

THE MEDIATING ROLE OF WORK MOTIVATION ON EMPLOYEE PERFORMANCE AT PROPERTY INDUSTRY

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Abstract: This study aims to determine the influence of leadership, organizational culture, and work competence on employee performance with work motivation as a mediating variable at PT ABC and PT XYZ as two major player in the property industry. The research uses a quantitative approach with purposive sampling and involves 84 permanent non-managerial employees as respondents. Data were collected through questionnaires and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results show that leadership, organizational culture, and work competence have a positive and significant effect on work motivation. Furthermore, work motivation positively affects employee performance and successfully mediates the relationship between the three variables and employee performance. This study implies that improving work motivation can enhance the influence of internal company factors on achieving optimal employee performance. This work add recommendation to decision maker in the organization in putting alternative strategies to improve employee performance from leadership, organization culture and work competence through the mediation of work motivation. Beside practical side, this article also broaden theoretical implication to human resource management from motivational theory point of view.

Keywords: Employee Performance, Leadership, Organizational Culture, Work Competence, Work Motivation

INTRODUCTION

Human resources are a strategic asset within organizations that play a direct role in achieving corporate objectives. According to [\(Robbins and Judge 2023\)](#), the quality of individual performance is strongly influenced by motivation, competence, and a supportive work environment. Meanwhile, [\(Daft 2021\)](#) emphasizes that the achievement of

organizational effectiveness largely depends on the company's ability to manage human resources in an integrated manner through adaptive leadership and a strong organizational culture. In this context, employee performance becomes a key benchmark for assessing the extent to which an organization can optimally manage its internal potential.

Table 1 PPKOM Report 2023 – Office Rental Supply Index

Year	Office Rental Supply (%)	Growth (%)
2022	0.00%	–
2023	-0.28%	-0.28%

Source: Bank Indonesia

Table 2 Total Performance Points of PT ABC and PT XYZ, 2022–2023

No	Company	Total Performance Point	
		2022	2023
1	PT ABC	3.392	3.368
2	PT XYZ	2.735	2.711

Source: Company Internal Data

Based on Table 1, namely the Commercial Property Development Report (PPKOM) from Bank Indonesia, the office rental sector in Jakarta has shown signs of market pressure in recent years. In the fourth quarter of 2022, the supply index of rental office space stood at 0.00%, indicating no significant change compared to the previous quarter. However, one year later, in the fourth quarter of 2023, the supply index decreased by -0.28%. This decline reflects a reduction in office space supply due to limited new projects, decreased tenant demand, and the shift toward hybrid or remote working systems that have become increasingly dominant after the pandemic. This phenomenon demonstrates that property industry players, including PT ABC and PT XYZ, need to adjust their employee management strategies in order to remain competitive in a continuously changing business environment.

PT ABC and PT XYZ are two companies engaged in property and building facility management, which demand high levels of employee performance to cope with the dynamics of the property industry. Based on Table 2, PT ABC experienced a decrease in its cumulative performance score from 3,392 in 2022 to 3,368 in 2023, while PT XYZ fell from 2,735 to 2,711. This condition underscores the importance of optimizing internal performance to ensure that the companies remain adaptive and competitive. One crucial aspect in this effort is work motivation, which, according to [\(Robbins and Judge 2019\)](#), is a process that reflects the direction, intensity, and persistence of an individual in achieving goals. In this context,

work motivation is believed to serve as a mediating variable that bridges the influence of leadership, organizational culture, and work competence on employee performance, which is the main focus of this study.

Theoretical Framework

This research is based on the concept that employee performance is influenced by several internal organizational factors, namely leadership, organizational culture, and work competence, which can be mediated by work motivation. According to [Robbins and Judge \(2023\)](#) state that motivation is a process that reflects the direction, intensity, and persistence of individuals in achieving goals. Thus, work motivation is considered the main driver that bridges the influence of organizational factors on employee performance.

Employee Performance

According to [Andriyani et al. \(2020\)](#) employee performance is the work result achieved by individuals or groups within a certain period in accordance with organizational targets and standards. [Suparman et al. \(2024\)](#), define performance as the output assessed in terms of quantity, quality, and work behavior in achieving objectives. [Hendra \(2020\)](#) research shows that work motivation significantly affects the improvement of employee performance at Universitas Tjut Nyak Dhen Medan. Indicators that are used in this article are work quantity and quality, perseverance, discipline, teamwork, workplace safety, responsibility, and initiative.

