Bukti Korespondensi

Kenaikan Jabatan Fungsional Lektor Kepala

Dr. Jumawan, S.E., M.M.

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Judul: Analysis of leadership, capabilities, and organizational culture on employee performance through motivation

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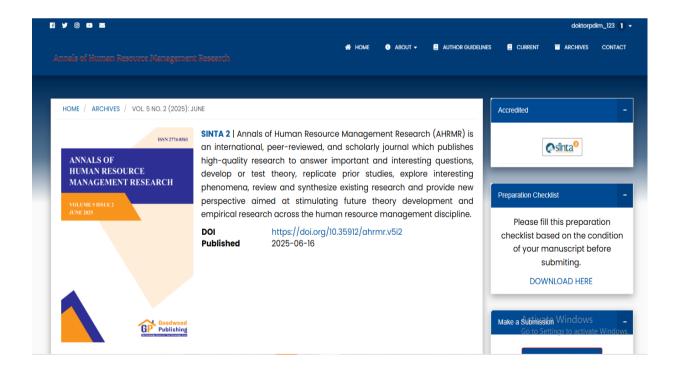
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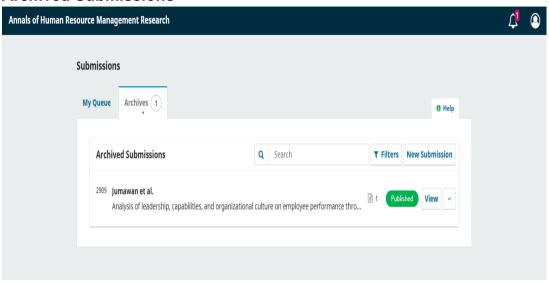
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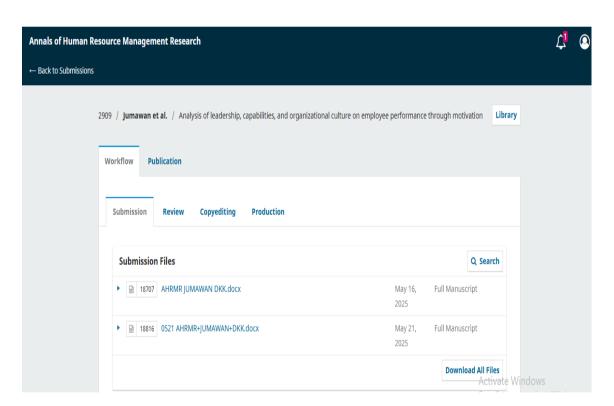


b. Submissions

Archived Submissions



Submission Files



Tampilan File Bagian Submission File:

* File 18707 (16 May 2025)

Analysis of Leadership, Capabilities, and Organizational Culture on Employee Performance through Motivation

Jumawan¹, Hapzi Ali², Ni Nyoman Sawitri³, Zahara Tussoleha Rony⁴

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Abstract

Purpose: The purpose of this study is to examine the influence of leadership, capability, and organizational culture on employee performance through motivation in Market XXX.

Methodology/approach: The method used in this study was descriptive quantitative. The population in this study consisted of 1,284 employees, with a sample of 270 respondents. The data used in this study were primary and secondary data. The analytical tools used in this study included SmartPLS. The tests conducted in this study included Validity Test, Reliability Test, Inner Model Test, Outer Model Test, and Hypothesis Test.

Results/findings: The results of the study conducted at XXX Market are: 1) Leadership has a positive and significant effect on Motivation; 2) Capability has a positive and significant effect on Motivation; 3) Organizational culture has a positive and significant effect on Motivation; 4) Leadership has a positive and significant effect on Employee Performance; 5) Capability has a positive and significant

* File 18816 (21 May 2025)

Analysis of Leadership, Capabilities, and Organizational Culture on Employee Performance through Motivation

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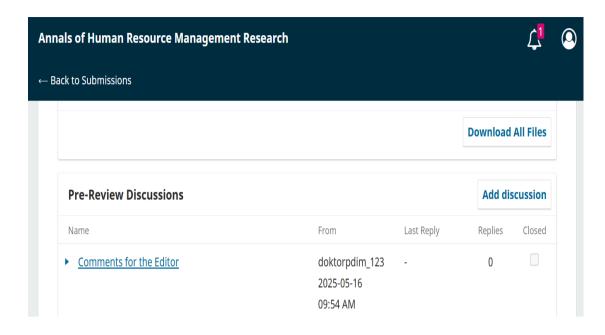
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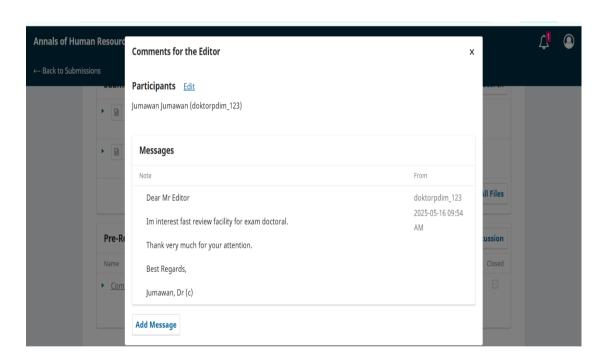
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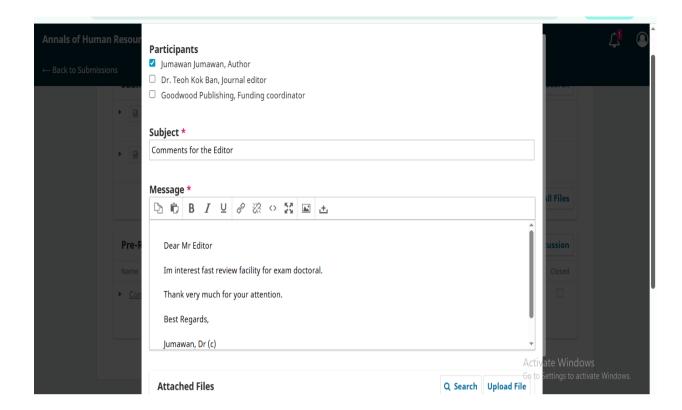
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Limitations: This study is limited to discussing employee motivation and performance. Generalizations

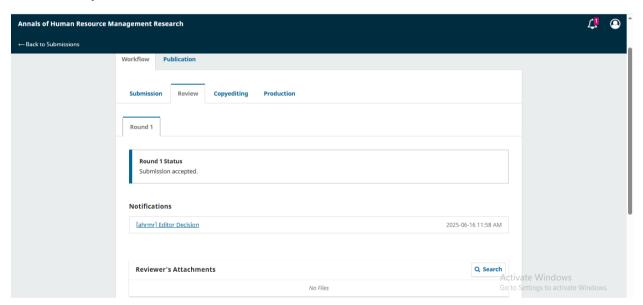
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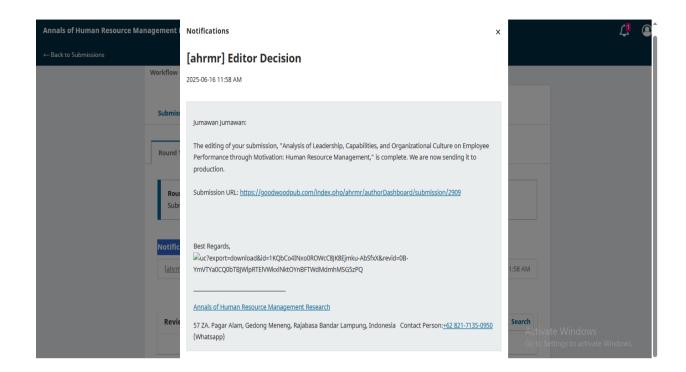




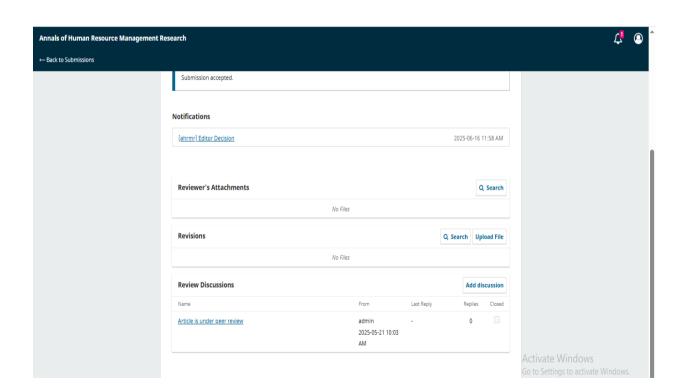
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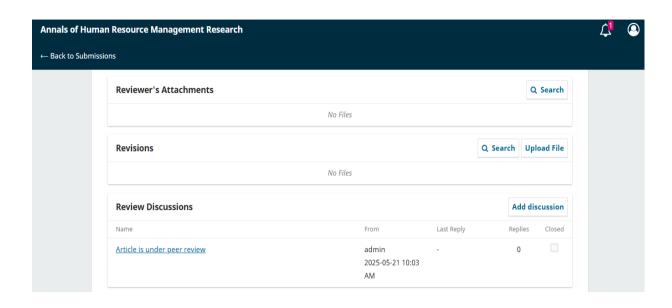
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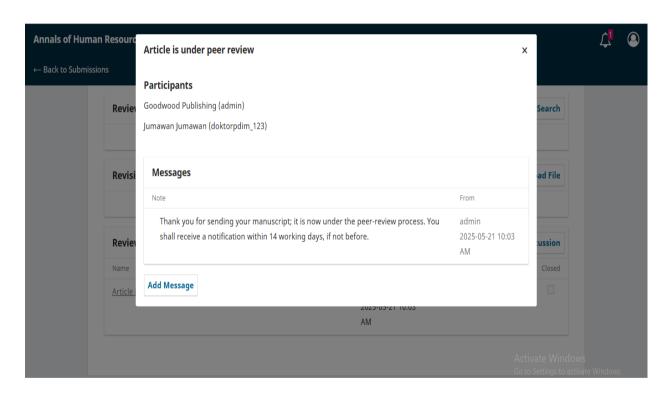


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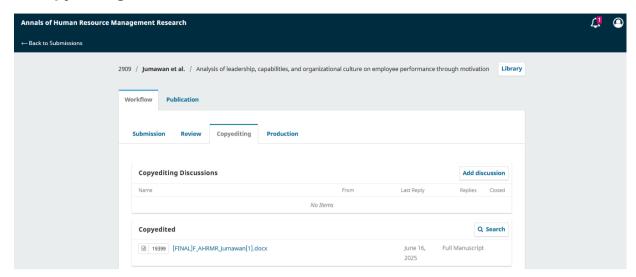


