transformation process carried out by XYZ Group, XYZ Group began serious steps to develop a strong organizational culture, as well as instill core values that serve as guidelines for all employees. One of the main focuses of this transformation program is the formation of a solid company culture and internalizing the company's values to all employees. For this reason, in 2022 XYZ Group set 3 elements of the Company's culture, namely: (1) Basic Philosophy; (2) Core Values – "PRIDE" ; (3) Keys Behavior.

Based on the background described above, the researcher sees the potential to explore further understanding of how leadership competencies and organizational culture affect motivation at work and its impact on employee performance. Thus, the researcher will use a descriptive quantitative research method with data collection techniques through questionnaires, observations, and documentation studies. In this context, the researcher saw an opportunity to conduct a study entitled "The Influence of Leadership Competencies and Organizational Culture on Work Motivation and Its Impact on Employee Performance" (Empirical Study on the Property Company "XYZ Group" in Batam City).

The research objectives that will be presented in this study are:

1. To find out how high the leadership competencies are within XYZ Group.
2. To find out how strong the implementation of organizational culture is in XYZ Group
3. To find out how well Employee XYZ Group is performing.

For XYZ Group, the benefits of this study can have value as a source of information that provides valuable input on the impact of leadership competencies, organizational culture, motivation, and employee performance. The information obtained from the results of this study can be used as a guide in formulating policies and carrying out various operational activities of XYZ Group.

Method

This study will use a quantitative research method with research characteristics as shown in table 5 below.

Table 2
Research Characteristics

No.	Characteristic	Type
1.	Method	Quantitative
2.	Purpose	Descriptive
3.	Type of inquiry	Causal
4.	Researcher involvement	No data intervention
5.	Unit of analysis	Individual
6.	Implementation time	Cross-sectional

(Source: Researcher's preparation, 2024)

Research Stages

The research process consists of several stages, namely identifying research problems, reviewing literature, formulating hypotheses, designing research, collecting data, analyzing data, and drawing conclusions.

Population and Sample

The type of sample used in this study is saturated sampling which belongs to the category of non-probability sampling. The total population in this study is all employees working in XYZ Group totaling 106 employees (source: HC/GA Department XYZ Group, May 2024), consisting of 71 PKWTT Employees (permanent employees); 19 PKWT Employees (Contract Employees); and 16 Employee project (freelance). Especially for freelance employees, do not get a basic salary from the company, and one of the impacts is that their attachment to the company is weaker than that of permanent and contract employees, so it is feared that it can trigger bias in the survey data if they are included as respondents in the research.

Data Collection and Data Sources

Primary data collection techniques used in this study Using the questionnaire method that is distributed online through the Google Form platform, because it has a number of samples that require effective and efficient data collection. However, to overcome unexpected things, a manual questionnaire sheet is also provided for respondents who want to fill it out offline.

Data Analysis Techniques

This study uses descriptive analysis techniques to provide an overview of how leadership competencies and organizational culture comply with the performance of Employee XYZ Group with work motivation as an intervening variable.

Results and Discussion

The Partial Least Square (PLS) analysis in this study was applied using SmartPLS software version 3.0. According to (Musyaffi et al., 2022), in the PLS SEM model, there are two models, namely the outer model which is also called the measurement model, and the inner model which is called the structural model. Figure 1 is an illustration of the relationship between the two models.

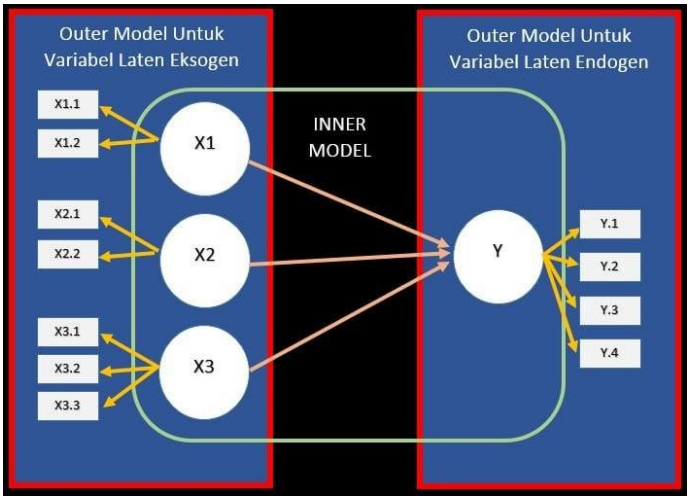

Figure 1
PLS-SEM Variables and Their Relationships
(Source: (Hidayat et al., 2022). statitiskian.com)