Leadership

According to [Yusuf and Yulianeu \(2022\)](#), leadership is the ability of a person to influence individuals or groups in achieving goals. [Azis and Suwatno \(2019\)](#) defines leadership as the ability to influence others with enthusiasm to achieve organizational targets. Another research done by [Firmayanti et al. \(2022\)](#) proves that leadership has a positive effect on motivation and employee performance at the Public Works and Housing Office (PUPR) of Karawang Regency. Indicators that are used to measure in this article are role model, enthusiasm, self-confidence, ability to function in various situations, tolerance, and commitment to excellence. Based on these explanation we built our hypothesis which are:

- H1: Leadership has an effect on employee performance.**
- H2: Leadership has an effect on work motivation**
- H8: Work motivation mediates the effect of leadership on employee performance**

Organization Culture

According to [Zariyah and Sari \(2019\)](#), organizational culture refers to the values that guide human resources in carrying out their duties within the organization. [Fitriani & Ananda \(2023\)](#) states that organizational culture is a system of values, beliefs, and norms mutually agreed upon by organizational members. [Astuti \(2022\)](#) shows that organizational culture significantly influences motivation and employee performance at the Ministry of Education. Indicators that were being used here are: involvement, consistency, adaptability, and mission. Thus, our next hypothesis are:

- H3: Organizational culture has an effect on work motivation.**
- H4: Organizational culture has an effect on employee performance**
- H9: Work motivation mediates the effect of**

organizational culture on employee performance

Work Competence

According to [Aprelyani \(2023\)](#), competence is a fundamental characteristic of a person that is directly related to the effectiveness of performance in their work. [Fadlillah and Ananda \(2024\)](#) define competence as behaviors and abilities required to carry out tasks optimally. [Lumanauw's \(2022\)](#) study concludes that work competence has a positive effect on employee performance at CV Bumi Kencana Jaya. Indicators that are being used here are knowledge, understanding, proficiency, values, attitudes, and work interests. Based on the explanation, we then build hypothesis which consist of:

- H5: Work competence has an effect on work motivation.**
- H6: Work competence has an effect on employee performance**
- H10: Work motivation mediates the effect of work competence on employee performance.**

Work Motivation

According to [Robbins and Judge \(2024\)](#), motivation is the process that explains the intensity, direction, and persistence of an individual to achieve a goal. [Hidayatulloh and Ananda \(2022\)](#) define work motivation as a set of values and attitudes that encourage a person to achieve specific objectives in their work. [Marjaya and Pasaribu's, \(2019\)](#) study shows that work motivation has a significant influence on employee performance at PDAM Tirta Deli. Indicators that were being used are: expectancy, instrumentality, and valence. Indicators: expectancy, instrumentality, and valence. Based on the above explanation, our next hypothesis is

