

The Effect of Organizational Communication on Organizational Performance through Motivation as Intervening Variable (Study at PT Kaltim Prima Coal)

Putra Adi Mulya

Tetra Hidayati

Saida Zainurrosalamia

*Master of Management Study Program, Faculty of Economics and Business
Mulawarman University, Samarinda*

ABSTRACT

This study aims to analyze the effect of organizational communication on organizational performance with motivation as an intervening variable (study at PT Kaltim Prima Coal). Data was collected through a questionnaire survey to employees of grade D and above in the Mining Operation Division (MOD), Contract Mining Division (CMD), Mining Support Division (MSD) and Business Performance Improvement Division (BPID) of PT Kaltim Prima Coal as many as 476 respondents. The sampling technique used the census method. The analytical technique used is descriptive technique and path analysis using IBM SPSS Statistics software version 27.

Based on the results of the path analysis research that has been carried out, it can be concluded that Organizational Communication (X) has a positive and significant effect on Motivation (Z), this is evidenced by the t-value of 17.807 and the probability of 0.000 ($p < 0.05$). Organizational Communication (X) has a positive and significant effect on Organizational Performance (Y), this is evidenced by the t-value of 10,641 and the probability of 0.000 ($p < 0.05$). Motivation (Z) has a positive and significant effect on Organizational Performance (Y), this is evidenced by the t-value of 9.365 and the probability of 0.000 ($p < 0.05$).

KEYWORDS: *Organizational Communication, Motivation, Organizational Performance.*

Date of Submission: 15-06-2022

Date of Acceptance: 30-06-2022

I. INTRODUCTION

Various challenges are still being faced by the coal mining industry in Indonesia. The Covid-19 pandemic has resulted in a decline in national production because coal demand has decreased from generators as an effect of reducing electricity consumption. So that coal companies are required to be able to improve to increase the added value needed by the industry. Consequently, companies must make maximum use of resources to maintain their business.

Human resource management is needed as an important potential to support a company's competitive advantage in addition to physical resources, financial, marketing capacity. Human resources play a very crucial role in determining goals, strategies, and innovations to achieve organizational goals.

In order to survive in the competition, organizations need to improve their performance. The company must ensure the success of human resource management for the continuity and growth of its business. Managing human resources also means the ability to unite the perspectives of employees and company management to achieve company goals. Performance or performance describes the achievement of the implementation of an activity program in realizing the goals, objectives, vision, and mission of the organization as stated in the strategic plan of an organization. Performance measurement can only be done after the benchmark criteria set by the organization. Thus, the benchmark for success requires goals and targets set in measurement (Moehariono, 2012).

Effective organizational communication can encourage employee work motivation which has an impact on increasing company performance. The results of research by Rajhans (2009) stated that "companies that implement effective organizational communication practices contribute a lot to motivate their employees and increase performance and loyalty towards organizational goals. In addition, organizational leaders have a great responsibility for achieving organizational goals, so that leaders and all employees are involved in realizing organizational goals. So, it is necessary to interact socially with each other with effective

organizational communication so that it can motivate employees' work and their impact on organizational performance will also increase.

Creating work motivation can only be achieved if the influence of effective communication can be accepted by all parties in the company. Gibson et al. (2012) suggests that "organizational performance depends on individual performance or in other words individual performance will contribute to organizational performance, meaning that the behavior of organizational members both individually and in groups gives strength to organizational performance because motivation will affect organizational performance". Through organizational communication is expected to increase motivation so that it affects the improvement of organizational performance, on the contrary if communication does not run effectively then motivation will decrease and will have an impact on overall organizational performance.

As a coal mining company that manages the largest open pit in the world, PT Kaltim Prima Coal (KPC) always strives to improve the company's performance, as the key to KPC's sustainability. KPC's ability to provide more benefits to stakeholders as the company's strategy changes in terms of effectiveness, productivity, efficiency, and profitability. Effective organizational communication can increase motivation so that company performance can be optimized to meet company goals.

To improve company performance and continuous improvement, KPC needs to measure the maturity level of business performance improvement programs through organizational communication, and motivation to determine goals and objectives for the following year, and determine the needs and expectations of KPC employees, especially internal stakeholders.