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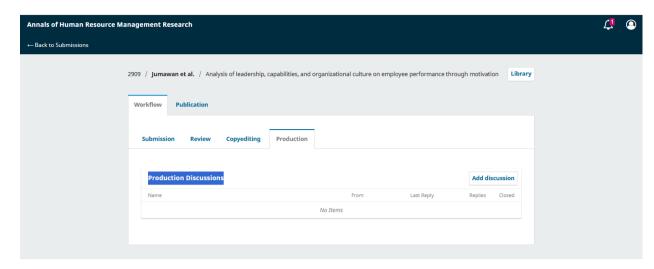
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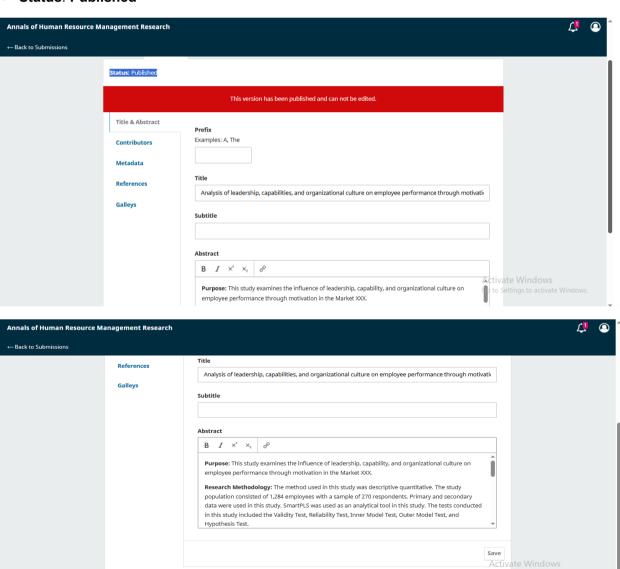
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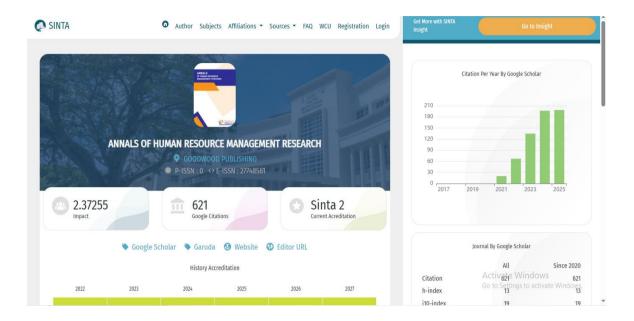


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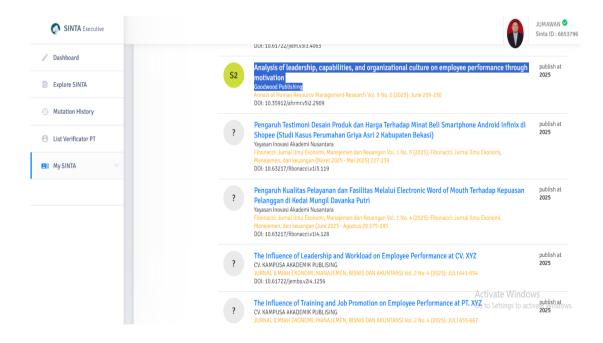
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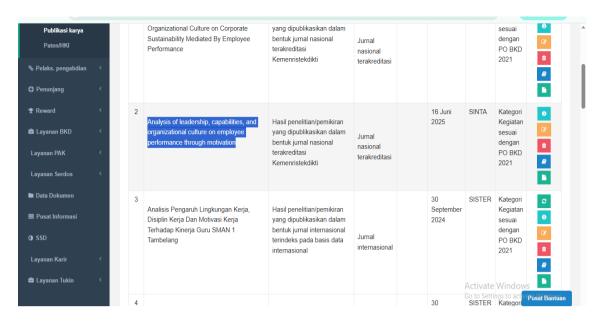


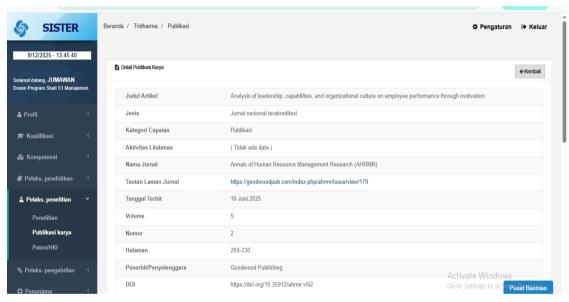
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3. Tampilam SISTER





4. Turnitin

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Conclusion: Based on the problem formulation, hypothesis, results, and discussion, it exists concluded that in the XXX market: leadership, capability, and organizational culture each have a positive and significant effect on both motivation and employee performance, either directly or indirectly through motivation.

Limitations: This study was limited to discussing employee motivation and performance. Generalizations from these findings may be limited by their focus on the XXX market. In addition, although this study used questionnaires/surveys created by the researchers to ensure their relevance, the data used may be subject to bins, such as social desirability or limited disclosure of unfavorable opinions.

contribution: This study contributes to the understanding of

factors that influence employee motivation and performance, such as leadership, capabilities, and organizational culture.

Novelty: This study adds new insights into other factors that influence employee motivation and performance, particularly in the XXX market. Thus, it can be used as a reference in future literature.

Keywords: Capabilities. Employee Performance. Leadership, Monvation, Organizational Culture

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Analysis of leadership, capabilities, and organizational culture on employee performance through motivation

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Dokumen Lampiran Pendukung

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Contribution: This study contributes to the understanding of factors that influence employee motivation and performance, such as leadership, capabilities, and organizational culture.

Novelty: This study adds new insights into other factors that influence employee motivation and performance, especially in the XXX market. Thus, it can be used as a reference in future literature.

Keywords: Employee Performance, Motivation, Leadership, Capabilities, Organizational Culture

1. Introduction

1.1. Background of the Problem

Traditional markets are some of the most vital economic centers in Indonesia, especially for the lower-middle class and small-scale traders. These markets serve not only as places for buying and selling but also as vehicles for social and cultural interaction within the local community. Therefore, market employees' performance is an important factor in ensuring the market's smooth operation and increasing visitor and trader satisfaction (Suryadi et al., 2020).

However, in recent years, the performance of market employees in Indonesia has faced serious challenges. The rapid development of modern shopping centers and changes in consumer patterns have forced traditional markets to adapt to remain relevant and competitive. Additionally, suboptimal management and human resources issues have affected the quality of market services and management. As the frontline of service, market employees often face problems related to discipline, motivation, and capabilities, which impact overall performance (Ginny, 2019).

Market employees' performance is not only a matter of technical ability to complete tasks but also relates to how they manage relationships with traders and buyers, provide friendly service, and carry out operational procedures consistently. Effective leadership at the management level is crucial for directing, motivating, and developing the potential of employees to achieve optimal results. Additionally, employees' capabilities, including technical and soft skills and knowledge, are crucial to their performance (Susanto et al., 2025).

The organizational culture of the market significantly influences the behavior and work attitude of employees. A healthy, supportive culture creates a conducive work atmosphere and increases a sense of togetherness, work ethic, and intrinsic motivation. Conversely, a poor culture can lead to low loyalty, enthusiasm, and productivity (Putri et al., 2023).

According to 2022 data from the Ministry of Trade of the Republic of Indonesia, there are more than 14,000 traditional markets spread across the archipelago, employing hundreds of thousands of people. As many as 35% of traditional markets have experienced a decline in customer visits in the last five years, partly due to suboptimal service, management, and employee performance. The following table illustrates the trend of customer visits to traditional markets in Indonesia over the past five years.



Figure 1. Employee Engagement Index for the Logistics Sector in DKI Jakarta 2023 Source: BPS, 2024

Figure 1 illustrates the trend of visits to traditional markets in Indonesia from 2018 to 2022. The graph illustrates significant fluctuations in the number of visitors to traditional markets over the past five years. In 2018, around 500 million people visited traditional markets, decreasing slightly to 480 million in 2019. A sharp decline occurred in 2020, when the number of visits dropped to 350 million. This drastic decline was likely caused by the pandemic, which restricted activities and raised concerns about shopping in public places.

In 2021, there was an increase to 400 million visitors, and this positive trend continued in 2022 with a total of 430 million visits. This increase may reflect national economic recovery and the public's adaptation to health protocols in public spaces, including traditional markets. While traditional markets have not yet reached pre-pandemic visitation numbers, this data shows that they are starting to regain popularity.

However, the fluctuation in visitor numbers indicates structural challenges in the management of traditional markets that need to be addressed. Market employees' performance is one of the key factors in ensuring visitors' comfort, safety, and satisfaction. Without improved performance—through strengthened leadership, enhanced capabilities, and a productive work culture—it will be difficult to maintain or increase visitor numbers in the long term.

Therefore, this graph is an important foundation for analyzing the factors that influence the performance of market staff, in order to restore the appeal of traditional markets despite competition from modern retail and e-commerce.

1.2. Formulation of the Problem

Based on the background of the problem above, the research questions in this study conducted at XXX Market are as follows: 1) Does leadership have a positive and significant effect on motivation?; 2) Does capability have a positive and significant effect on motivation?; 3) Does organizational culture have a positive and significant effect on employee performance?; 5) Does capability have a positive and significant effect on employee performance?; 6) Does organizational culture have a positive and significant effect on employee performance?; 7) Does motivation have a positive and significant effect on Employee Performance?; 8) Does leadership have a positive and significant effect on Employee Performance through Motivation?; 9) Does capability have a positive and significant effect on Employee Performance through Motivation?; and 10) Does organizational culture have a positive and significant effect on Employee Performance through Motivation?.

2. Literature review and hypothesis/es development

Based on the background and problem statement above, the literature review and hypothesis in this study are as follows:

2.1. Employee Performance

Employee performance is the result of work demonstrated by an individual in carrying out their duties and responsibilities based on standards set by the organization, which includes aspects of quantity, quality, timeliness, and contribution to the achievement of organizational goals (Susanto, Sawitri, et al., 2024).

The indicators or dimensions included in Employee Performance include: 1) Quantity of work: Describes how much work an employee can complete within a certain period of time in accordance with predetermined objectives; 2) Quality of work: Refers to the level of accuracy, precision, and quality of work demonstrated by employees in carrying out their duties; 3) Timeliness: Assesses the ability of employees to complete tasks or projects by the specified deadline (Saputra et al., 2023).

Employee Performance Variables have been researched and are relevant to the study conducted by: (Mahaputra & Saputra, 2024), (Widodo et al., 2017), (Mashuri & Kusuma, 2023).

2.2. Motivation

Motivation is the internal or external force that influences a person to act in order to achieve a specific goal. It can stem from personal needs, rewards, or environmental influences (Ali et al., 2022).

Indicators or dimensions found in motivation include: 1) Intrinsic motivation: This refers to drives that originate within the individual, such as personal satisfaction, a sense of accomplishment, and professional interest. Employees who are intrinsically motivated tend to be more committed and enthusiastic about completing their tasks; 2) Extrinsic motivation: This includes external factors that influence motivation, such as salary, bonuses, and rewards. Employees who receive adequate rewards are more motivated to achieve targets and improve their performance; 3) Goals and Expectations: Employees with clear, realistic goals tend to be more motivated to work hard. Having measurable and achievable goals provides direction and focus, thereby increasing motivation to achieve them (Maharani & Saputra, 2021).

Motivational variables have been studied and are relevant to the research conducted by: (Saputra et al., 2024), (Susanto, Setiawan, et al., 2024), (Silitonga et al., 2017).

2.3. Leadership

Leadership is the ability to influence, direct, and guide individuals or groups to achieve organizational goals through vision, communication, and effective decision-making (Ali & Saputra, 2023).

Indicators or dimensions found in leadership include: 1) 1) Leadership Style: The leadership style adopted by managers or leaders can influence employee motivation and performance. For example, a participatory leadership style can increase employee engagement and create a positive work atmosphere; 2) Communication: Leaders' ability to communicate effectively with their teams is important. Open and transparent communication builds trust and motivates employees to contribute actively; 3) Support and Development: Leaders who provide support and career development opportunities to their employees can increase their motivation and performance. Employees feel valued and have opportunities to grow within the organization (Susanto et al., 2023).

Leadership variables have been studied and are relevant to the research conducted by: (Sanguanwongs & Kritjaroen, 2023), (Hubais et al., 2023), (Hasan et al., 2023).

2.4. Capability

Capability refers to the skills, knowledge, and resources possessed by individuals or organizations to perform tasks or achieve goals effectively (Marlina, 2022).

Indicators or dimensions included in capabilities include: 1) Skills and knowledge: Employees with the appropriate skills and knowledge are more likely to perform well. Continuous training and skill development are essential to improving employee capabilities; 2) Adaptability: Capabilities also include employees' ability to adapt to changes and new challenges. Employees who can adapt quickly tend to be more productive and able to handle changing situations well; 3) Independence: Employees who can work independently and take the initiative to complete tasks contribute more to team performance. This independence reflects self-confidence and the ability to make the right decisions (Borah et al., 2023).