- H7: Work motivation has an effect on employee performance**

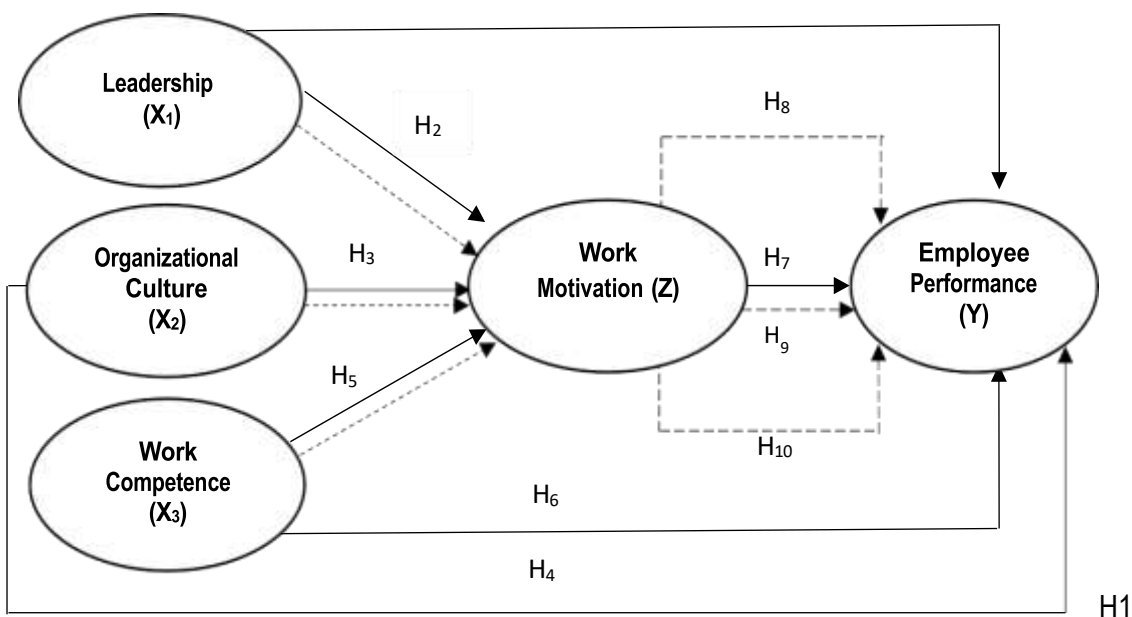


Figure 1. Research Model

RESEARCH METHOD

This study employs a quantitative approach, which is a type of research aimed at testing and explaining the relationships among the investigated variables in a measurable and objective manner. This method is applied to determine the extent to which leadership, organizational culture, and work competence influence employee performance, both directly and indirectly, through work motivation as a mediating variable.

The objects of this research are permanent employees of PT ABC and PT XYZ, two companies engaged in property and building facility management. The study uses a non-

probability sampling technique, namely purposive sampling, with the criterion that respondents must be permanent employees in non-managerial positions. A total of 84 respondents from the two companies participated in this study.

The data collection instrument was a questionnaire with a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Data analysis was conducted using the Partial Least Squares Structural Equation Modeling (PLS-SEM) method through the Smart PLS application to test the validity and reliability of the indicators, as well as to measure the direct and indirect relationships among the variables.

Table 3. Characteristics of Respondents

Characteristic	Criteria	Number	Percentage (%)
Gender	Male	72	85.7%
	Female	12	14.3%
	Total	84	100.0%
Age	20–29 years	12	14.3%
	30–39 years	33	39.3%
	40–49 years	33	39.3%
	>50 years	6	7.1%
	Total	84	100.0%

Characteristic	Criteria	Number	Percentage (%)
Length of Service	1–3 years	51	60.7%
	4–6 years	10	11.9%
	7–9 years	3	3.6%
	≥10 years	20	23.8%
	Total	84	100.0%
Education Level	Senior High School / Vocational (SMA/SMK)	7	8.3%
	Bachelor's Degree (S1)	77	91.7%
	Total	84	100.0%

Source: Processed Data

Table 4. Descriptive Statistics of Variables

Statistic	Leadership (X1)	Organizational Culture (X2)	Work Competence (X3)	Work Motivation (Z)	Employee Performance (Y)
N (Valid)	84	84	84	84	84
Missing	0	0	0	0	0
Mean	33.12	26.98	36.96	22.90	40.00
Median	33.00	27.00	40.00	25.00	45.00
Std. Deviation	4.686	3.587	5.05	3.55	8.00
Minimum	24	16	20	9	9
Maximum	40	35	40	25	45

Source: Processed Data

ANALYSIS AND DISCUSSION

Based on Table 3, data obtained from 84 respondents who are permanent employees of PT ABC and PT XYZ indicate that the majority of respondents are male, totaling 72 people (85.7%), while the remaining 12 (14.3%) are female. In terms of age, most respondents fall within the 30–39 and 40–49 year categories, with 33 respondents (39.3%) in each group. Respondents aged over 50 years account for 6 people (7.1%), while those aged 20–29 years account for 12 people (14.3%). Regarding tenure, most respondents have worked for 1–3 years, totaling 51 people (60.7%), followed by those who have worked for ≥10 years with 20 people (23.8%). A smaller proportion of respondents have worked for 4–6 years (11.9%) and 7–9 years (3.6%). In terms of education, nearly all respondents hold a bachelor's degree (S1), with 77 people (91.7%), while the remaining 7 people (8.3%) have a senior high

school (SMA/SMK) education or equivalent.

Based on Table 4, the mean score for the employee performance variable is 40.00, which is close to its maximum value of 45, with a minimum value of 9. The mean score for leadership is 33.12, which is close to its maximum of 40, with a minimum value of 24. The mean score for organizational culture is 26.98, which approaches its maximum value of 35, with a minimum of 16. The mean score for work competence is 36.96, with a maximum of 40 and a minimum of 20. Lastly, the mean score for work motivation is 22.90, which is near its maximum of 25, with a minimum of 9. Thus, the majority of respondents tend to give “agree” responses to the questionnaire statements related to employee performance, leadership, organizational culture, work competence, and work motivation.

Results of Validity and Reliability Testing

The results of the validity and reliability testing indicate that all indicators for each variable meet the criteria for sound measurement. The Average Variance Extracted (AVE) values for all constructs are above 0.5, meaning that each indicator is able to explain more than 50% of the variance of its construct. In addition, the Composite Reliability (CR) and Cronbach's Alpha values for each variable are above 0.7, signifying that the instruments used possess strong internal consistency and can be considered reliable. Thus, all items in the questionnaire are declared valid and reliable for use in further analysis.

