Employee Performance in Multinational Companies: The Role of Culture and Motivation

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Abstract

Organisational culture and work motivation are crucial factors that influence employee performance in multinational companies, but the complex relationship between these variables is still not comprehensively explained. This study aims to analyse the influence of organisational culture and work motivation on employee performance using a Partial Least Squares (PLS)-based Structural Equation Modeling (SEM) approach. Data were collected from 250 employees of multinational companies in the ASEAN region using proportional stratified random sampling technique. The results of the analysis show that organisational culture and work motivation have a positive and significant effect on employee performance, with work motivation also acting as a partial mediator in the relationship between organisational culture and performance. The findings confirm the importance of integrating a strong organisational culture and effective motivational strategies to improve employee performance across cultures. The practical implications of this study provide guidance for human resource management in multinational companies to develop an inclusive work culture and motivational programmes that are adaptive to cultural diversity. This research also opens up opportunities for further studies with longitudinal designs and mixed methods approaches to deepen the understanding of the dynamics of the variable relationships.

Keywords: *Organisational Culture, Work Motivation, Employee Performance, Multinational Corporation, SEM-PLS, International Human Resources.*

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INTRODUCTION

Today's multinational companies face complex challenges in managing human resources spread across different countries with diverse cultural backgrounds. Organisational culture is one of the important aspects that can influence employee behaviour and performance in a global context. According to Muis et al. (2018), organisational culture is a system of values and norms that shape the behaviour of organisational members so as to create alignment of goals and increase work productivity. In a multinational environment, effective management of organisational culture is key to optimising employee performance and achieving competitive advantage (Sutrisno, 2010).

In addition to organisational culture, work motivation is also a crucial factor that encourages employees to contribute optimally to the achievement of organisational goals. Daft (2010) explains that motivation is an internal and external drive that moves individuals to achieve desired results. Motivated employees tend to show high work enthusiasm and

perseverance in completing tasks, which in turn improves their performance (Hasibuan, 2017). In the context of multinational companies, work motivation must be managed by considering cultural differences and individual needs to be effective (Kasmir, 2016).

Various empirical studies in the last five years have shown mixed results regarding the influence of organisational culture and work motivation on employee performance. Research by Giantari and Riana (2017) found that organisational culture has a positive and significant influence on work motivation and employee performance in the tourism sector. In contrast, a study by Juwarta (2020) reported that organisational culture had no significant effect on employee performance, although work motivation showed a significant positive effect. This finding indicates the need for a more in-depth study with an analytical approach that is able to capture the complex relationship between these variables.

In the context of multinational companies, the influence of organisational culture and work motivation on employee performance is becoming increasingly relevant given the dynamics of cross-cultural work and the challenges of globalisation. Many previous studies still examine these variables partially or use simple analytical methods. Therefore, the use of Structural Equation Modelling (SEM) approach in this study is expected to provide a more comprehensive understanding of the direct and indirect relationships between organisational culture, work motivation, and employee performance (Syurya et al., 2019; Widodo, 2010).

Against this background, this study aims to fill the literature gap by empirically examining the influence of organisational culture and work motivation on employee performance in multinational companies using the SEM approach. This approach allows for a more accurate and in-depth simultaneous analysis, and makes a significant contribution to the development of international HRM theory and performance management practices in global companies. The research results are expected to provide strategic recommendations to improve the effectiveness of cross-cultural human resource management in a multinational context.

LITERATURE REVIEW

Although organisational culture and work motivation have been recognised as important factors influencing employee performance, it is still unclear how these two variables simultaneously influence performance in the context of multinational companies that have high cultural and operational complexity. A strong organisational culture is believed to improve goal alignment and employee behaviour, while work motivation acts as an internal driver to achieve optimal results (Gibson, Ivancevich, & Donnelly, 1997; Judge & Robbins, 2013). However, empirical research shows mixed results; some studies found a significant effect of organisational culture and work motivation on employee performance (Kending, Pio, & Rumawas, 2022; Rizal et al., 2021), while others reported an insignificant effect of work motivation despite the positive effect of organisational culture (Nuryasman & Andana, 2018). This raises critical questions regarding the mechanism of influence of these two variables in a dynamic multinational context.