Capability variables have been studied and are relevant to the research conducted by: (Wang & Hu, 2020), (Qiu et al., 2020), (Li & Chan, 2019).

2.5. Organizational Culture

Organizational culture is a system of values, norms, beliefs, and habits formed and embraced by an organization's members that influence how they think, behave, and interact in the work environment (Susanto, Simarmata, et al., 2024).

Indicators or dimensions found in organizational culture include: 1) Values and beliefs: Organizational culture reflects the company's values and beliefs. These values influence employee behavior and how they interact with one another. A positive culture can increase motivation and performance; 2) Norms and rules: The norms and rules within an organization determine how employees behave and interact. A culture that supports collaboration and innovation encourages employees to work together and share ideas; 3) Work Environment: Organizational culture includes the physical and psychological work environment. A supportive, inclusive, and safe environment increases employee job satisfaction and motivation, which positively impacts performance (Puspita et al., 2020).

Organizational cultural variables have been studied and are relevant to the research conducted by: (Widodo, 2021), (Ardansyah et al., 2023), (Al-Alawneh et al., 2024).

3. Methodology

The method used in this study is descriptive quantitative. The population in this study consisted of 1,284 employees, with a sample size of 270 respondents. The research was conducted at XXX Market. The data used in this study were primary data obtained from questionnaires and secondary data obtained from previous relevant studies. The analysis tool used in this study was SmartPLS. The tests conducted in this study included Validity Test, Reliability Test, Inner Model Test, Outer Model Test, and Hypothesis Test.

4. Results and discussion

4.1. Results

In this study, the results include testing of the outer model and inner model:

4.1.1. Outer Model of Validity Testing

4.1.1.1. Convergent Validity

If the correlation coefficient is > 1 or = 1, then the validity measure is considered high. The table below shows the results of the outer model convergent validity test (Tahir et al., 2023).

Table 1. Convergent Validity Analysis

	Table 1. Convergent Validity Analysis Organizational Employee					Conclusion
Item	Leadership	Capability	Culture	Motivation	Performance	Conclusion
KP1.1	0.783					Valid
KP1.2	0.829					Valid
KP2.1	0.802					Valid
KP2.2	0.752					Valid
KP3.1	0.757					Valid
KP3.2	0.744					Valid
KP4.1	0.715					Valid
KP4.2	0.798					Valid
KP5.2	0.766					Valid
KP6.2	0.724					Valid
KP7.1	0.758					Valid
KP7.2	0.733					Valid
KP8.1	0.774					Valid
KP8.2	0.759					Valid
KP9.1	0.776					Valid
KP9.2	0.703					Valid
KP10.1	0.749					Valid
KP10.2	0.713					Valid
KP11.2	0.719					Valid
KPL1.1		0.794				Valid
KPL1.2		0.749				Valid
KPL2.1		0.752				Valid
KPL2.2		0.750				Valid
KPL3.1		0.725				Valid
KPL3.2		0.805				Valid
KPL4.2		0.773				Valid
KPL5.2		0.724				Valid
KPL6.1		0.769				Valid
KPL6.2		0.739				Valid
KPL7.1		0.776				Valid
KPL7.2		0.767				Valid
KPL8.1		0.779				Valid
KPL8.2		0.713				Valid
KPL9.1		0.749				Valid
KPL9.2		0.713				Valid
BO1.1			0.759			Valid
BO1.2			0.762			Valid
BO2.1			0.773			Valid
BO2.2			0.760			Valid
BO3.1			0.817			Valid
BO3.2			0.721			Valid
BO4.1			0.779			Valid
BO5.1			0.726			Valid

BO5.2	0.771		Valid
BO6.1	0.771		Valid
BO6.2	0.763		Valid
MV1.1	0.822		Valid
MV1.2	0.822		Valid
MV2.1	0.839		
			Valid
MV2.2	0.777		Valid
MV3.1	0.812		Valid
MV3.2	0.783		Valid
MV4.1	0.781		Valid
MV4.2	0.736		Valid
MV5.1	0.741		Valid
MV5.2	0.727		Valid
MV6.1	0.742		Valid
MV6.2	0.717		Valid
MV7.1	0.737		Valid
MV7.2	0.738		Valid
MV8.1	0.715		Valid
MV8.2	0.732		Valid
MV9.2	0.711		Valid
MV10.1	0.749		Valid
MV10.2	0.736		Valid
MV11.2	0.709		Valid
MV12.1	0.732		Valid
MV13.1	0.731		Valid
MV14.1	0.761		Valid
MV14.2	0.776		Valid
KI1.1		0.865	Valid
KI1.2		0.831	Valid
KI2.1		0.805	Valid
KI2.2		0.847	Valid
KI3.1		0.814	Valid
KI3.2		0.759	Valid
KI4.1		0.764	Valid
KI4.2		0.754	Valid
KI5.1		0.730	Valid
KI5.2		0.798	Valid
KI6.1		0.700	Valid
KI6.2		0.764	Valid
KI7.2		0.721	Valid
KI7.2 KI8.1		0.721	Valid
KI8.2		0.731	
			Valid
KI9.1		0.762	Valid
KI9.2		0.748	Valid
KI10.1	(DLC (2025)	0.769	Valid
Source: Processed data by Sm	artpls (2025)		

Based on the output in Table 1 above, all variables used in this study can be declared valid because each indicator in each variable obtained a loading factor value > 0.60, so it can be stated that each variable indicator meets the requirements for research.

4.1.1.2. Discriminant Validity

The next stage is to test the validity of the measurements for the construct. Discriminant validity is tested by looking at the Cross Loading output for each research variable. If the value is > 0.5, then it is considered valid.

Table 2. Discriminant Validity Analysis

		Table 2. L	Organizational	1141 y 818	Employee
Item	Leadership	Capability	Organizational Culture	Motivation	Employee Performance
KP1.1	0.783	0.745	0.739	0.779	0.805
	0.783	0.743	0.790		
KP1.2				0.812	0.847
KP10.1	0.749	0.749	0.686	0.681	0.706
KP10.2	0.713	0.713	0.644	0.661	0.670
KP11.1	0.638	0.606	0.577	0.585	0.589
KP11.2	0.719	0.688	0.670	0.644	0.679
KP2.1	0.802	0.794	0.761	0.771	0.814
KP2.2	0.752	0.749	0.759	0.719	0.759
KP3.1	0.757	0.752	0.762	0.736	0.764
KP3.2	0.744	0.750	0.773	0.741	0.754
KP4.1	0.715	0.725	0.760	0.701	0.730
KP4.2	<mark>0.798</mark>	0.805	0.817	0.765	0.798
KP5.1	<mark>0.690</mark>	0.693	0.721	0.689	0.700
KP5.2	<mark>0.766</mark>	0.773	0.779	0.732	0.764
KP6.1	<mark>0.682</mark>	0.684	0.697	0.629	0.679
KP6.2	<mark>0.724</mark>	0.724	0.726	0.687	0.721
KP7.1	<mark>0.758</mark>	0.769	0.771	0.699	0.751
KP7.2	<mark>0.733</mark>	0.739	0.752	0.676	0.728
KP8.1	<mark>0.774</mark>	0.776	0.763	0.700	0.762
KP8.2	<mark>0.759</mark>	0.767	0.703	0.688	0.748
KP9.1	<mark>0.776</mark>	0.779	0.727	0.720	0.769
KP9.2	<mark>0.703</mark>	0.713	0.641	0.639	0.688
KPL1.1	0.802	<mark>0.794</mark>	0.761	0.771	0.814
KPL1.2	0.752	<mark>0.749</mark>	0.759	0.719	0.759
KPL2.1	0.757	<mark>0.752</mark>	0.762	0.736	0.764
KPL2.2	0.744	<mark>0.750</mark>	0.773	0.741	0.754
KPL3.1	0.715	<mark>0.725</mark>	0.760	0.701	0.730
KPL3.2	0.798	<mark>0.805</mark>	0.817	0.765	0.798
KPL4.1	0.690	<mark>0.693</mark>	0.721	0.689	0.700
KPL4.2	0.766	<mark>0.773</mark>	0.779	0.732	0.764
KPL5.1	0.682	<mark>0.684</mark>	0.697	0.629	0.679
KPL5.2	0.724	<mark>0.724</mark>	0.726	0.687	0.721
KPL6.1	0.758	<mark>0.769</mark>	0.771	0.699	0.751
KPL6.2	0.733	<mark>0.739</mark>	0.752	0.676	0.728
KPL7.1	0.774	<mark>0.776</mark>	0.763	0.700	0.762
KPL7.2	0.759	<mark>0.767</mark>	0.703	0.688	0.748
KPL8.1	0.776	0.779	0.727	0.720	0.769
KPL8.2	0.703	0.713	0.641	0.639	0.688
KPL9.1	0.749	0.749	0.686	0.681	0.706
KPL9.2	0.713	0.713	0.644	0.661	0.670
BO1.1	0.752	0.749	0.759	0.719	0.759
BO1.2	0.757	0.752	$\frac{0.752}{0.762}$	0.736	0.764
BO2.1	0.744	0.750	0.773	0.741	0.754
BO2.1 BO2.2	0.715	0.725	0.760	0.701	0.730
BO3.1	0.798	0.805	0.700 0.817	0.765	0.798
BO3.1 BO3.2	0.690	0.693	0.721	0.689	0.700
DO3.2	0.070	0.073	0.721	0.007	0.700

BO4.1 0.766 0.773 0.779 0.732 0.764 BO4.2 0.682 0.684 0.697 0.629 0.679 BOS.1 0.724 0.726 0.687 0.721 BOS.2 0.758 0.769 0.771 0.699 0.751 BO6.2 0.774 0.776 0.762 0.700 0.762 MV1.1 0.808 0.802 0.788 0.822 0.816 MV1.2 0.863 0.849 0.835 0.859 0.890 MV10.1 0.631 0.633 0.638 0.749 0.628 MV10.1 0.531 0.633 0.638 0.749 0.628 MV11.1 0.549 0.550 0.555 0.660 0.538 MV11.2 0.589 0.591 0.552 0.706 0.526 MV12.1 0.626 0.630 0.598 0.732 0.619 MV12.2 0.574 0.576 0.526 0.675 0.562 <td< th=""><th></th><th></th><th></th><th></th><th></th><th></th></td<>						
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	KI9.2	0.759	0.767	0.703	0.688	

Based on Table 2 above, it shows that the *cross loading* values of the indicator statements with their respective variables have obtained *cross loading* values of > 0.5, compared to the indicator statements on other variables. For example, the variable Leadership (0.783) is higher (>) than the variables Capability (0.745), Organizational Culture (0.739), and Motivation (0.779). Therefore, the results and tests are deemed valid in terms of discriminant validity.

4.1.1.3. AVE Analysis (Average Variance Extracted)

Latent variables can explain more than half of the variance of their indicators.

Table 3. AVE Analysis

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Variable	Average Variance Extracted (AVE)			
Leadership	0.555			
Capability	0.560			
Organizational Culture	0.573			
Motivation	0.556			
Employee Performance	0.586			

Based on Table 3 above, the AVE values obtained from the leadership variable were 0.555, capability 0.560, organizational culture 0.573, motivation (0.556), and employee performance 0.586. This indicates that all variables in this study obtained values greater than (>) 0.5, meaning that each variable has good discriminant validity.

4.1.2. Outer Model Reliability Test

4.1.2.1. Composite Reliability

This reliability test is intended to measure how relevant and consistent a respondent is in answering or filling out a questionnaire, in relation to the questionnaire provided.