Figure 1 above shows the outer model and the inner model, where the outer model is intertwined between the indicators on each latent variable, both endogenous and exogenous in an existing construct. The medium of the inner model connects the causality between latent variables in exogenous and endogenous basic research.

Outer Model

This study tested the measurement outer model using Smart-PLS-3. Testing the outer model is to obtain validity and realism, where the test criteria consist of: the outer model consists of convergent validity, discriminant validity, and internal consistency reliability. Next, the calculation of the outer model in this study will be discussed.

Convergent Validity

The first step in examining the results of this research is to examine the outer loading of all indicators in this study. The results of checking the outer loading of this research model can be seen in Figure 3 and Table 6 below.

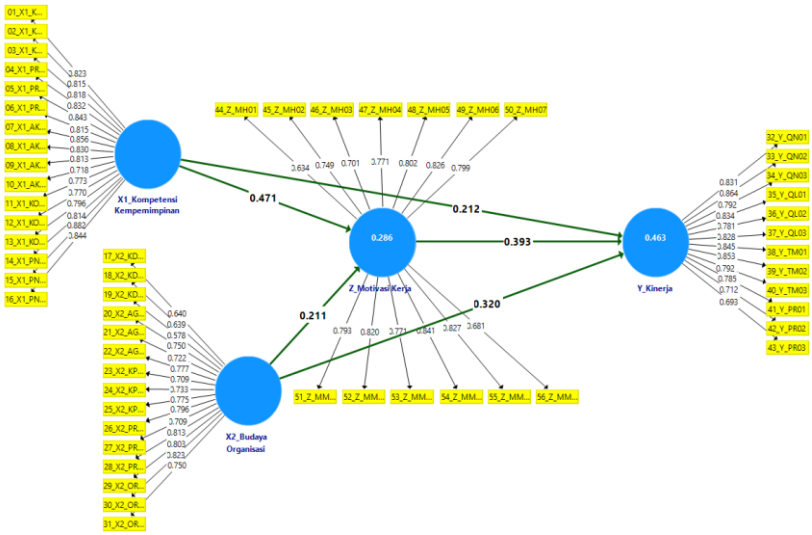

Figure 3. Results of Outer Loadings
(Source: Processed Researcher, 2024)

Table 3
Value Outer Loadings Research Model

Indicator	X1_Leadership Competencies	X2_Organizational Culture	Y_Performance	Z_Work Motivation	Status
01_X1_KM01	0,823	-	-	-	Valid
02_X1_KM02	0,815	-	-	-	Valid
03_X1_KM03	0,818	-	-	-	Valid
04_X1_PR01	0,832	-	-	-	Valid
05_X1_PR02	0,843	-	-	-	Valid
06_X1_PR03	0,815	-	-	-	Valid
07_X1_AK01	0,856	-	-	-	Valid
08_X1_AK02	0,830	-	-	-	Valid
09_X1_AK03	0,813	-	-	-	Valid
10_X1_AK04	0,718	-	-	-	Valid
11_X1_KOM01	0,773	-	-	-	Valid
12_X1_KOM02	0,770	-	-	-	Valid
13_X1_KOM03	0,796	-	-	-	Valid