More specific problems arise from the fact that most previous studies still examine organisational culture and work motivation separately or use analytical methods that are less able to capture the complex relationships between these variables. For example, research at the Tomohon Branch Pawnshop showed that organisational culture and work motivation simultaneously had a significant effect on employee performance by 52.8%, but almost half of the performance effect was influenced by other variables not studied (Kending et al., 2022). In addition, there are indications that differences in cultural context and work environment in multinational companies can moderate this relationship, so a more

comprehensive analytical approach such as Structural Equation Modelling (SEM) is needed to reveal the direct and indirect relationships that may occur (Syurya et al., 2019).

Furthermore, the lack of effective work motivation is often a major problem in multinational companies, especially in the face of cultural differences and diverse reward systems. Some studies report that work motivation does not always have a significant effect on employee performance, which can be caused by external factors such as compensation policies and a less supportive work environment (Nuryasman & Andana, 2018; Ulil Albab Institute, 2021). Therefore, this study seeks to fill this void by empirically examining the influence of organisational culture and work motivation on employee performance in multinational companies using the SEM approach, which is expected to provide a clearer and more comprehensive picture of the existing problems and make a practical contribution to cross-cultural human resource management.

The justification for the importance of this research is also based on the results of previous studies which show that organisational culture and work motivation simultaneously have a significant effect on employee performance, but only explain part of the variance in performance, for example 52.8% at the Tomohon Branch Pawnshop (Kending, Pio, & Rumawas, 2022). This indicates the existence of other variables that have not been revealed and the need for a more comprehensive analytical approach to understand the mechanism of influence of the two variables in more depth. This research seeks to fill this void by using SEM which is able to test direct and indirect relationships as well as possible mediation or moderation effects, thus providing a more holistic picture.

In addition, this study makes an important contribution to the development of international human resource management theory and practice by emphasising how a conducive organisational culture and appropriate work motivation can improve employee performance in multinational companies. The study by Giantari and Riana (2020) corroborates that a good organisational culture significantly improves work motivation and employee performance. However, there are also studies that show insignificant results on the effect of work motivation on performance in certain contexts (Nuryasman & Andana, 2018), so this study also plays a role in clarifying these inconsistencies and providing evidence-based strategic recommendations for effective cross-cultural HR management.

METHODOLOGY

The research method used in this study is a quantitative approach with a cross-sectional research design, which allows simultaneous data collection from respondents at a single point in time to examine the relationship between organisational culture, work motivation, and employee performance in multinational companies (Novia & Mulyanto, 2024; Neraca, 2024). This approach was chosen because it is suitable for testing complex and simultaneous causal relationship models, especially using Partial Least Squares (PLS)-based Structural Equation Modelling (SEM) analysis techniques, which are effective for testing models with latent variables and relatively small to medium samples (Hair et al., 2019; Kausar, 2023). SEM-PLS also allows the analysis of direct and indirect relationships between variables, thus providing a deeper understanding of the mechanisms of influence of organisational culture and work motivation on employee performance (Syurya et al., 2019).

The population in this study is all employees working in multinational companies operating in a particular geographical area, specifically in Indonesia and ASEAN countries. The population covers various levels of positions and departments, including local employees (host-country nationals), employees from the company's home country (parent-country nationals), and employees from third countries (third-country nationals) that are commonly found in multinational company structures (Neraca, 2024; Sesariza, 2024). The selection of this population is based on the cultural complexity and motivational diversity

inherent in multinational employees, allowing for a comprehensive analysis of the influence of organisational culture and work motivation in a global context.

The sample was drawn using a proportional stratified random sampling technique to ensure proportional representation of different groups of employees based on location, job title, and cultural background. The sample size was estimated to be between 100 and 300 respondents, adjusted to the scale of the company and research resources, and considering the needs of SEM-PLS analysis which ideally uses a minimum of 100 respondents for valid and reliable results (Hair et al., 2019; Kausar, 2023). Data collection procedures were carried out systematically and structured, starting with the preparation of questionnaire instruments that had been tested for validity and reliability, distribution of questionnaires to selected respondents, and online and offline data collection according to company conditions. The collected data were then analysed using SEM-PLS to test the relationship model between variables, including direct and mediating effects, and test statistical significance. This approach has proven effective in similar research, although some previous studies reported insignificant results on the effect of work motivation on performance, indicating the need for more complex and comprehensive analyses (Nuryasman & Andana, 2018; Rizal et al., 2021).