Table 4. Reliability Composite Analysis

Variable	Composite	Composite Reliability	Conclusion
	Reliability Value	Requirements	
Leadership	0.965	> 0,7	Reliable
Capability	0.958	> 0,7	Reliable
Organizational Culture	0.942	> 0,7	Reliable
Motivation	0.972	> 0,7	Reliable
Employee Performance	0.966	> 0,7	Reliable

Based on the test results in Table 4 above, the composite reliability value of the leadership variable was 0.965, the composite reliability value of capability was 0.958, the composite reliability value of organizational culture was 0.942, the composite reliability value of motivation was 0.972, and the composite reliability value of employee performance was 0.966. These values indicate that the overall reliability of the variables is greater than 0.7, meaning that all variables are considered reliable.

4.1.2.2. Cronbach's Alpha

The reliability test with *composite reliability* can be strengthened with *Cronbach's alpha*. The assessment criteria for variables are that if the value of *Cronbach's alpha* for each variable is > 0.7, then it can be declared reliable, (Santosa, 2018).

Table 5. Cronbach's Alpha Analysis

Variable	Cronbach's Alpha
Leadership	0,962
Capability	0,954
Organizational Culture	0,932
Motivation	0,970
Employee Performance	0,962

Based on the test results in Table 5 above, the *Cronbach's alpha* value for the leadership variable was 0.962, the *Cronbach's alpha* value for capability was 0.954, the *Cronbach's alpha* value for organizational culture was 0.932, the *Cronbach's alpha* value for motivation was 0.970, and the *Cronbach's alpha* value for employee performance was 0.962. This indicates that all variables are greater than 0.7, thus all variables are deemed reliable.

4.1.3. Structural Model Analysis (Inner Model)

This structural model testing aims to see the relationship or influence between the construct, significant value, and R Square.

4.1.3.1. R-Square

In this testing stage, we analyze and assess the extent to which endogenous constructs or variable Y can represent or be explained by exogenous constructs or variable X based on the results of testing conducted through the coefficient of determination or R-Square (R^2) test.

In this study, there are two endogenous latent variables that will have an R^2 value, namely Work Motivation and Employee Productivity. The expected value of the coefficient of determination (R^2) is between 0 and 1. The closer the value is to 1, the better the model.

The criteria for calculating the correlation coefficient (R^2) are as follows, (Pardede & Manurung, 2014), as follows:

 $\begin{array}{lll} R=(0-0,199) & : & \mbox{Very weak relationship} \\ R=(0,2-0,399) & : & \mbox{Weak Relationship} \\ R=(0,4-0,599) & : & \mbox{Moderate Relationship} \\ R=(0,6-0,799) & : & \mbox{Strong Relationship} \\ R\geq 0,8 & : & \mbox{Very Strong Relationship} \end{array}$

The results of the Coefficient of Determination (R²) test can be seen in Table 7 as follows:

Table 6. R-Square				
Variable R-Square				
Motivation	0,898			
Employee Performance	0,989			

Based on the data calculation results in the table above, it shows that the R-square value of the Motivation variable is 0.898 or 89.8%. Since the R-square value is > 0.50, this variable is classified as having a very strong relationship. This indicates that the Motivation variable is influenced by Leadership, Capability, and Organizational Culture with an influence value of 0.898 or 89.8%.

In addition to the variables Leadership, Capability, and Organizational Culture that influence Motivation, there are other factors with a value of 0.102~(1.000-0.898=0.102) or 10.2%, such as Career Development, Work Environment, and Workload.

Similarly, the second factor yielded an R-*square* value of 0.989 or 98.9% for the Employee Performance variable. Based on this, the Employee Performance variable also falls under the category of a very strong relationship. This indicates that Employee Performance is influenced by Leadership, Capability, and Organizational Culture with a value of 0.989 or 98.9%.

In addition to the variables of Leadership, Capability, and Organizational Culture that influence Employee Performance, there are other factors amounting to 0.011~(1.000-0.989=0.011~or~1.1%), such as Training, Job Satisfaction, and Employee Engagement.