Indicator	X1_Leadership Competencies	X2_Organizational Culture	Y_Performance	Z_Work Motivation	Status
14_X1_PN01	0,814	-	-	-	Valid
15_X1_PN02	0,882	-	-	-	Valid
16_X1_PN03	0,844	-	-	-	Valid
17_X2_KD01	-	0,640	-	-	Valid
18_X2_KD02	-	0,639	-	-	Valid
19_X2_KD03	-	0,578	-	-	Valid
20_X2_AGR01	-	0,750	-	-	Valid
21_X2_AGR02	-	0,722	-	-	Valid
22_X2_AGR03	-	0,777	-	-	Valid
23_X2_KPR01	-	0,709	-	-	Valid
24_X2_KPR02	-	0,733	-	-	Valid
25_X2_KPR03	-	0,775	-	-	Valid
26_X2_PRS01	-	0,796	-	-	Valid
27_X2_PRS02	-	0,709	-	-	Valid
28_X2_PRS03	-	0,813	-	-	Valid
29_X2_ORT01	-	0,803	-	-	Valid
30_X2_ORT02	-	0,823	-	-	Valid
31_X2_ORT03	-	0,750	-	-	Valid
32_Y_QN01	-	-	0,831	-	Valid
33_Y_QN02	-	-	0,864	-	Valid
34_Y_QN03	-	-	0,792	-	Valid
35_Y_QL01	-	-	0,834	-	Valid
36_Y_QL02	-	-	0,781	-	Valid
37_Y_QL03	-	-	0,828	-	Valid

Indicator	X1_Leadership Competencies	X2_Organizational Culture	Y_Performance	Z_Work Motivation	Status
38_Y_TM01	-	-	0,845	-	Valid
39_Y_TM02	-	-	0,853	-	Valid
40_Y_TM03	-	-	0,792	-	Valid
41_Y_PR01	-	-	0,785	-	Valid
42_Y_PR02	-	-	0,712	-	Valid
43_Y_PR03	-	-	0,693	-	Valid
44_Z_MH01	-	-	-	0,634	Valid
45_Z_MH02	-	-	-	0,749	Valid
46_Z_MH03	-	-	-	0,701	Valid
47_Z_MH04	-	-	-	0,771	Valid
48_Z_MH05	-	-	-	0,802	Valid
49_Z_MH06	-	-	-	0,826	Valid
50_Z_MH07	-	-	-	0,799	Valid
51_Z_MM01	-	-	-	0,793	Valid
52_Z_MM02	-	-	-	0,820	Valid
53_Z_MM03	-	-	-	0,771	Valid
54_Z_MM04	-	-	-	0,841	Valid
55_Z_MM05	-	-	-	0,827	Valid
56_Z_MM06	-	-	-	0,681	Valid

(Source: Researcher Processing, 2024)

The data from the results of checking the outer loadings of all indicators from the research model showed that all indicators had outer loadings values in accordance with the required criteria, with the lowest outer loadings value found in the 19_X2_KD03 indicator which was 0.578, where the value was still in the range of 0.400 – 0.708. On that basis, the model used in this study can be declared valid for all indicators.

After the outer loading is declared valid, the next step in the Convergent validity check is to calculate the Average Variance Extracted (AVE) value. This calculation is used to determine the extent to which a measure is positively correlated with an alternative measure of the same construct. The results of the AVE check from this research model can be seen in Table 7 and Figure 4 below.

Table 4
Value Average Variance Extracted (AVE)

Variable	Average Variance Extracted (AVE)
X1_Leadership Competencies	0,666
X2_Organizational Culture	0,544
Y_Performance	0,644
Z_Work Motivation	0,597

(Source: Researcher Processing, 2024)

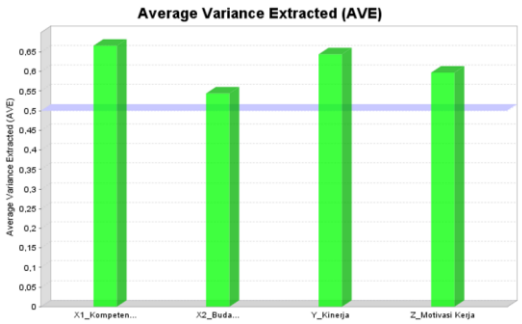

Figure 2
Average Variance Extracted (AVE) Chart Results
Source: Researcher Processed (2024)

Based on the results of the calculation using Smart PLS -3, it is known that the score results on each variable are ≥0.5. This is in accordance with the criteria and all variables have a good level of convergent validity.

Discriminant Validity

Discriminant validity indicates that a construct is unique and captures phenomena that are not represented by other constructs in the model. The two main approaches in assessing the validity of discrimination are the Fornell-Larcker criterion and the Heterotrait-Monotrait ratio (HTMT). The results of the calculation of the Fornell-Larcker criterion can be seen in table 8 and the results of the HTMT calculation can be seen in table 8 below.