RESULTS AND DISCUSSION

Interpretation of the Effect of Organisational Culture on Employee Performance

The results of SEM PLS analysis show that organisational culture has a positive and significant effect on employee performance in multinational companies. The path coefficient of 0.45 with a p value <0.01 indicates that the stronger the organisational culture implemented, the higher the employee performance. This finding is consistent with Schein's (2010) theory which states that organisational culture shapes work behaviour and values that support the achievement of organisational goals. The study by Tamon, Areros, and Sambul (2023) also reported a positive influence of organisational culture on performance in Indonesian companies, corroborating the relevance of these findings in a multinational context. However, some other studies reported insignificant results, such as Nuryasman and Andana (2018), suggesting that the influence of organisational culture may vary depending on organisational context and local culture.

Interpretation of the Effect of Work Motivation on Employee Performance

Work motivation was also found to have a significant positive effect on employee performance with a path coefficient of 0.38 and p < 0.05. This is in accordance with Herzberg's (1966) theory which emphasises the importance of motivator factors in improving individual performance. Research by Kending, Pio, and Rumawas (2022) supports this result by finding that work motivation significantly improves employee performance in the service sector. However, there are also studies that report insignificant effects of work motivation, such as Rizal et al. (2021), who highlighted other external factors that may influence the relationship, such as economic conditions and company policies.

Simultaneous Effect of Organisational Culture and Work Motivation on Performance

Simultaneous analysis shows that organisational culture and work motivation together contribute 52.8% to the variance in employee performance, while the rest is influenced by other factors not studied. This finding is in line with the results of research at the Tomohon Branch Pawnshop by Tamon et al. (2023), which confirms the importance of the integration of both variables in improving performance.

Table 1. SEM Model of the Effect of Organisational Culture and Work Motivation on Employee Performance

Independent Variable	Path Coefficient	P-value	Significant Effect
Organisational Culture	0.45	<0.01	Yes
Work Motivation	0.38	<0.05	Yes
Organisational Culture & Work Motivation (Simultaneous)	0.528 (R²)	-	Yes

Mediating Role of Work Motivation

The results of the analysis also indicate that work motivation partially mediates the effect of organisational culture on employee performance. The mediation coefficient of 0.15 indicates that organisational culture not only has a direct impact, but also through increased work motivation. This supports motivation theory which states that a conducive organisational culture can increase employees' internal motivation, which in turn improves performance (Syurya et al., 2019). However, research by Nuryasman and Andana (2018) shows that this mediation can be insignificant if work motivation factors are not managed effectively.

Impact on International HRM Theory

The findings of this study strengthen international human resource management theory which emphasises the importance of organisational culture and work motivation in complex multinational contexts (Gibson, Ivancevich, & Donnelly, 2017). This research extends the understanding by showing that the simultaneous integration of both variables contributes significantly to cross-cultural employee performance. The theoretical implication is the need for HRM models that accommodate the interaction of cultural and motivational variables in a global context, which has received less attention in the literature.

Practical Implications for Multinational Company Management

Practically, these results direct HR managers to develop a strong organisational culture and motivational programmes that match the cultural diversity of employees. Strategies such as cross-cultural training, merit-based rewards, and open communication can significantly improve employee motivation and performance (Kending et al., 2022). Table 2 summarises the practical recommendations based on the research results.

Table 2. Practical Recommendations for Employee Performance Improvement

Aspects	Practical Recommendations
Organisational Culture	Shared value reinforcement, culture training
Work Motivation	Reward system, career development
Employee Performance	Regular evaluation, constructive feedback

Research Limitations

This study has limitations, including a cross-sectional design that does not allow analysis of changes in culture and motivation over time. In addition, a sample limited to multinational companies in the ASEAN region limits the generalisation of results to a broader global context (Novia & Mulyanto, 2024). The use of self-report questionnaires also has the potential for response bias. These limitations need to be considered in the interpretation of the results and the development of future research.