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4.1.3.2. Q-Square
Formula:
Q^2 = 1 - (1 - R1) (1 - R2)
Q^2 = 1 - (1 - 0.898) (1 - 0.989)
Q^2 = 1 - (0.102)(0.011)
Q^2 = 0.998
```

4.1.3.3. F-Square

Table 7. F-Square Motivation

Variable	F-Square	Conclusion
Leadership	0,122	Small
Capability	0,019	Very Small
Organizational Culture	0,028	Small

Table 8. F-Square Employee Performance

	1 7	
Variable	F-Square	Kesimpulan
Leadership	0,489	Big
Capability	0,011	Very Small
Organizational Culture	0,144	Small
Motivation	0,070	Small

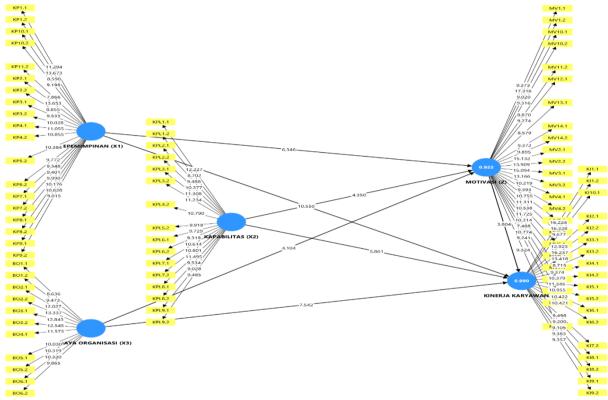


Figure 2. Output Inner Model Source: Processed data by SmartPLS (2025)

4.1.4. Hypothesis Testing Results (Significance Test)

Hypothesis testing using path coefficients and indirect effects:

4.1.4.1. Results of Inner Model Tests of Direct and Indirect Effects

Table 9. Hypothesis Testing Results (Bootstrapping)

Hypothesis	Variable	Original	Sample	Standard	T Statistics	P
		Sample (O)	Mean (M)	Deviation (STDEV)	(O/STDEV)	Values
H1	$KP \rightarrow MV$	1,392	1,402	0,219	6,346	0,000
H2	$KPL \rightarrow MV$	-0,899	-0,904	0,207	4,350	0,000
Н3	$BO \rightarrow MV$	0,468	0,463	0,114	4,104	0,000
H4	KP -> KI	1,074	1,066	0,102	10,550	0,000

H5	KPL -> KI	-0,557	-0,549	0,095	5,861	0,000
Н6	BO -> KI	0,345	0,332	0,046	7,542	0,000
H7	$MV \rightarrow KI$	0,141	0,153	0,037	3,804	0,000
H8	KP - MV - KI	0,196	0,216	0,064	3,078	0,002
Н9	KPL -MV -	-0,126	-0,138	0,043	2,920	0,004
	KI					
H10	BO - MV - KI	0,066	0,070	0,020	3,359	0,001

Table 9 above shows the results of hypothesis testing (bootstrapping), with the following explanations:

4.1.4.2. Discussion

4.1.4.2.1. The Influence of Leadership on Motivation

The results of the first hypothesis test show the effect of leadership on motivation, as seen in Table 10. The hypothesis test analysis obtained a value (O) where the path coefficient was 1.392 with a T-statistic value of 6.346 and a P-value of 0.000. This value is greater (>) than the table t value (1.969) and the P value is less (<) than 0.05, meaning that the effect is positive and significant.

Therefore, leadership has a positive and significant effect on motivation in Market XXX (H1 Accepted).

Based on the results of the hypothesis testing and data analysis, it can be concluded that leadership has a positive and significant effect on motivation.

To improve motivation through leadership, the management of Market XXX should do the following: 1) Leadership style: Management needs to apply a participatory or transformational leadership style, where leaders not only direct but also encourage employees to participate in decision-making, provide inspiration, and serve as positive role models; 2) Communication Leaders must be able to build open, two-way, and transparent communication with employees; and 3) Support and development: Leaders need to provide moral and professional support, such as positive feedback, job training, and opportunities for development

If XXX market management can implement leadership, communication, support, and development styles, it will have an impact on employee motivation, including: 1) Intrinsic motivation: Motivation that comes from within employees, such as satisfaction when completing tasks well, feeling useful, and finding meaning in their work. This grows when employees feel valued and emotionally involved by their leaders; 2) Extrinsic motivation Leaders who are fair and transparent in providing incentives or recognition will significantly increase employee work enthusiasm; and 3) Goals and expectations: Leaders who can clearly explain the organization's vision and provide realistic guidance can foster a fighting spirit in the workplace.

The results of this study align with research conducted by (Sitthiwarongchai et al., 2020), which states that leadership has a positive and significant impact on motivation.

4.1.4.2.2. The Influence of Capabilities on Motivation

The results of the second hypothesis test show the effect of capability on motivation, as seen in Table 10. The hypothesis test analysis obtained a value (O) where the path coefficient was -0.899 with a T-statistic value of 4.350 and a P-value of 0.000. This value is greater (>) than the t-table value (1.969) and the P-value is less (<) than 0.05, indicating a positive and significant effect.

Therefore, capability has a positive and significant effect on motivation in Market XXX (${\bf H2}$ **Accepted**).

Based on the results of the hypothesis testing and data analysis conducted, it can be concluded that capability has a positive and significant effect on motivation.

To improve motivation through capability, the management of Market XXX should do the following: 1) Skills and knowledge: Management needs to ensure that employees have the relevant technical knowledge and skills for their tasks; 2) Adaptability: A dynamic work environment requires employees to be flexible and quick to adapt to changes in systems, technology, and work targets; and 3) Independence Employees who are independent tend to be more motivated because they feel they have control over their work.

If XXX market management can implement skills and knowledge, adaptability, and independence, it will have an impact on employee motivation, including: 1) Intrinsic motivation: High capabilities will make employees feel competent, empowered, and proud of their work achievements This fosters intrinsic motivation, as they find meaning and positive challenges in their work; 2) Extrinsic motivation: With increased capabilities, opportunities for promotion, rewards, incentives, or recognition also increase. This will trigger enthusiasm for work because they see real rewards for their improved abilities; and 3) Goals and expectations Good capabilities make employees more optimistic about achieving long-term goals. They feel they have the capital to grow, both professionally and personally, and this provides strong motivation to continue advancing in their careers.

The results of this study are in line with research conducted by (Lee, 2023), which states that capabilities have a positive and significant effect on motivation.

4.1.4.2.3. The Influence of Organizational Culture on Motivation

The results of the third hypothesis test show the influence of organizational culture on motivation, as seen in Table 10. The hypothesis test analysis obtained a value (O) where the path coefficient was 0.468 with a T-statistic value of 4.104 and a P-value of 0.000. This value is greater (>) than the t-table value (1.969) and the P-value is less (<) than 0.05, indicating a positive and significant effect.

Therefore, organizational culture has a positive and significant effect on motivation in the XXX market (**H3 Accepted**).

Based on the results of the hypothesis testing and data analysis conducted, it can be concluded that organizational culture has a positive and significant effect on motivation.

To enhance motivation through organizational culture, the management of the XXX market should implement the following: 1) Values and beliefs: Where organizational values and beliefs reflect the fundamental principles and shared work ethic; 2) Norms and rules: Fair, consistent, and clear work norms create a sense of security and trust within the organization. Rules agreed upon by all can shape positive behavior and avoid conflicts, enabling employees to be more focused, disciplined, and motivated to work productively; and 3) Work environment: An organizational culture that creates a supportive, inclusive, and open work environment encourages employees to feel valued and heard.

If XXX market management can implement values and beliefs, norms and rules, and a work environment, it will have an impact on employee motivation, including: 1) Intrinsic motivation: Employees will feel internally motivated because they work in an environment that aligns with their personal values and feel that their work is meaningful; 2) Extrinsic motivation: A culture that values employee contributions will encourage external recognition such as awards, bonuses, or promotions; and 3) Goals and expectations: A healthy organizational culture provides clear direction and positive future expectations for employees. They feel like they are part of something bigger, giving them long-term motivation to continue growing and contributing.

The results of this study align with research conducted by (Saluy et al., 2022), which states that organizational culture has a positive and significant impact on motivation.

4.1.4.2.4. The Influence of Leadership on Employee Performance

The results of the fourth hypothesis test show the influence of leadership on employee performance, as seen in Table 10. The hypothesis test analysis obtained a value (O) where the path coefficient was 1.074 with a T-statistic value of 10.550 and a P-value of 0.000. This value is greater (>) than the t-table value (1,969) and the P-value is less (<) than 0.05, indicating a positive and significant influence.

Therefore, leadership has a positive and significant influence on employee performance in the XXX market (**H4 Accepted**).

Based on the results of the hypothesis testing and data analysis conducted, it can be concluded that leadership has a positive and significant influence on employee performance.

To improve employee performance through leadership, the management of the XXX market should do the following: 1) Leadership style: The implementation of a transformative or democratic leadership style, where leaders are able to set an example, inspire, and motivate employees to achieve their full potential, will create a conducive and productive work environment; 2) Communication: Open, clear, and two-way communication allows employees to understand work expectations, receive direct

feedback, and feel involved in the organizational process; and 3) Support and development: Leaders who provide moral support, work facilities, training, and opportunities for development will encourage employees to become more competent and confident in carrying out their duties.

If XXX market management can implement leadership, communication, support, and development styles, it will have an impact on employee performance, including: 1) Quantity of work: Leaders who are able to manage workloads fairly and provide motivation will encourage employees to produce a high volume of work within the specified time without neglecting quality; 2) Quality of work: With good guidance and coaching, employees will be able to produce work that is accurate and precise, in accordance with organizational standards; and 3) Timeliness: Disciplined and firm leadership in time management will make employees more compliant with deadlines, more organized, and able to respond to tasks quickly and efficiently.

The results of this study are consistent with research conducted by (Suprayitno, 2024), which states that leadership has a positive and significant impact on employee performance.

4.1.4.2.5. The Influence of Capabilities on Employee Performance

The results of the fifth hypothesis testing show the influence of capabilities on employee performance, as seen in Table 10. The hypothesis test analysis obtained a value (O) where the path coefficient was -0.557 with a T-statistic value of 5.861 and a P-value of 0.000. This value is greater (>) than the t-table value (1.969) and the P-value is less (<) than 0.05, meaning that the effect is positive and significant.

Therefore, capability has a positive and significant effect on employee performance in the XXX market (**H5 Accepted**).

Based on the results of the hypothesis testing and data analysis conducted, it can be concluded that capability has a positive and significant effect on employee performance.

To improve employee performance through capabilities, the following actions should be taken by the management of market XXX: 1) Skills and knowledge: Management needs to provide technical and non-technical training in line with employees' duties and responsibilities. Enhancing work competencies helps employees perform tasks efficiently and effectively; 2) Adaptability: Employees who can adapt to changes in procedures, technology, and market dynamics will be more flexible and less easily hindered; and 3) Independence: Independence encourages employees to act proactively and take responsibility in completing tasks without relying entirely on their superiors.

If XXX market management can apply skills and knowledge, adaptability, and independence, it will have an impact on employee performance, including: 1) Quantity of work: Capable employees tend to complete a larger volume of work because they already have good competencies and work efficiency; 2) Quality of work: High capabilities make employees more thorough, accurate, and able to meet work quality standards. Work errors decrease, and results align better with organizational and customer expectations; and 3) Timeliness: With skills and independence, employees complete tasks faster, avoid delays, and effectively manage their work time.

The findings of this study align with research conducted by (Chatterjee et al., 2023), which states that capabilities have a positive and significant impact on employee performance.

4.1.4.2.6. The Influence of Organizational Culture on Employee Performance

The results of the sixth hypothesis testing show the influence of organizational culture on employee performance, as seen in Table 10. The hypothesis test analysis obtained a value (O) where the path coefficient was 0.345 with a T-statistic value of 7.542 and a P-value of 0.000. This value is greater (>) than the t-table value (1.969) and the P-value is less (<) than 0.05, indicating a positive and significant influence.

Therefore, organizational culture has a positive and significant influence on employee performance in the XXX market (**H6 Accepted**).

Based on the results of the hypothesis testing and data analysis conducted, it can be concluded that organizational culture has a positive and significant influence on employee performance.

To improve employee performance through organizational culture, the management of the XXX market should: 1) Values and beliefs: When these values are understood and consistently implemented, they will form productive, responsible, and results-oriented work behavior; 2) Norms and rules: Clear work norms and fair rules will create certainty and consistency of behavior in the work