Results of R-Square and Q-Square Testing

The analysis results show that the R-Square (R^2) value for the work motivation variable is 0.693, which means that 69.3% of the variability in work motivation can be explained by leadership, organizational culture, and work competence. Meanwhile, the R-Square value for the employee performance variable is 0.603, indicating that 60.3% of employee performance can be explained by leadership, organizational culture, work competence, and work motivation. In addition, the Q-Square (Q^2) value for work motivation is 0.519, and for employee performance it is 0.406. Since the Q-Square values are greater than 0, the model is considered to have good predictive relevance for the endogenous variables in this study.

Results of Hypothesis Testing

Based on Table 5, the results of hypothesis testing using the PLS-SEM method indicate that leadership has a significant effect on employee performance, with a t-statistic value of 2.384 and a p-value of 0.017 (H1 accepted). In addition, leadership also has a significant effect on work motivation, with a t-statistic of 4.037 and a p-value of 0.000 (H2 accepted). Work motivation significantly affects employee performance, with a t-statistic of 4.700 and a p-value of 0.000 (H7 accepted). Conversely, organizational culture does not have a significant effect on either employee performance (t-statistic 0.811, p-value 0.417) or work motivation (t-statistic 0.268, p-value 0.789), thus H3 and H4 are rejected. Similarly, work competence does not have a significant effect on employee performance (t-statistic 0.626, p-value 0.531) or work motivation (t-statistic 0.685, p-value 0.493), leading to the rejection of H5 and H6.

For indirect effect testing, based on Table 6, it is shown that work motivation significantly mediates the influence of leadership on employee performance, with a t-statistic of 3.049 and a p-value of 0.002 (H8 accepted). However, work motivation does not mediate the relationship between organizational culture and employee performance (t-statistic 0.221, p-value 0.825) nor between work competence and employee performance (t-statistic 0.630, p-value 0.529), thereby rejecting H9 and H10.

Table 5. Results of Direct Hypothesis Testing

Hypothesis	Path	Original Sample	Standard Deviation	T-Statistic	P-Values	Supported
H1	X1 → Y	0.383	0.160	2.384	0.017	YES
H2	X2 → Y	0.101	0.124	0.811	0.417	NO
H3	X3 → Y	-0.089	0.142	0.626	0.531	NO
H4	X1 → Z	0.673	0.167	4.037	0.000	YES
H5	X2 → Z	-0.035	0.129	0.268	0.789	NO
H6	X3 → Z	0.104	0.152	0.685	0.493	NO
H10	Z → Y	0.645	0.137	4.700	0.000	YES

Source: Processed Data

Table 6. Results of Indirect Hypothesis Testing

Hypothesis	Path	Original Sample	Standard Deviation	T-Statistic	P-Values	Supported
H7	X1 → Z → Y	0.434	0.142	3.049	0.002	YES
H8	X2 → Z → Y	0.065	0.081	0.797	0.425	NO
H9	X3 → Z → Y	0.067	0.096	0.700	0.484	NO

Source: Processed Data

CONCLUSION

Based on the research conducted at PT ABC and PT XYZ, it can be concluded that leadership has a significant effect on employee performance, both directly and indirectly through work motivation as a mediating variable. Meanwhile, organizational culture and work competence did not show a significant effect on either work motivation or employee performance. These findings reinforce the central role of work motivation in bridging the relationship between leadership style and employee performance within organizations.

The implications of these results suggest that companies need to prioritize the development of leadership that fosters employees' intrinsic motivation through more communicative, inspiring, and participatory approaches. In addition, enhancing work motivation can be achieved by implementing programs that align with employees' needs and expectations in order to create a productive, competitive, and sustainable work environment.

This study has several limitations, namely: 1) The data used are cross-sectional, thus they do not represent changes in variables over time, 2) The research scope is limited to only two companies, so the generalizability of the findings remains limited, 3) All variables were measured using questionnaires with a perception-based approach, which carries the potential for subjective bias from respondents.

Based on the findings and limitations of the study, the following recommendations are proposed: 1) Companies are advised to improve leadership quality through training, coaching, and more communicative and inspiring approaches, 2) Work motivation should be enhanced by adjusting incentive programs, career development opportunities, and supportive work environments, 3) Future research is recommended to involve more companies, expand the scope, and employ a longitudinal approach to produce deeper and more generalizable result.

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