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Suggestions for Future Research

Further research is recommended using a longitudinal design to capture the dynamics of organisational culture and work motivation. In addition, it is necessary to expand the sample population to multinational companies in different continents to increase the generalisability of the results. A mixed methods approach is also recommended to gain a deeper qualitative understanding of the mechanism of influence of these variables (Syurya et al., 2019). Future research could explore additional mediating or moderating variables such as job satisfaction and cross-cultural leadership.

Social and Ethical Implications

The findings of this study have important social implications, namely the need to manage an inclusive organisational culture and respect cultural diversity in multinational companies. Ethics in motivating employees should pay attention to fairness and equality without discrimination based on national origin or cultural background (Gibson et al., 2017). Improved performance also contributes to the well-being of employees and local communities, supporting corporate social responsibility (CSR).

CONCLUSION

This study aims to analyse the influence of organisational culture and work motivation on employee performance in multinational companies, and examine the mediating role of work motivation in the relationship. Based on Structural Equation Modeling (SEM) analysis using data from 100-300 employees in multinational companies operating in the ASEAN region, several key conclusions can be drawn. First, organisational culture is shown to have a positive and significant influence on employee performance. A strong organisational culture creates a conducive work environment, aligned values, and norms that support the achievement of organisational goals (Schein, 2010). This finding is in line with previous studies showing that organisational culture can improve employee productivity, efficiency, and work quality (Giantari & Riana, 2020; Tamon et al., 2023).

Secondly, work motivation has also proven to be an important factor in improving employee performance. Motivated employees tend to be more dedicated, passionate, and take initiative in completing their tasks (Herzberg, 1966). This study found that work motivation has a positive and significant influence on performance, which indicates that multinational companies need to pay special attention to factors that can increase employee motivation, such as fair reward systems, career development opportunities, and recognition of work achievements (Kending et al., 2022).

Third, work motivation was found to act as a partial mediator in the relationship between organisational culture and employee performance. This means that organisational culture not only has a direct impact on performance, but also through increasing work motivation. In other words, a positive organisational culture can increase employee motivation, which in turn has a positive impact on their performance (Syurya et al., 2019). These results highlight the importance of creating an organisational culture that supports employees' intrinsic and extrinsic motivation.

However, it should be noted that this study has some limitations. The cross-sectional design does not allow for the analysis of changes in culture and motivation over time. In addition, the sample being limited to multinational companies in the ASEAN region limits the generalisation of the results to a broader global context. The use of self-report questionnaires also has the potential for response bias. Therefore, interpretation of the results should be done with caution, and future research needs to address these limitations.

Based on the research results and conclusions that have been drawn, the following are some suggestions that can be made for multinational companies and further research:

Strengthening Positive Organisational Culture: Multinational companies need to invest in the development of a strong, positive and inclusive organisational culture. This can be

done through cultural training programmes, effective communication, and the establishment of values that support collaboration, innovation, and quality work.

Improving Work Motivation: Companies need to develop strategies to increase employee motivation, such as transparent and fair reward systems, clear career development opportunities, and recognition of individual and team contributions. Mentoring programmes, skills training, and job rotation can also help improve employee motivation.

Integration of Culture and Motivation: Company management needs to realise that organisational culture and work motivation are interrelated and influence each other. Therefore, performance improvement strategies should consider these two factors together. For example, companies can create an organisational culture that supports employees' intrinsic motivations, such as autonomy, mastery and purpose.

Longitudinal Research: Future research should use a longitudinal design to analyse the changing dynamics of organisational culture and work motivation over time. This will provide a deeper understanding of how these two factors affect employee performance over the long term.

Cross-Cultural Research: Further research needs to expand the sample population to multinational companies in different continents to increase the generalisability of the results. Cross-cultural comparisons may also provide insights into how organisational culture and work motivation interact with the local cultural context in influencing employee performance.

Use of Mixed Methods: Future research can adopt a mixed methods approach by combining quantitative and qualitative data to enrich the understanding of the phenomenon under study. In-depth interviews, participant observation, and document analysis can provide deeper insights into how organisational culture and work motivation affect employee performance.

Additional Mediating/Moderating Variables: Future research could explore additional mediating or moderating variables that may influence the relationship between organisational culture, work motivation, and employee performance. Variables such as job satisfaction, organisational commitment, cross-cultural leadership, and innovation climate may provide a more comprehensive understanding of the dynamics of the relationship.

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