environment; and 3) Work environment: A healthy, safe, and supportive work environment (both physically and psychologically) will encourage employee morale and loyalty. An environment that is open to ideas and innovation also makes employees more willing to take initiative and contribute actively.

If XXX market management can implement values and beliefs, norms and rules, and a supportive work environment, it will have an impact on employee performance, including: 1) Quantity of work: A work culture that encourages productivity and efficiency will increase the amount of work that can be completed within a certain period of time; 2) Quality of work: When employees work in a culture that upholds professionalism, honesty, and commitment to quality, the results of their work tend to be more precise, thorough, and in line with organizational standards; and 3) Timeliness: An organizational culture that is disciplined and values time instills habits in employees to complete tasks on time, respect deadlines, and prioritize work according to urgency. This is crucial for maintaining smooth organizational workflow.

The findings of this study align with research conducted by (Abdullahi et al., 2021), which states that organizational culture has a positive and significant impact on employee performance.

4.1.4.2.7. The Effect of Motivation on Employee Performance

The results of the seventh hypothesis test show the effect of motivation on employee performance, as seen in Table 10. The hypothesis test analysis obtained a value (O) where the path coefficient was 0.141 with a T-statistic value of 3.804 and a P-value of 0.000. This value is greater (>) than the t-table value (1.969) and the P-value is less (<) than 0.05, indicating a positive and significant influence.

Therefore, motivation has a positive and significant effect on employee performance in the XXX market (H7 Accepted).

Based on the results of the hypothesis test and data analysis, it can be concluded that motivation has a positive and significant effect on employee performance.

To improve employee performance through motivation, the management of the XXX market should do the following: 1) Intrinsic motivation: Intrinsic motivation comes from within the employee, such as pride in completing a task, a desire to grow, and personal satisfaction; 2) Extrinsic motivation: Management must ensure that the reward and compensation system aligns with employee contributions; and 3) Goals and expectations: Employees perform better when they have clear work objectives and realistic expectations regarding the outcomes of their work.

If XXX market management can implement intrinsic motivation, extrinsic motivation, goals, and expectations, it will have an impact on employee performance, including: 1) Quantity of work: Motivated employees will have high work enthusiasm and drive to complete more work in the time available. They tend to be proactive and take on more responsibility; 2) Quality of work: Motivation also contributes to increased accuracy, caution, and seriousness in work, resulting in neater work, fewer mistakes, and compliance with organizational standards; and 3) Timeliness: Motivation makes employees more disciplined and organized, so that work is completed on schedule or even faster.

The results of this study are in line with research conducted by (Kuswati, 2020), which states that motivation has a positive and significant effect on employee performance.

4.1.4.2.8. The Influence of Leadership on Employee Performance through Motivation

The results of the eighth hypothesis testing show the influence of leadership on employee performance through motivation, as seen in Table 10. The results of the hypothesis test analysis obtained a value (O) where the path coefficient was 0.196 with a T-statistic value of 3.078 and a P-value of 0.002. This value is greater (>) than the t-table value (1.969) and the P-value is less (<) than 0.05, indicating a positive and significant effect.

Therefore, leadership has a positive and significant effect on employee performance through motivation in the XXX market (H8 Accepted).

Based on the results of the hypothesis testing and data analysis conducted, it can be concluded that leadership has a positive and significant effect on employee performance through motivation.

To improve employee performance through motivation and leadership, the management of the XXX market should take the following actions: 1) Intrinsic motivation: Leaders must be able to stimulate motivation from within employees, such as pride in achievements, desire to learn, and

personal commitment to tasks; 2) Extrinsic motivation: Management must provide fair and transparent incentives, such as bonuses, allowances, or awards, as well as an objective performance appraisal system; 3) Goals and expectations: Employees work more optimally when they understand the organization's goals and concrete expectations for their roles; 4) Leadership style: Transformative and participatory leadership styles are very effective in promoting motivation; 5) Communication: Open, clear, and two-way communication promotes motivation because employees feel heard and valued; and 6) Support and development: Leaders need to provide moral and technical support, as well as opportunities for training, career development, or coaching.

If XXX market management can implement intrinsic motivation, extrinsic motivation, goals and expectations, leadership style, communication, support and development, it will have an impact on employee performance, including: 1) Quantity of work: Effective motivation and leadership encourage employees to be more productive. They tend to complete more tasks within a certain time frame because they feel focused and valued; 2) Quality of work: With support and motivation, employees work more carefully and with dedication. They strive to achieve optimal results in accordance with organizational standards; and 3) Timeliness: Employees who are motivated and well-led are more disciplined in completing tasks on schedule. They understand the importance of time and strive to maintain their professional reputation.

The findings of this study align with research conducted by (Saluy et al., 2022), which states that leadership has a positive and significant impact on employee performance through motivation.

4.1.4.2.9. The Influence of Capability on Employee Performance through Motivation

The results of the ninth hypothesis testing show the influence of capability on employee performance through motivation, as seen in Table 10. The hypothesis test analysis obtained a value (O) where the path coefficient was -0.126 with a T-statistic value of 2.920 and a P-value of 0.004. This value is greater (>) than the t-table value (1.969) and the P-value is less than (<) 0.05, indicating a positive and significant effect.

Therefore, capability has a positive and significant effect on employee performance through motivation in the XXX market (H9 Accepted).

Based on the results of the hypothesis testing and data analysis conducted, it can be concluded that capability has a positive and significant effect on employee performance through motivation.

To improve employee performance through motivation and capability, the management of Market XXX should implement the following: 1) Intrinsic motivation: Encouraging employees to work from within, such as feeling satisfied when completing tasks, self-development, and emotional involvement in work; 2) Extrinsic motivation: Providing rewards, benefits, promotions, or formal recognition from superiors can encourage employees to continue developing their capabilities; 3) Goals and expectations: Employees will be motivated if they have direction and know what the organization expects of them; 4) Skills and knowledge: Management must provide training, workshops, or mentoring to improve employees' hard and soft skills; 5) Adaptability: Training on adaptation to technology, new policies, and market conditions is necessary to keep employees relevant and on track in their work; and 6) Independence: Encouraging employees to be independent in making decisions or solving problems will increase their critical thinking and responsibility.

If XXX market management can implement intrinsic motivation, extrinsic motivation, goals and expectations, skills and knowledge, adaptability, and independence, it will have an impact on employee performance, including: 1) Quantity of work: High capabilities and strong motivation enable employees to complete more tasks efficiently; 2) Quality of work: With adequate skills and strong internal and external motivation, employees will produce work that is neater, more accurate, and in line with organizational quality standards; and 3) Timeliness: Motivation and capabilities also encourage employees to complete work on time.

The results of this study are in line with research conducted by (Bastari et al., 2020), which states that capabilities have a positive and significant effect on employee performance through motivation.

4.1.4.2.10. The Influence of Organizational Culture on Employee Performance through Motivation

The results of the tenth hypothesis test show the influence of organizational culture on employee performance through motivation, as seen in Table 10. The hypothesis test analysis obtained a value (O) where the path coefficient was 0.066 with a T-statistic value of 3.359 and a P-value of 0.001. This value is greater (>) than the t-table value (1.969) and the P-value is less (<) than 0.05, indicating a positive and significant influence.

Therefore, organizational culture has a positive and significant influence on employee performance through motivation in the XXX market (H10 Accepted).

Based on the results of the hypothesis testing and data analysis conducted, it is concluded that organizational culture has a positive and significant influence on employee performance through motivation.

To improve employee performance through motivation and organizational culture, the management of Market XXX should implement the following: 1) Intrinsic motivation: An organizational culture that values achievements, trust, and participation will encourage intrinsic motivation among employees; 2) Extrinsic motivation: An organizational culture that is fair and transparent in providing rewards, promotions, and incentives will increase employee morale; 3) Goals and expectations: An organizational culture that aligns the company's vision and mission with individual goals will provide clear direction for employees; 4) Values and beliefs: An organizational culture instilled through values such as honesty, responsibility, and teamwork will create a positive and supportive work environment; 5) Norms and rules: Work norms that are respected by all serve as guidelines for employee behavior, which in turn improves discipline and work productivity; and 6) Work environment: Organizational culture is also reflected in a clean, safe, and comfortable work environment. An environment that supports the physical and psychological well-being of employees will foster positive motivation and increase work effectiveness.

If XXX market management can implement intrinsic motivation, extrinsic motivation, goals and expectations, values and beliefs, norms and rules, and work environment, it will have an impact on employee performance, including: 1) Quantity of work: Motivation derived from a healthy work culture will make employees more enthusiastic and productive, resulting in a significant increase in the number of tasks completed; 2) Quality of work: An organizational culture that instills quality standards and integrity will produce employees who are meticulous, professional, and concerned about the results of their work; and 3) Timeliness: Employees motivated in a disciplined and structured cultural environment will be more time-conscious and able to complete tasks by the set deadlines, reducing delays and improving operational efficiency.

The results of this study align with research conducted by (Saluy et al., 2022), which states that organizational culture has a positive and significant impact on employee performance through motivation.

5. Conclusion

5.1. Conclusion

Based on the problem formulation, research hypothesis, results, and discussion above, the conclusions of the research conducted in the XXX market are as follows: 1) Leadership has a positive and significant effect on Motivation; 2) Capability has a positive and significant effect on Motivation; 3) Organizational culture has a positive and significant effect on Employee Performance; 5) Capability has a positive and significant effect on Employee Performance; 6) Organizational culture has a positive and significant effect on Employee Performance; 7) Motivation has a positive and significant effect on Employee Performance through Motivation; 9) Capability has a positive and significant effect on Employee Performance through Motivation; and 10) Organizational Culture has a positive and significant effect on Employee Performance through Motivation; and 10) Motivation.

5.2. Limitation

The limitations of this study include the number of respondents, which did not cover the entire population due to the busy nature of work activities at the XXX market. In addition, the study was limited in terms of time, so the researchers analyzed the data based on the amount of data obtained.

5.3. Suggestion

Based on the results of this study, it is recommended that the XXX market should provide motivation, leadership, capabilities, and organizational culture to employees/staff to ensure that employees can participate and be involved in every market activity.

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Analysis of Leadership, Capabilities, and Organizational Culture on Employee Performance through Motivation

Abstract

Purpose: The purpose of this study is to examine the influence of leadership, capability, and organizational culture on employee performance through motivation in Market XXX.

Methodology/approach: The method used in this study was descriptive quantitative. The population in this study consisted of 1,284 employees, with a sample of 270 respondents. The data used in this study were primary and secondary data. The analytical tools used in this study included SmartPLS. The tests conducted in this study included Validity Test, Reliability Test, Inner Model Test, Outer Model Test, and Hypothesis Test.