Apart from the things that have been mentioned above, another problem to be investigated is the research gap from several existing studies. One of them in research conducted by Rukmana et al., (2018) showed that employee work motivation is positively influenced by organizational communication. Although contrary to research by Sunaji (2021) which showed that communication resulted in a negative and insignificant effect on motivation. Meanwhile, research by Abioro (2013) shows that work motivation positively affects organizational performance. While Oudeyer et al. (2009) found that work motivation did not significantly affect employee performance. In addition, research by Brahmasari and Suprayetno (2008) also shows that work motivation has a positive but not significant effect on company performance. Research by Ahmed et al. (2012) showed a significant correlation and positive relationship between effective business communication on organizational performance. While Prabawa's research (2013) shows the opposite result, namely organizational communication does not significantly affect employee performance.

This research aims as follows:

1. Analyzing the effect of organizational communication on motivation.
2. Analyzing the effect of organizational communication on organizational performance.
3. Analyzing the effect of motivation on organizational performance.
4. Analyze the effect of organizational communication on organizational performance through motivation.

II. THEORETICAL BASIS

Organizational Communication

Communication is one of the most important things we do. This communication activity is needed to keep us in touch with each other, and to facilitate relationships, both between family, friends and members of the organization.

Devito (2016) argues "Organizational communication is an attempt to send and receive messages both in formal and informal groups within an organization". Pace et al., (2005) also argue that organizational communication is a behavior that occurs in an organization and how the people in it are involved in the process and carry out transactions in the form of exchanging meaning.

Meanwhile Jefkins (2003) defines "organizational communication as a form of communication that has been planned by an organization with the public or the wider community where the organization is located to achieve a certain goal". Jeffkins views organizational communication as not involving relationships between organizational members or organizational leaders and members. However, interactions between organizations and external parties are the targets of communication.

So, it can be concluded that organizational communication is a series of processes from the stages of conveying, receiving, and exchanging information within the organization in order to achieve predetermined goals.

According to Pace et al. (2005) organizational communication which is the transfer of information from higher authorities to lower levels includes the following dimensions and flow indicators.

1. Downward communication

It is the transfer of information within the organization from a high position to a lower level of authority. Pace et al. (2005) suggested that there are 5 types of information to be communicated from superiors to related

subordinates: (1) how to do work, (2) basic principles for doing work, (3) organizational policies and best practices, (4) employee performance, (5) development of a sense of mission.

2. Upward communication

Upward communication is the flow of information from subordinates to supervisors. This communication model allows supervisors to get information from subordinates regarding notifications: (1) progress, achievements, targets and work planning, (2) work problems that require assistance, (3) suggestions or improvement ideas either in certain units or within the organization, (4) thoughts and feelings of subordinates with respect to work, fellow workers and the organization.

3. Horizontal communication

Horizontal communication includes the delivery of information between colleagues in a work unit with the same authority and supervisor which aims to (1) coordinate the division of work tasks, (2) share information on activity plans, (3) find solutions to a problem, (4) harmonize mutual understanding, (5) making peace, negotiating, and dealing with differences, (6) opening support among personnel.

4. Cross-channel communication

Cross-channel communication is a type of communication with the flow of information that penetrates functional boundaries or work units without the dichotomy of subordinates and superiors. Effective organizational communication requires horizontal communication and cross-channel communication.

5. Informal, personal and grapevine communication

The grapevine is described as a method of passing on confidential person-to-person reports that cannot be obtained through ordinary channels. Informal communications tend to contain confidential reports about people and events that do not flow through formal company channels.

Motivation

In general, motivation is a need that drives action towards a specific goal. Limitations regarding motivation as "The process by which behavior is energized and directed". So that the motive is the basis for individuals to act to achieve certain goals.

While motivation can mean the generation of motives or circumstances that become motives. So work motivation is a strong or weak work drive that is determined by the amount of work performance. Robbins and Judge (2013) define "motivation as a process that describes the intensity, direction and persistence of an individual to achieve his goals". Motivation according to Hasibuan (2014) as "providing a driving force that creates enthusiasm for one's work, so that they are willing to work together, work effectively, and are integrated with all their efforts to achieve satisfaction".