Table 5
Kriteria Fornell-Larcker

VARIABLE	X1_Leadership Competencies	X2_Organizational Culture	Y_Performance	Z_Work Motivation
X1_Leadership	0,816	-	-	-

Competencies				
X2_Organizational Culture	0,101	0,738	-	-
Y_Performance	0,438	0,443	0,802	-
Z_Work Motivation	0,492	0,258	0,580	0,773

(Source: Researcher Processing, 2024)

From Table 5, the results of the calculation of the Fonell-Larcker criterion are obtained with the result that all variables have a greater value than the value below them. Thus, the variables in this study have met the Fornell-Larcker criteria.

Table 6
Rasio Heterotrait-Monotrait (HTMT)

VARIABLE	X1_Leadership Competencies	X2_Organizational Culture	Y_Performance	Z_Work Motivation
X1_Leadership Competencies	-	-	-	-
X2_Organizational Culture	0,140	-	-	-
Y_Performance	0,448	0,457	-	-
Z_Work Motivation	0,506	0,260	0,605	-

(Source: Researcher Processing, 2024)

Based on Table 6, the HTMT calculation is obtained with the result for each VARIABLE below 0.85. Thus, the VARIABLE in this study has met the criteria of the HTMT Ratio. Referring to the calculation results in Tables 8 and 9, it can be concluded that this indicates that the constructs in this research model are unique and capture phenomena that are not represented by other constructs in the model.

Internal Consistency Reliability

Internal consistency Reliability is a way of measuring the reliability of an indicator, where the value produced indicates whether a construct is trustworthy or not. The test consisted of composite reliability and Cronbach's alpha. The results of checking the composite reliability and Cronbach's alpha from this research model can be seen in Table 7 below.

Table 7
Value Cronbach's Alpha dan Composite Reliability

VARIABLE	Cronbach's Alpha	Composite Reliability
X1_Leadership Competencies	0,966	0,970
X2_Organizational Culture	0,939	0,947
Y_Performance	0,949	0,956
Z_Work Motivation	0,943	0,950

Source: Researcher Processed (2024)

From Table 7 above, it can be seen that Cronbach's alpha specifically for VARIABLE X1_Leadership Competencies has a value of 0.966, and the composite reliability value for VARIABLE X1_Leadership Competencies and VARIABLE Y_Performance has values of 0.970 and 0.956, respectively, where the values above are required to be between 0.70 and 0.90 (Hair et al., 2017). However, according to Sujarweni (2014:85), if the Alpha value > 0.60, then the question item is reliable and acceptable. A value of Cronbach's alpha above 0.95 indicates a very high internal consistency but may indicate redundancy among the items in the construct. On that basis, this is still acceptable, but it needs to be double-checked to make sure that no indicators are too similar to each other.

Inner Model

(Sukarelawati et al., 2024) explained that the multicoloniality test was carried out to determine whether or not there was a high relationship between free VARIABLEs, where the Variance Inflation Factor (VIF) method was used to determine multicollinearity. The results of the calculation related to this can be seen in Table 8 below.

Table 8
Result Collinearity Issues

Indicator	VIF
01_X1_KM01	3,677
02_X1_KM02	3,416
03_X1_KM03	3,024
04_X1_PR01	3,568
05_X1_PR02	3,821
06_X1_PR03	3,706
07_X1_AK01	4,859
08_X1_AK02	4,236
09_X1_AK03	3,491
10_X1_AK04	2,443
11_X1_KOM01	2,983
12_X1_KOM02	2,486
13_X1_KOM03	3,080
14_X1_PN01	3,125
15_X1_PN02	4,760
16_X1_PN03	3,545