Results/findings: The results of the study conducted at XXX Market are: 1) Leadership has a positive and significant effect on Motivation; 2) Capability has a positive and significant effect on Motivation; 3) Organizational culture has a positive and significant effect on Motivation; 4) Leadership has a positive and significant effect on Employee Performance; 5) Capability has a positive and significant effect on Employee Performance; 6) Organizational culture has a positive and significant effect on Employee Performance; 8) Leadership has a positive and significant effect on Employee Performance through Motivation; 9) Capability has a positive and significant effect on Employee Performance through Motivation; and 10) Organizational Culture has a positive and significant effect on Employee Performance through Motivation.

Limitations: This study is limited to discussing employee motivation and performance. Generalizations from these findings may be limited by the focus on the XXX market. In addition, although this study used questionnaires/surveys created by the researchers to ensure their relevance, the data used may be subject to bias, such as social desirability or limited disclosure of unfavorable opinions.

Contribution: This study contributes to the understanding of factors that influence employee motivation and performance, such as leadership, capabilities, and organizational culture.

Novelty: This study adds new insights into other factors that influence employee motivation and performance, especially in the XXX market. Thus, it can be used as a reference in future literature.

Keywords: Employee Performance, Motivation, Leadership, Capabilities, Organizational Culture

1. Introduction

1.1. Background of the Problem

Traditional markets are some of the most vital economic centers in Indonesia, especially for the lower-middle class and small-scale traders. These markets serve not only as places for buying and selling but also as vehicles for social and cultural interaction within the local community. Therefore, market employees' performance is an important factor in ensuring the market's smooth operation and increasing visitor and trader satisfaction (Suryadi et al., 2020).

However, in recent years, the performance of market employees in Indonesia has faced serious challenges. The rapid development of modern shopping centers and changes in consumer patterns have forced traditional markets to adapt to remain relevant and competitive. Additionally, suboptimal management and human resources issues have affected the quality of market services and management. As the frontline of service, market employees often face problems related to discipline, motivation, and capabilities, which impact overall performance (Ginny, 2019).

Market employees' performance is not only a matter of technical ability to complete tasks but also relates to how they manage relationships with traders and buyers, provide friendly service, and

carry out operational procedures consistently. Effective leadership at the management level is crucial for directing, motivating, and developing the potential of employees to achieve optimal results. Additionally, employees' capabilities, including technical and soft skills and knowledge, are crucial to their performance (Susanto et al., 2025).

The organizational culture of the market significantly influences the behavior and work attitude of employees. A healthy, supportive culture creates a conducive work atmosphere and increases a sense of togetherness, work ethic, and intrinsic motivation. Conversely, a poor culture can lead to low loyalty, enthusiasm, and productivity (Putri et al., 2023).

According to 2022 data from the Ministry of Trade of the Republic of Indonesia, there are more than 14,000 traditional markets spread across the archipelago, employing hundreds of thousands of people. As many as 35% of traditional markets have experienced a decline in customer visits in the last five years, partly due to suboptimal service, management, and employee performance. The following table illustrates the trend of customer visits to traditional markets in Indonesia over the past five years.

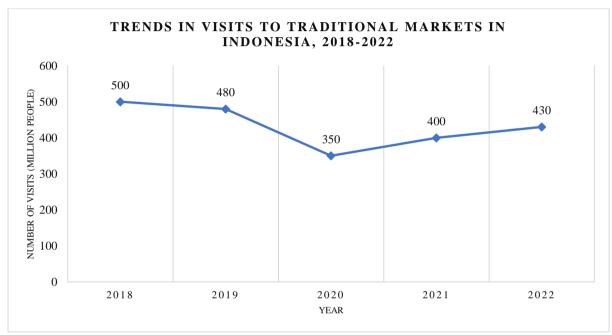


Figure 1. Employee Engagement Index for the Logistics Sector in DKI Jakarta 2023 Source: BPS, 2024

Figure 1 illustrates the trend of visits to traditional markets in Indonesia from 2018 to 2022. The graph illustrates significant fluctuations in the number of visitors to traditional markets over the past five years. In 2018, around 500 million people visited traditional markets, decreasing slightly to 480 million in 2019. A sharp decline occurred in 2020, when the number of visits dropped to 350 million. This drastic decline was likely caused by the pandemic, which restricted activities and raised concerns about shopping in public places.

In 2021, there was an increase to 400 million visitors, and this positive trend continued in 2022 with a total of 430 million visits. This increase may reflect national economic recovery and the public's adaptation to health protocols in public spaces, including traditional markets. While traditional markets have not yet reached pre-pandemic visitation numbers, this data shows that they are starting to regain popularity.

However, the fluctuation in visitor numbers indicates structural challenges in the management of traditional markets that need to be addressed. Market employees' performance is one of the key factors in ensuring visitors' comfort, safety, and satisfaction. Without improved performance—through strengthened leadership, enhanced capabilities, and a productive work culture—it will be difficult to maintain or increase visitor numbers in the long term.

Therefore, this graph is an important foundation for analyzing the factors that influence the performance of market staff, in order to restore the appeal of traditional markets despite competition from modern retail and e-commerce.

1.2. Formulation of the Problem

Based on the background of the problem above, the research questions in this study conducted at XXX Market are as follows: 1) Does leadership have a positive and significant effect on motivation?; 2) Does capability have a positive and significant effect on motivation?; 3) Does organizational culture have a positive and significant effect on employee performance?; 5) Does capability have a positive and significant effect on employee performance?; 6) Does organizational culture have a positive and significant effect on employee performance?; 7) Does motivation have a positive and significant effect on Employee Performance?; 8) Does leadership have a positive and significant effect on Employee Performance through Motivation?; 9) Does capability have a positive and significant effect on Employee Performance through Motivation?; and 10) Does organizational culture have a positive and significant effect on Employee Performance through Motivation?.

2. Literature review and hypothesis/es development

Based on the background and problem statement above, the literature review and hypothesis in this study are as follows:

2.1. Employee Performance

Employee performance is the result of work demonstrated by an individual in carrying out their duties and responsibilities based on standards set by the organization, which includes aspects of quantity, quality, timeliness, and contribution to the achievement of organizational goals (Susanto, Sawitri, et al., 2024).

The indicators or dimensions included in Employee Performance include: 1) Quantity of work: Describes how much work an employee can complete within a certain period of time in accordance with predetermined objectives; 2) Quality of work: Refers to the level of accuracy, precision, and quality of work demonstrated by employees in carrying out their duties; 3) Timeliness: Assesses the ability of employees to complete tasks or projects by the specified deadline (Saputra et al., 2023).

Employee Performance Variables have been researched and are relevant to the study conducted by: (Mahaputra & Saputra, 2024), (Widodo et al., 2017), (Mashuri & Kusuma, 2023).

2.2. Motivation

Motivation is the internal or external force that influences a person to act in order to achieve a specific goal. It can stem from personal needs, rewards, or environmental influences (Ali et al., 2022).

Indicators or dimensions found in motivation include: 1) Intrinsic motivation: This refers to drives that originate within the individual, such as personal satisfaction, a sense of accomplishment, and professional interest. Employees who are intrinsically motivated tend to be more committed and enthusiastic about completing their tasks; 2) Extrinsic motivation: This includes external factors that influence motivation, such as salary, bonuses, and rewards. Employees who receive adequate rewards are more motivated to achieve targets and improve their performance; 3) Goals and Expectations: Employees with clear, realistic goals tend to be more motivated to work hard. Having measurable and achievable goals provides direction and focus, thereby increasing motivation to achieve them (Maharani & Saputra, 2021).

Motivational variables have been studied and are relevant to the research conducted by: (Saputra et al., 2024), (Susanto, Setiawan, et al., 2024), (Silitonga et al., 2017).

2.3. Leadership

Leadership is the ability to influence, direct, and guide individuals or groups to achieve organizational goals through vision, communication, and effective decision-making (Ali & Saputra, 2023).

Indicators or dimensions found in leadership include: 1) 1) Leadership Style: The leadership style adopted by managers or leaders can influence employee motivation and performance. For example, a participatory leadership style can increase employee engagement and create a positive work atmosphere; 2) Communication: Leaders' ability to communicate effectively with their teams is

important. Open and transparent communication builds trust and motivates employees to contribute actively; 3) Support and Development: Leaders who provide support and career development opportunities to their employees can increase their motivation and performance. Employees feel valued and have opportunities to grow within the organization (Susanto et al., 2023).

Leadership variables have been studied and are relevant to the research conducted by: (Sanguanwongs & Kritjaroen, 2023), (Hubais et al., 2023), (Hasan et al., 2023).

2.4. Capability

Capability refers to the skills, knowledge, and resources possessed by individuals or organizations to perform tasks or achieve goals effectively (Marlina, 2022).

Indicators or dimensions included in capabilities include: 1) Skills and knowledge: Employees with the appropriate skills and knowledge are more likely to perform well. Continuous training and skill development are essential to improving employee capabilities; 2) Adaptability: Capabilities also include employees' ability to adapt to changes and new challenges. Employees who can adapt quickly tend to be more productive and able to handle changing situations well; 3) Independence: Employees who can work independently and take the initiative to complete tasks contribute more to team performance. This independence reflects self-confidence and the ability to make the right decisions (Borah et al., 2023).

Capability variables have been studied and are relevant to the research conducted by: (Wang & Hu, 2020), (Qiu et al., 2020), (Li & Chan, 2019).

2.5. Organizational Culture

Organizational culture is a system of values, norms, beliefs, and habits formed and embraced by an organization's members that influence how they think, behave, and interact in the work environment (Susanto, Simarmata, et al., 2024).

Indicators or dimensions found in organizational culture include: 1) Values and beliefs: Organizational culture reflects the company's values and beliefs. These values influence employee behavior and how they interact with one another. A positive culture can increase motivation and performance; 2) Norms and rules: The norms and rules within an organization determine how employees behave and interact. A culture that supports collaboration and innovation encourages employees to work together and share ideas; 3) Work Environment: Organizational culture includes the physical and psychological work environment. A supportive, inclusive, and safe environment increases employee job satisfaction and motivation, which positively impacts performance (Puspita et al., 2020).

Organizational cultural variables have been studied and are relevant to the research conducted by: (Widodo, 2021), (Ardansyah et al., 2023), (Al-Alawneh et al., 2024).

3. Methodology

The method used in this study is descriptive quantitative. The population in this study consisted of 1,284 employees, with a sample size of 270 respondents. The research was conducted at XXX Market. The data used in this study were primary data obtained from questionnaires and secondary data obtained from previous relevant studies. The analysis tool used in this study was SmartPLS. The tests conducted in this study included Validity Test, Reliability Test, Inner Model Test, Outer Model Test, and Hypothesis Test.

4. Results and discussion

4.1. Results

In this study, the results include testing of the outer model and inner model:

4.1.1. Outer Model of Validity Testing

4.1.1.1. Convergent Validity

If the correlation coefficient is > 1 or = 1, then the validity measure is considered high. The table below shows the results of the outer model convergent validity test (Tahir et al., 2023).

Table 1. Convergent Validity Analysis

Item	Leadership	Capability	Organizational Culture	Motivation	Employee Performance	Conclusion
KP1.1	0.783					Valid
KP1.2	0.829					Valid
KP2.1	0.802					Valid
KP2.2	0.752					Valid
KP3.1	0.757					Valid
KP3.2	0.744					Valid
KP4.1	0.715					Valid
KP4.2	0.798					Valid
KP5.2	0.766					Valid
KP6.2	0.724					Valid
KP7.1	0.758					Valid
KP7.2	0.733					Valid
KP8.1	0.774					Valid
KP8.2	0.759					Valid
KP 8.2 KP 9.1	0.739					Valid
KP9.2	0.703					Valid
KP10.1	0.749					Valid
KP10.2	0.713					Valid
KP11.2	0.719					Valid
KPL1.1		0.794				Valid
KPL1.2		0.749				Valid
KPL2.1		0.752				Valid
KPL2.2		0.750				Valid
KPL3.1		0.725				Valid
KPL3.2		0.805				Valid
KPL4.2		0.773				Valid
KPL5.2		0.724				Valid
KPL6.1		0.769				Valid
KPL6.2		0.739				Valid
KPL7.1		0.776				Valid
KPL7.2		0.767				Valid
KPL8.1		0.779				Valid
KPL8.2		0.713				Valid
KPL9.1		0.749				Valid
KPL9.2		0.713				Valid
BO1.1		0.713	0.759			Valid
BO1.1 BO1.2			0.762			Valid
BO1.2 BO2.1			0.762			Valid
BO2.2			0.760			Valid
BO3.1			0.817			Valid
BO3.2			0.721			Valid
BO4.1			0.779			Valid
BO5.1			0.726			Valid