While Pace et al. (2005) mentions "motivation as a force that results from a person's desire to satisfy his needs (for example: hunger, thirst and society). Fillmore (2017) says "motivation is a condition that moves people towards a certain goal". According to Greenberg and Baron (2003), "motivation can also be said to be energy to generate an inner drive". When a need is not satisfied, individual drives and activities arise to respond to incentives (incentives) in the desired goal. Achieving goals will make individuals feel satisfied. According to Vroom in NgalimPurwanto (2006), "motivation refers to a process of influencing individual choices towards various forms of desired activity". Then Campbell (2002) suggests "motivation includes the direction or purpose of behavior, response strength, and persistence of behavior". The term includes the concept of drive, need, incentive, reward, reinforcement, goal setting, expectancy, and so on.

According to Uno (2008), work is as 1) a basic activity and an essential part of human life, 2) it gives status, and binds a person to other individuals and society, 3) in general, women or men like work, 4) morale. Many workers and employees do not have a direct relationship with the physical or material conditions of work, 5) work incentives take many forms, including money.

Work motivation is the motivation that occurs in the situation and work environment contained in an organization or institution. Basically, humans always want things that are okay, so that the driving force or driving force that motivates their work enthusiasm depends on the expectations that will be obtained in the future.

Organizational Performance

Performance is a general term used to indicate part or all the actions or activities of an organization over a period. According to Mulyadi (2007) "company performance is the overall success of the company in achieving the strategic goals that have been set through selected strategic initiatives". Muhammad (2008) defines "company performance as the company's ability to achieve its goals through the efficient and effective use of resources and describes how far a company achieves its results after being compared with previous performance (previous performance) and the performance of other organizations benchmarking, as well as to what extent it achieves performance". goals and targets that have been set. Wibowo (2010) mentions "performance as a description of the level of achievement of the implementation of an activity or policy

program in realizing the goals, objectives, mission and vision of the organization contained in the formulation of the strategic plan (strategic planning) of an organization".

From the various definitions of performance above, it can be concluded that performance is the performance or appearance or work of a person or organization in carrying out work to achieve goals and can be measured by standards that have been set for a certain period.

According to Brahmastari (2008) company performance uses 4 (four) indicators, namely:

1. The company's ability to improve the efficiency of the use of its human resources.
2. The company's ability to increase the efficiency of the use of all the time it has.
3. The company's ability to adapt to changes.
4. The company's ability to achieve the targets that have been set.

Hypothesis

H1: Organizational communication has a significant and positive effect on employee motivation.

H2: Organizational communication has a significant and positive effect on organizational performance.

H3: Motivation has a significant and positive effect on organizational performance.

H4: Organizational communication has a significant and positive effect on organizational performance through motivation.

Research Concept Framework

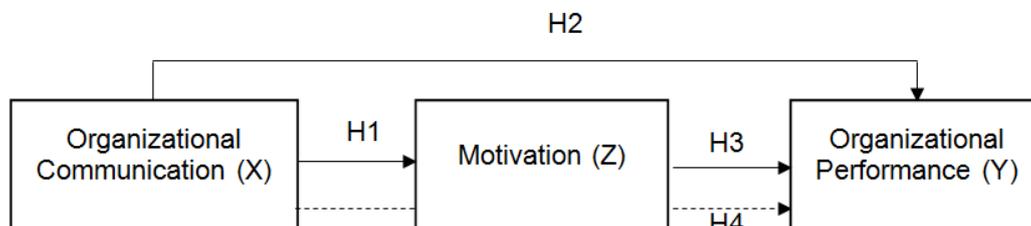


Figure 1 Research Concept Framework

Information:

- > : Direct influence
- - - - -> : Indirect influence

III. RESEARCH METHODS

Research design

Descriptive methods and analysis with a quantitative approach are used in research that is sourced from data. Quantitative analysis processes and manipulates data into valuable information (Kuncoro, 2001). Collecting data with the help of a questionnaire to the respondents. Respondents' answers in the questionnaire were measured by a range of scales. The choice of this method is to give a clear picture of the influence of the independent variable, namely Organizational Communication (independent variable) through Motivation, (intervening variable) on Organizational Performance (dependent variable) at PT Kaltim Prima Coal.