17_X2_KD01	3,500
18_X2_KD02	3,398
19_X2_KD03	1,994
20_X2_AGR01	2,289
21_X2_AGR02	2,323
22_X2_AGR03	3,214
23_X2_KPR01	2,170
24_X2_KPR02	2,611
25_X2_KPR03	2,998
26_X2_PRS01	2,642
27_X2_PRS02	2,418
28_X2_PRS03	3,275
29_X2_ORT01	2,805
30_X2_ORT02	3,547
31_X2_ORT03	2,827
32_Y_QN01	4,995
33_Y_QN02	4,862
34_Y_QN03	3,526
35_Y_QL01	3,213
36_Y_QL02	2,291
37_Y_QL03	2,831
38_Y_TM01	4,020
39_Y_TM02	3,367
40_Y_TM03	3,550
41_Y_PR01	3,780
42_Y_PR02	4,746
43_Y_PR03	4,287
44_Z_MH01	1,964
45_Z_MH02	2,354
46_Z_MH03	2,441
47_Z_MH04	2,363
48_Z_MH05	2,689
49_Z_MH06	2,921
50_Z_MH07	2,798
51_Z_MM01	3,214
52_Z_MM02	3,881
53_Z_MM03	2,571
54_Z_MM04	3,244
55_Z_MM05	3,438
56_Z_MM06	2,334

(Source: Researcher Processing, 2024)

Hair et al. (2022:147) stated that the rule of thumb is that a VIF value of 5 or more means that there is a critical collinearity problem between the measured construction indicators. Based on Table 11, it was found that the results of the collinearity test showed a number ≤ 5 so it can be concluded that all indicators in the VARIABLE do not have a cordiality issue.

Coefficient of Determination – R^2

The determination coefficient, which is often symbolized by R2, is in principle used to see the magnitude of the influence of the free variable on the bound variable. If the determination coefficient number in the regression model continues to be small or closer to zero, it means that the influence of all free VARIABLES on the bound VARIABLE is smaller, or the value is closer to 100%, the greater the influence of all free VARIABLES on the bound VARIABLE (Sukarelawati et al., 2024). Table 4.27 shows the results of the R2 calculation using Smart PLS-3.

Table 9
Result Coefficient of Determination – R^2

VARIABLE	R Square	R Square Adjusted
Y_Performance	0,463	0,447
Z_Work Motivation	0,286	0,272

(Source: Researcher Processing, 2024)

Menurt Hair et al. (2022:195), the R^2 value ranges from 0 to 1, with higher levels indicating higher levels of explanatory power. Acceptable R2 values are based on the context. In some disciplines, an R2 value as low as 0.10 is considered satisfactory, for example, when predicting stock returns. In other contexts, scientists typically need an R2 value above 0.65. An example is the customer satisfaction construct in the application of the American Customer Satisfaction Index model. More importantly, R2 is a function of the number of predictor constructs—the larger the number of predictor constructs, the higher the value of R2. Therefore, R2 should always be interpreted in the context of the research, based on the R2 value of the related research and models of similar complexity. Meanwhile, (Musyaffi et al., 2022) explained that the R2 value of 0.67 means strong, 0.33 means moderate and 0.19 means weak. On that basis, the results of the R2 calculation in this research model can be accepted and categorized as moderate.

Predictive Relevance – Q2

Q-Square (Q2) is carried out to determine the ability or a prediction through the blindfolding procedure (Musyaffi et al., 2022). Q2 checks whether a model accurately predicts data points that are not used in mode parameter estimation. Furthermore, Musyaffi (2021:13) explained the Q-Square (Q^2) value criterion, namely the Q^2 value is less than 0, meaning that the exogenous latent structure as an explanatory VARIABLE can be interpreted as a prediction of the existing structure. The Q^2 value of 0.02 to $\leq$ 0.15 is classified as small, 0.15 to $\leq$ 0.35 is classified as medium, and $\geq$ 0.35 is classified as large. Based on the calculation of Q2 in Table 4.28 which has a result between 0.15 and 0.35, it is concluded that this study has a fairly good observation value because the Q2 value in this research model is included in the medium category.