Population and Sample

Data was collected through a questionnaire survey to employees of grade D and above in the Mining Operation Division (MOD), Contract Mining Division (CMD), Mining Support Division (MSD) and Business and Performance Improvement Division (BPID) of PT Kaltim Prima Coal as many as 476 peoples, namely Executive totaling 4 peoples, Manager amounting to 16 peoples, Superintendent totaling 59 peoples, Specialist, Planner, Supervisor totaling 287 peoples, Engineer totaling 106 peoples, and Leading hand, statistician, Officer, others totaling 4 peoples.

The sampling technique used in this study is a census sampling technique with the help of a questionnaire, where all members of the population are used as samples (Sugiyono, 2014). The sampling technique with the determination of criteria (purposive sampling) in this study is intended so that the selection of respondents is someone who really understands Organizational Communication, Motivation and Organizational Performance to improve the company's business performance program.

Data Types and Sources

This quantitative research uses primary data sources. Primary data is the result data collected by researchers through a survey with closed questions with several alternative choices of statements. Primary data was obtained by distributing questionnaires to the research object and given via email.

This research uses structured and closed questions which are categorized using a range of scales. There are answers consisting of 5 (five) statements that indicate levels from numbers 1 to 5. Closed questionnaire in the form of this scale range to reveal data on the independent variables, namely Top Management Support and Organizational Communication, the dependent variable, namely Organizational Performance and the connecting variable, namely Motivation.

IV. DATA ANALYSIS RESULTS

Validity and Reliability Test

Test the validity using the Pearson Product Moment by looking at the correlation of the score of each item with the total score. A valid instrument has a large correlation value (correlation $> r_{table}$). Obtained $r_{table} = 0.3$ for the validation test with SPSS version 27 program with $n = 476$ and $\alpha = 0.05$.

The results of the validity test for all question items on the variable are valid because they have $r_{count} > r_{table}$. Thus, the question items meet the validity test for further data analysis in this study.

The reliability test shows the ability of the tool to give relatively the same results on objects that are repeated measurements. The reliability value of the latent variable must be > 0.70 . All research variables are said to be reliable because the Cronbach Alpha value is > 0.70 .

Table 1 Validity and Reliability Test Results

Variable	Item	r_{count}	r_{table}	Information	Cronbach Alpha	Cut Value	Information
Communication	X	1.000	0.3	Valid	0.808	0.70	Reliable
Motivation	Z	1.000	0.3	Valid	0.818	0.70	Reliable
Organizational Performance	Y _{1.1}	0.901	0.3	Valid	0.806	0.70	Reliable
	Y _{1.2}	0.847	0.3	Valid		0.70	Reliable

Source: Processed data (2022)

Hypothesis Testing Results

Hypothesis testing is intended to determine whether there is an influence of the independent variable on the dependent variable directly or indirectly through the intervening variable. Path analysis produces the following paths:

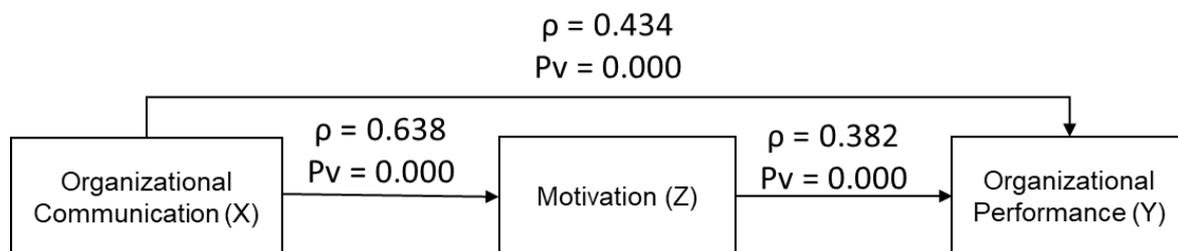


Figure 2 Path Diagram

Direct Effect Hypothesis Testing

The test criteria state that if the probability value is $<$ level of significant ($\alpha = \alpha$) then it is stated that there is a significant effect of the independent variable on the dependent variable. Hypothesis testing can be seen through the following table:

Table 1. Goodness of fit test results

Independent Variable	Dependent Variable	Coefficient	T statistics	Prob.
Organizational Communication	Motivation	0.638	17.807	0.000
Organizational Communication	Organizational Performance	0.434	10.641	0.000
Motivation	Organizational Performance	0.382	9.365	0.000

Source: Processed data (2022)

The empirical model of the motivation variable is as follows:

$$Z = \rho X + \varepsilon_1 \rightarrow 0.638X$$

The empirical model of organizational performance variables is as follows:

$$Y = \rho X + \rho Z + \varepsilon_2 \rightarrow 0.434 X + 0.382 Z$$

Indirect Effect Hypothesis Effect

The results of testing the indirect hypothesis of the effect of organizational communication on organizational performance through motivation can be seen through the following figure:

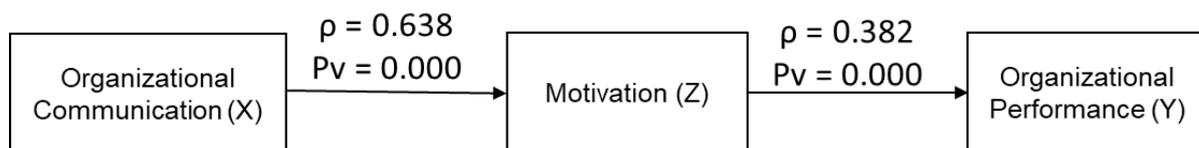


Figure 3 Motivational Path Diagram

The results of the total effect calculation are summarized in the following table:

Independent Variable	Intervening Variable	Dependent Variable	Direct Coefficient	Indirect Coefficient	Total Coefficient
Organizational Communication	-	Motivation	0.638	-	0.638
Organizational Communication	-	Organizational Performance	0.434	-	0.434
Organizational Communication	Motivation	Organizational Performance	0.434	0.244	0.678
Motivation	-	Organizational Performance	0.382	-	0.382

Source: Processed data (2022)

Based on the table above, the total influence of organizational communication variables on organizational performance through motivation is 0.678, it shows that motivation can act as a mediator of the relationship between organizational communication and organizational performance.

V. CONCLUSION

Based on the results of data analysis, the conclusions of the study are as follows:

- Organizational communication has a significant effect on motivation. The coefficient of organizational communication path on motivation of 0.638 indicates that organizational communication has a positive effect on motivation. This means that higher organizational communication will increase employee motivation. Communication related to the company's business performance improvement program has been conveyed to all employees and has focused on long-term goals. However, the ideas of employees have not been fully listened to and appreciated so that the above matters can be brought to the attention of the company's management. That

the need to pay more attention to ideas related to improving the company's business performance to improve organizational communication which will then increase employee motivation.

2. Organizational communication has a positive and significant effect on organizational performance. The coefficient of organizational communication path on motivation of 0.434 indicates that organizational communication has a positive effect on organizational performance. This means that higher organizational performance requires higher organizational communication. Good communication flow at PT Kaltim Prima Coal is very important to note and improve considering its effect on organizational performance, if the communication flow is smooth, it can improve organizational performance and when communication is effective then employees will effectively perform their duties which causes increased organizational performance at PT Kaltim Prima Coal.

3. Motivation has a significant effect on organizational performance. The path coefficient of motivation on organizational performance is 0.382 indicating that motivation has a positive effect on organizational performance. Thus, higher motivation will make organizational performance increase. Indicators of motivation related to measuring the performance of business performance improvement programs and their relationship with the awards given by the company to employees have quite an influence on organizational performance. Employee motivation is a factor that really needs attention from company management, increasing motivation which is a driver or driver of employee behavior is something that needs to be studied properly because of its influence on how employees can play an active role and participate in business performance improvement programs at PT Kaltim Prima Coal to improve organizational performance better.

4. Organizational communication has a positive and significant effect on organizational performance through motivation. The path coefficient of motivation on organizational performance through motivation is 0.678 indicating that motivation has a positive effect on organizational performance. That is, higher organizational communication will increase organizational performance with increased motivation. Organizational communication that shows a higher indirect effect is obtained by the influence of organizational communication on organizational performance through motivation. This means that organizational communication will increasingly affect organizational performance with the motivation as a mediator.