Table 10
Result Predictive Relevance – Q^2

VARIABLE	SSO	SSE	Q^2 (=1-SSE/SSO)
X1_Leadership Competencies	1696,000	1696,000	-

X2_Organizational Culture	1590,000	1590,000	-
Y_Performance	1272,000	906,516	0,287
Z_Work Motivation	1378,000	1155,887	0,161

(Source: Researcher Processing, 2024)

Hypothesis Testing

This hypothesis test was carried out with Smart PLS-3 and obtained through the bootstrapping method. Hypothesis testing is based on the outputs of tests that include collinearity, coefficient of determination—R2, and predictive relevance—Q2. To find out if the hypothesis is rejected or accepted, the test is done by looking at the Result path coefficient. The idea that any change or difference is entirely due to random error is the basis of the null hypothesis. According to the alternative hypothesis, there are differences between the groups being compared. In cases where the null hypothesis is accepted, there is no difference between the groups tested. However, if an alternative hypothesis is accepted, the result is that the tested group experiences changes or differences in the same behavior, attitude, or measure (Hair et al., 2017). The figure that results in hypothesis testing can be seen in Figure 5 below.

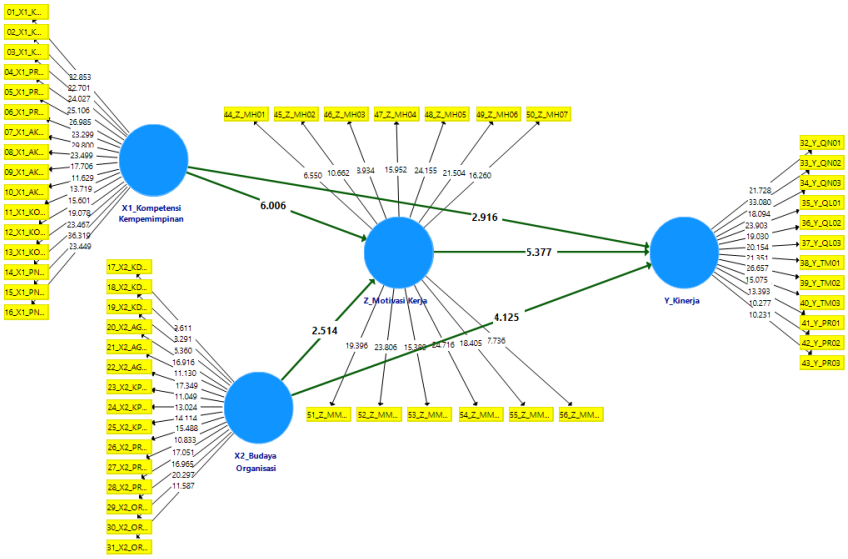

Figure 3
Results of Hypothesis Testing
Source: Researcher Processed (2024)

To see firsthand the relationship between VARIABLEs, the Path Coefficient value can be explained through Table 11 as follows.

Table 11
Path Coefficient and T-Statistics on Direct Relationships between VARIABLES

Relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values

X1_KK → Y_Knj	0,212	0,214	0,073	2,916	0,004
X1_KK → Z_MK	0,471	0,471	0,078	6,006	0,000
X2_BO → Y_Knj	0,320	0,326	0,078	4,125	0,000
X2_BO → Z_MK	0,211	0,228	0,084	2,514	0,012
Z_MK → Y_Knj	0,393	0,386	0,073	5,377	0,000

(Source: Researcher Processing, 2024)

From the data, it can be seen that the research model results in positive T-statistics and T-Table = df (n-k = 106 - 4 = 102). Based on the T-Table value of 1.98 (for a significance level of 5% with df = 102), it can be concluded that the greater the value of an exogenous VARIABLE to the endogenous VARIABLE, the stronger the influence. Next, the coefficient path values and p-values will be explained in Table 15 below.

Table 12
Path Coefficient and P-Values on Direct Relationships between VARIABLES

Relationship	Path Coefficient	P Values	Information
X1_KK → Y_Knj	0,212	0,004	Accepted
X1_KK → Z_MK	0,471	0,000	Accepted
X2_BO → Y_Knj	0,320	0,000	Accepted
X2_BO → Z_MK	0,211	0,012	Accepted
Z_MK → Y_Knj	0,393	0,000	Accepted

(Source: Researcher Processing, 2024)

The significance level of this study is 5%, thus it is concluded that the p-values are a maximum of 0.05. Based on Table 4.25 above, it can be concluded as follows:

1. Leadership Competencies have a significant positive influence on Performance.
2. Leadership Competencies have a significant positive influence on Work Motivation.
3. Organizational Culture has a significant positive influence on Performance.
4. Organizational Culture has a significant positive influence on Work Motivation.
5. Work Motivation has a significant positive influence on Performance.