BIBLIOGRAPHY

- [1]. Abiuro, M. (2013). Effect of employee motivation on organizational performance. *Research Gate*, 1(3), 17–27. www.cagena.com
- [2]. Achmad, K. (2001). *Cara Menggunakan dan Memaknai Analisis Asumsi Klasik* (1st ed.). Alfabeta.
- [3]. Ahmed, O. K., Ganiyat, A. O., & Kareen, R. (2012). Impact of Business Communication on Organizational Performance in Nigerian Companies. *Australian Journal of Business and Management Research*, 2(2), 16–26.
- [4]. B. Uno, H. (2008). *Teori Motivasi dan Pengukurannya*. Bumi Aksara.
- [5]. Brahmawati, I. A., & Suprayetno, A. (2008). Pengaruh Motivasi Kerja, Kepemimpinan dan Budaya Organisasi Terhadap Kepuasan Kerja Karyawan serta Dampaknya pada Kinerja Perusahaan (Studi kasus pada PT. Pei Hai International Wiratama Indonesia). *Jurnal Manajemen Dan Kewirausahaan*, 10(2), 124–135.
- [6]. Campbell, J. P. (2002). *Modeling the Performance Prediction Problem in Industrial and Organizational Psychology*. *Handbook of Industrial and Organizational Psychology* (M. D. Dunnette & L. M. Hough (eds.); 1st ed.). Jaico Publishing House.
- [7]. Devito, J. A. (2016). *The Interpersonal Communication Book* (Kieran Fleming (ed.); 14th ed.). Pearson Education Limited. <https://slims.bakrie.ac.id/repository/f7d4f28f39e8b9d8cb794f6c4eb9cb0f.pdf>
- [8]. Fillmore, H. S. (2017). *Human Resource Management* (14th ed.). McGraw Hill.
- [9]. Gibson, J. L., Ivancevich, J. M., Jr, J. H. D., & Konopaske, R. (2012). *Organizations Behaviour, Structure, Prosesess*.
- [10]. Greenberg, J., & Baron, R. A. (2003). *Behavior in Organization*. Prentice Hall.
- [11]. Hasibuan, M. S. P. (2014). *Organisasi dan Motivasi* (10th ed.). Bumi Aksara.
- [12]. Jefkins, F. (2003). *Public Relations*. PT Gelora Aksara Pratama.
- [13]. Moehiono. (2012). *Pengukuran Kinerja Berbasis Kompetensi*. Raja Grafindo Persada.
- [14]. Muhammad. (2008). *Reinventing Local Government: Pengalaman dari Daerah*. Elex Media Komputindo.
- [15]. Mulyadi. (2007). *Sistem Perencanaan dan Pengendalian Manajemen*. Salemba Empat.
- [16]. Oudeyer, P., & Kaplan, F. (2009). *How can we define intrinsic motivation*.
- [17]. Pace, R. W., Faules, D. F., & Mulyana, D. (2005). *Komunikasi Organisasi: Strategi Meningkatkan Kinerja Perusahaan* (D. Mulyana (ed.)). PT Remaja Rosdakarya.
- [18]. Prabawa. (2013). *Pengaruh komunikasi organisasi dan gaya kepemimpinan terhadap kinerja karyawan dengan budaya organisasi sebagai variabel intervening (Studi Kasus pada PT. Taman Wisata Candi, Borobudur, Prambanan dan Ratu Boko)*.
- [19]. Rajhans, K. (2009). Effective Organizational Communication: a Key to Employee Motivation and Performance. *Interscience Management Review*, 2(2). <https://www.interscience.in/imr/vol2/iss2/13>
- [20]. Robbins, S. P., & Judge, T. A. (2013). *Organizational Behavior* (15th ed.). Pearson Education, Inc.
- [21]. Rukmana, H. D., Sopiha, & Nora, E. (2018). The Impact of Organization Communication on Employee Performance Through Employee's Work Motivation at Pt. Putri Panda Unit Ii Tulungagung, East Jawa, Indonesia. *KnE Social Sciences*, 3(3), 211. <https://doi.org/10.18502/kss.v3i3.1885>
- [22]. Sunaji, P. R. (2021). Peranan Kepemimpinan, Disiplin Kerja dan Komunikasi terhadap Motivasi dan Kinerja Pegawai Kelurahan di Wilayah Kecamatan Banjarsari Kota Surakarta. *STIE AUB Solo*, 1–10.
- [23]. Vroom. (2006). *Manajemen Sumber Daya Manusia* (N. Purwanto (ed.)). PT. Mediasoft.
- [24]. Wibowo. (2010). *Manajemen Kinerja*. Rajawali Pers.