The indirect relationship in this study, will be explained through the data in Table 13 as follows :

Table 13
Path Coefficient and T-Statistics on Indirect Relationships Between Variable

Relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
X1_KK → Z_MK → Y_Knj	0,185	0,182	0,047	3,910	0,000
X2_BO → Z_MK → Y_Knj	0,083	0,089	0,039	2,132	0,034

(Source: Researcher Processing, 2024)

From the data, it can be seen that the research model results in positive T-statistics. The coefficient path values and p-values are explained in Table 14 below.

Table 14
Path Coefficient and P-Values in Indirect Relationships between

Relationship	Path Coefficient	P Values	Keterangan
X1_KK → Z_MK → Y_Knj	0,185	0,000	Accepted
X2_BO → Z_MK → Y_Knj	0,083	0,034	Accepted

(Source: Researcher Processing, 2024)

Based on Table 14 which shows the indirect relationship between VARIABLES, it can be concluded as follows:

1. Leadership Competencies have a significant positive influence on Performance through Work Motivation as a VARIABLE intervention.
2. Organizational Culture has a significant positive influence on Performance through Work Motivation as an intervening VARIABLE.

XYZ Group faces the constraint of low Performance Employees, with 36% of employees having substandard performance (below a score of 60), and only 4% meeting high performance. This urges companies to understand the role of Leadership Competencies and Organizational Culture in improving Work Motivation and, ultimately, Employee Performance. Based on human resource management theory, long-term performance improvement requires a strong foundation in leadership and organizational culture.

The analysis shows that Leadership Competencies in companies have not reached the standard, with most managers having a Competency value below 75 out of a scale of 100. In addition, the formal implementation of Organizational Culture was only introduced in early 2022, and previously the organization was more dominant with a personal culture. This affects the employee's adaptation to the company's new values, creating a mismatch between the organization's expectations and the employee's behavior, which ultimately lowers motivation.

Leadership Competencies Development: Improving Leadership Competencies with motivation-based management training, effective decision-making, and team communication can help improve Employee Performance directly.

Strengthening Organizational Culture: Internalizing corporate values, such as PRIDE (as mentioned in the research), needs to be done systematically through continuous internal programs.

If the solution is implemented effectively, an increase in Work Motivation will be seen, which ultimately has an impact on better performance. Previous studies support that competent leadership and a strong organizational culture facilitate a supportive work environment. Based on the results of PLS-SEM in the study, there is a positive and significant correlation between Leadership Competencies and Organizational Culture on employee motivation and performance.

Effective Leadership Competencies and Organizational Culture as a Support for Work Motivation have been discussed in several studies, but this study adds insight through XYZ Group's special data that shows that there is a category of "liability" that must be corrected immediately in order for the organization to achieve better performance benchmarks.

Conclusion

This study aims to identify the influence of Leadership Competencies and Organizational Culture on Work Motivation and its impact on Performance Employee XYZ Group. Key findings show that Leadership Competencies and Organizational Culture play a significant role in increasing Employee Work Motivation, which ultimately contributes to better performance. The results of the analysis showed a positive correlation between effective leadership and a strong organizational culture with increased motivation and performance, emphasizing the importance of the role of leadership in strengthening a culture that is in line with company values. The contribution of this research to the literature is to provide empirical evidence specifically in the environment of organizations that have recently implemented cultural change, highlighting the important impact of cultural adaptation on motivation and performance. In addition, this research supports the concept that leadership and Organizational Culture are not only supporting elements, but aspects that influence each other in increasing motivation and work efficiency. However, this study has limitations in the scope of the population, limited to Employee XYZ Group, so generalizations to other organizations need to be done carefully. The research method used also focuses on quantitative analysis, which may not explore aspects of employee motivation that are more subjective. For future research, it is recommended to expand the scope of the population by involving different organizations to increase external validity. In addition, in-depth research using qualitative methods can provide broader insights into the psychological factors behind Employee Work Motivation, enriching the understanding of the relationship between leadership, organizational culture, and performance in various industry contexts.

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