BO5.2			0.771			Valid
BO6.1			0.752			Valid
BO6.2			0.763			Valid
MV1.1				0.822		Valid
MV1.2				0.859		Valid
MV2.1				0.793		Valid
MV2.2				0.777		Valid
MV3.1				0.812		Valid

MV3.2	0.783	Valid
MV4.1	0.781	Valid
MV4.2	0.736	Valid
MV5.1	0.741	Valid
MV5.2	0.727	Valid
MV6.1	0.742	Valid
MV6.2	0.717	Valid
MV7.1	0.737	Valid
MV7.2	0.738	Valid
MV8.1	0.715	Valid
MV8.2	0.732	Valid
MV9.2	0.711	Valid
MV10.1	0.749	Valid
MV10.2	0.736	Valid
MV11.2	0.709	Valid
MV12.1	0.732	Valid
MV13.1	0.731	Valid
MV14.1	0.761	Valid
MV14.2	0.776	Valid
KI1.1	0.865	Valid
KI1.2	0.831	Valid
KI2.1	0.805	Valid
KI2.2	0.847	Valid
KI3.1	0.814	Valid
KI3.2	0.759	Valid
KI4.1	0.764	Valid
KI4.2	0.754	Valid
KI5.1	0.730	Valid
KI5.2	0.798	Valid
KI6.1	0.700	Valid
KI6.2	0.764	Valid
KI7.2	0.721	Valid
KI8.1	0.751	Valid
KI8.2	0.728	Valid
KI9.1	0.762	Valid
KI9.2	0.748	Valid
KI10.1	0.769	Valid

Source: Processed data by SmartPLS (2025)

Based on the output in Table 1 above, all variables used in this study can be declared valid because each indicator in each variable obtained a loading factor value > 0.60, so it can be stated that each variable indicator meets the requirements for research.

4.1.1.2. Discriminant Validity

The next stage is to test the validity of the measurements for the construct. Discriminant validity is tested by looking at the Cross Loading output for each research variable. If the value is > 0.5, then it is considered valid.

Table 2. Discriminant Validity Analysis

Item	Leadership	Capability	Organizational Culture	Motivation	Employee Performance
KP1.1	0.783	0.745	0.739	0.779	0.805
KP1.2	<mark>0.829</mark>	0.797	0.790	0.812	0.847
KP10.1	<mark>0.749</mark>	0.749	0.686	0.681	0.706
KP10.2	<mark>0.713</mark>	0.713	0.644	0.661	0.670
KP11.1	<mark>0.638</mark>	0.606	0.577	0.585	0.589
KP11.2	<mark>0.719</mark>	0.688	0.670	0.644	0.679
KP2.1	<mark>0.802</mark>	0.794	0.761	0.771	0.814
KP2.2	<mark>0.752</mark>	0.749	0.759	0.719	0.759
KP3.1	<mark>0.757</mark>	0.752	0.762	0.736	0.764
KP3.2	<mark>0.744</mark>	0.750	0.773	0.741	0.754
KP4.1	0.715	0.725	0.760	0.701	0.730
KP4.2	0.798	0.805	0.817	0.765	0.798
KP5.1	0.690	0.693	0.721	0.689	0.700
KP5.2	0.766	0.773	0.779	0.732	0.764
KP6.1	0.682	0.684	0.697	0.629	0.679
KP6.2	$\frac{0.732}{0.724}$	0.724	0.726	0.687	0.721
KP7.1	$\frac{0.724}{0.758}$	0.769	0.771	0.699	0.751
KP7.2	0.733	0.739	0.752	0.676	0.728
KP8.1	$\frac{0.733}{0.774}$	0.776	0.763	0.700	0.762
KP8.2	0.759	0.767	0.703	0.688	0.748
KP9.1	0.776	0.779	0.727	0.720	0.769
KP9.2	0.703	0.713	0.641	0.639	0.688
KPL1.1	0.802	0.794	0.761	0.771	0.814
KPL1.2	0.752	$\frac{0.774}{0.749}$	0.759	0.719	0.759
KPL2.1	0.757	$\frac{0.749}{0.752}$	0.762	0.736	0.764
KPL2.2	0.744	$\frac{0.752}{0.750}$	0.773	0.741	0.754
KPL3.1	0.715	$\frac{0.730}{0.725}$	0.760	0.741	0.734
KPL3.2	0.713	0.805	0.817	0.765	0.798
KPL4.1	0.690	0.693	0.721	0.689	0.700
KPL4.1	0.766	0.773	0.721	0.732	0.764
KPL5.1	0.682	0.684	0.697	0.629	0.679
KPL5.1	0.724	$\frac{0.034}{0.724}$	0.726	0.687	0.721
KPL6.1	0.758	$\frac{0.724}{0.769}$	0.720	0.699	0.751
KPL6.2	0.733	0.739	0.752	0.676	0.728
Kr L0.2 KPL7.1	0.733	0.739 0.776	0.763	0.700	0.762
KPL7.1	0.759	0.770 0.767	0.703	0.688	0.748
KPL8.1	0.739	0.707 0.779	0.703	0.720	0.769
KPL8.1 KPL8.2	0.770	0.773	0.727	0.720	0.688
KPL9.1	0.703	0.713 0.749	0.686	0.681	0.706
KPL9.1 KPL9.2	0.749	0.749	0.644	0.661	0.700
			0.044 0.759	0.719	0.759
BO1.1 BO1.2	0.752 0.757	0.749 0.752	0.759 0.762	0.719	0.764
BO2.1	0.744	0.750 0.725	0.773 0.760	0.741	0.754 0.730
BO2.2	0.715		0.760	0.701	
BO3.1	0.798	0.805	0.817	0.765	0.798
BO3.2	0.690	0.693	0.721	0.689	0.700
BO4.1	0.766	0.773	0.779	0.732	0.764
BO4.2	0.682	0.684	0.697	0.629	0.679
BO5.1	0.724	0.724	0.726	0.687	0.721
BO5.2	0.758	0.769	0.771	0.699	0.751
BO6.1	0.733	0.739	0.752	0.676	0.728
BO6.2	0.774	0.776	0.763	0.700	0.762
MV1.1	0.808	0.802	0.788	<mark>0.822</mark>	0.816

MV1.2	0.863	0.849	0.835	<mark>0.859</mark>	0.890
MV10.1	0.631	0.633	0.638	<mark>0.749</mark>	0.628
MV10.2	0.613	0.611	0.626	<mark>0.736</mark>	0.611
MV11.1	0.549	0.550	0.555	<mark>0.660</mark>	0.538
MV11.2	0.589	0.591	0.552	<mark>0.709</mark>	0.582
MV12.1	0.626	0.630	0.598	<mark>0.732</mark>	0.619
MV12.2	0.574	0.576	0.526	<mark>0.675</mark>	0.562
MV13.1	0.617	0.614	0.577	<mark>0.731</mark>	0.586
MV13.2	0.589	0.583	0.536	<mark>0.697</mark>	0.553
MV14.1	0.730	0.725	0.704	<mark>0.761</mark>	0.731
MV14.2	0.770	0.757	0.739	<mark>0.776</mark>	0.771
MV2.1	0.799	0.774	0.764	<mark>0.793</mark>	0.831
MV2.2	0.800	0.770	0.755	<mark>0.777</mark>	0.815
MV3.1	0.829	0.797	0.790	<mark>0.812</mark>	0.847
MV3.2	0.827	0.824	0.784	<mark>0.783</mark>	0.836
MV4.1	0.783	0.776	0.778	<mark>0.781</mark>	0.790
MV4.2	0.757	0.752	0.762	<mark>0.736</mark>	0.764
MV5.1	0.744	0.750	0.773	<mark>0.741</mark>	0.754
MV5.2	0.754	0.766	0.792	<mark>0.727</mark>	0.765
MV6.1	0.761	0.766	0.787	<mark>0.742</mark>	0.764
MV6.2	0.732	0.738	0.754	<mark>0.717</mark>	0.741
MV7.1	0.743	0.745	0.752	<mark>0.737</mark>	0.743
MV7.2	0.626	0.628	0.655	<mark>0.738</mark>	0.629
MV8.1	0.576	0.578	0.600	0.715	0.581
MV8.2	0.616	0.615	0.631	0.732	0.618
MV9.1	0.567	0.568	0.581	<mark>0.689</mark>	0.561
MV9.2	0.576	0.575	0.581	<mark>0.711</mark>	0.574
KI1.1	0.837	0.825	0.809	0.838	<mark>0.865</mark>
KI1.2	0.799	0.774	0.764	0.793	0.831
KI10.1	0.776	0.779	0.727	0.720	<mark>0.769</mark>
KI10.2	0.703	0.713	0.641	0.639	0.688
KI2.1	0.783	0.745	0.739	0.779	0.805
KI2.2	0.829	0.797	0.790	0.812	0.847
KI3.1	0.802	0.794	0.761	0.771	0.814
KI3.2	0.752	0.749	0.759	0.719	<mark>0.759</mark>
KI4.1	0.757	0.752	0.762	0.736	0.764
KI4.2	0.744	0.750	0.773	0.741	0.75 <mark>4</mark>
KI5.1	0.715	0.725	0.760	0.701	0.730
KI5.2	0.798	0.805	0.817	0.765	<mark>0.798</mark>
KI6.1	0.690	0.693	0.721	0.689	0.700
KI6.2	0.766	0.773	0.779	0.732	0.764
KI7.1	0.682	0.684	0.697	0.629	0.679
KI7.1	0.724	0.724	0.726	0.687	0.721
KI7.2 KI8.1	0.758	0.769	0.720	0.699	$\frac{0.721}{0.751}$
KI8.2	0.733	0.739	0.752	0.676	$\frac{0.731}{0.728}$
KI0.2 KI9.1	0.733	0.776	0.763	0.700	$\frac{0.720}{0.762}$
KI9.1 KI9.2	0.774	0.767	0.703	0.688	0.748
1317.4	0.137	0.707	0.705	0.000	0.7-0

Based on Table 2 above, it shows that the *cross loading* values of the indicator statements with their respective variables have obtained *cross loading* values of > 0.5, compared to the indicator statements on other variables. For example, the variable Leadership (0.783) is higher (>) than the variables Capability (0.745), Organizational Culture (0.739), and Motivation (0.779). Therefore, the results and tests are deemed valid in terms of discriminant validity.

4.1.1.3. AVE Analysis (Average Variance Extracted)

Latent variables can explain more than half of the variance of their indicators.

Table 3. AVE Analysis

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Variable	Average Variance Extracted (AVE)				
Leadership	0.555				
Capability	0.560				
Organizational Culture	0.573				
Motivation	0.556				
Employee Performance	0.586				

Based on Table 3 above, the AVE values obtained from the leadership variable were 0.555, capability 0.560, organizational culture 0.573, motivation (0.556), and employee performance 0.586. This indicates that all variables in this study obtained values greater than (>) 0.5, meaning that each variable has good discriminant validity.

4.1.2. Outer Model Reliability Test

4.1.2.1. Composite Reliability

This reliability test is intended to measure how relevant and consistent a respondent is in answering or filling out a questionnaire, in relation to the questionnaire provided.

Table 4. Reliability Composite Analysis

Table 4. Reliability Composite Analysis						
Variable	Composite	Composite Reliability	Conclusion			
	Reliability Value	Requirements				
Leadership	0.965	> 0,7	Reliable			
Capability	0.958	> 0,7	Reliable			
Organizational Culture	0.942	> 0,7	Reliable			
Motivation	0.972	> 0,7	Reliable			
Employee Performance	0.966	> 0,7	Reliable			

Based on the test results in Table 4 above, the composite reliability value of the leadership variable was 0.965, the composite reliability value of capability was 0.958, the composite reliability value of organizational culture was 0.942, the composite reliability value of motivation was 0.972, and the composite reliability value of employee performance was 0.966. These values indicate that the overall reliability of the variables is greater than 0.7, meaning that all variables are considered reliable.

4.1.2.2. Cronbach's Alpha

The reliability test with *composite reliability* can be strengthened with *Cronbach's alpha*. The assessment criteria for variables are that if the value of *Cronbach's alpha* for each variable is > 0.7, then it can be declared reliable, (Santosa, 2018).

Table 5. Cronbach's Alpha Analysis

1 4010 01 010110 4011 0	1 119 1100 1 111001 1 010
Variable	Cronbach's Alpha
Leadership	0,962
Capability	0,954
Organizational Culture	0,932
Motivation	0,970
Employee Performance	0,962

Based on the test results in Table 5 above, the *Cronbach's alpha* value for the leadership variable was 0.962, the *Cronbach's alpha* value for capability was 0.954, the *Cronbach's alpha* value for organizational culture was 0.932, the *Cronbach's alpha* value for motivation was 0.970, and the *Cronbach's alpha* value for employee performance was 0.962. This indicates that all variables are greater than 0.7, thus all variables are deemed reliable.

4.1.3. Structural Model Analysis (Inner Model)

This structural model testing aims to see the relationship or influence between the construct, significant value, and R Square.

4.1.3.1. R-Square

In this testing stage, we analyze and assess the extent to which endogenous constructs or variable Y can represent or be explained by exogenous constructs or variable X based on the results of testing conducted through the coefficient of determination or R-Square (R^2) test.

In this study, there are two endogenous latent variables that will have an R^2 value, namely Work Motivation and Employee Productivity. The expected value of the coefficient of determination (R^2) is between 0 and 1. The closer the value is to 1, the better the model.

The criteria for calculating the correlation coefficient (R^2) are as follows, (Pardede & Manurung, 2014), as follows:

 $\begin{array}{lll} R=(0-0,199) & : & \mbox{Very weak relationship} \\ R=(0,2-0,399) & : & \mbox{Weak Relationship} \\ R=(0,4-0,599) & : & \mbox{Moderate Relationship} \\ R=(0,6-0,799) & : & \mbox{Strong Relationship} \\ R\geq 0,8 & : & \mbox{Very Strong Relationship} \end{array}$

The results of the Coefficient of Determination (R²) test can be seen in Table 7 as follows:

Table 6. R-	Square
Variable	R-Square
Motivation	0.898

Employee Performance

Based on the data calculation results in the table above, it shows that the R-square value of the Motivation variable is 0.898 or 89.8%. Since the R-square value is > 0.50, this variable is classified as having a very strong relationship. This indicates that the Motivation variable is influenced by Leadership, Capability, and Organizational Culture with an influence value of 0.898 or 89.8%.

In addition to the variables Leadership, Capability, and Organizational Culture that influence Motivation, there are other factors with a value of 0.102~(1.000-0.898=0.102) or 10.2%, such as Career Development, Work Environment, and Workload.

Similarly, the second factor yielded an R-square value of 0.989 or 98.9% for the Employee Performance variable. Based on this, the Employee Performance variable also falls under the category of a very strong relationship. This indicates that Employee Performance is influenced by Leadership, Capability, and Organizational Culture with a value of 0.989 or 98.9%.

In addition to the variables of Leadership, Capability, and Organizational Culture that influence Employee Performance, there are other factors amounting to 0.011~(1.000-0.989=0.011~or~1.1%), such as Training, Job Satisfaction, and Employee Engagement.

4.1.3.2. Q-Square

Formula:

 $Q^2 = 1 - (1 - R1)(1 - R2)$

 $Q^2 = 1 - (1 - 0.898)(1 - 0.989)$

 $Q^2 = 1 - (0,102)(0,011)$

 $Q^2 = 0.998$

4.1.3.3. F-Square

Table 7. F-Square Motivation

Variable	F-Square	Conclusion
Leadership	0,122	Small
Capability	0,019	Very Small
Organizational Culture	0,028	Small

Table 8. F-Square Employee Performance

Variable	F-Square	Kesimpulan
Leadership	0,489	Big
Capability	0,011	Very Small
Organizational Culture	0,144	Small
Motivation	0,070	Small

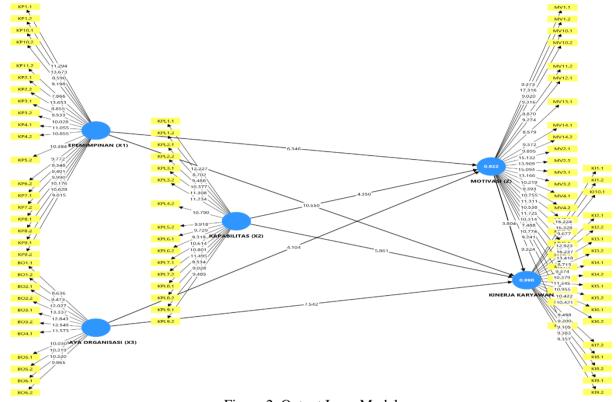


Figure 2. Output Inner Model Source: Processed data by SmartPLS (2025)

4.1.4. Hypothesis Testing Results (Significance Test)

Hypothesis testing using path coefficients and indirect effects:

4.1.4.1. Results of Inner Model Tests of Direct and Indirect Effects

Table 9. Hypothesis Testing Results (Bootstrapping)

Hypothesis	Variable	Original	Sample	Standard	T Statistics	P
		Sample (O)	Mean (M)	Deviation	(O/STDEV)	Values
				(STDEV)		
H1	$KP \rightarrow MV$	1,392	1,402	0,219	6,346	0,000
H2	$KPL \rightarrow MV$	-0,899	-0,904	0,207	4,350	0,000
Н3	$BO \rightarrow MV$	0,468	0,463	0,114	4,104	0,000
H4	$KP \rightarrow KI$	1,074	1,066	0,102	10,550	0,000
H5	KPL -> KI	-0,557	-0,549	0,095	5,861	0,000
Н6	BO -> KI	0,345	0,332	0,046	7,542	0,000
H7	$MV \rightarrow KI$	0,141	0,153	0,037	3,804	0,000
H8	KP - MV - KI	0,196	0,216	0,064	3,078	0,002
Н9	KPL -MV -	-0,126	-0,138	0,043	2,920	0,004
	KI					

H10	BO - MV - KI	0,066	0,070	0,020	3,359	0,001
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Table 9 above shows the results of hypothesis testing (bootstrapping), with the following explanations:

4.1.4.2. Discussion

4.1.4.2.1. The Influence of Leadership on Motivation

The results of the first hypothesis test show the effect of leadership on motivation, as seen in Table 10. The hypothesis test analysis obtained a value (O) where the path coefficient was 1.392 with a T-statistic value of 6.346 and a P-value of 0.000. This value is greater (>) than the table t value (1.969) and the P value is less (<) than 0.05, meaning that the effect is positive and significant.

Therefore, leadership has a positive and significant effect on motivation in Market XXX (H1 Accepted).

Based on the results of the hypothesis testing and data analysis, it can be concluded that leadership has a positive and significant effect on motivation.

To improve motivation through leadership, the management of Market XXX should do the following: 1) Leadership style: Management needs to apply a participatory or transformational leadership style, where leaders not only direct but also encourage employees to participate in decision-making, provide inspiration, and serve as positive role models; 2) Communication Leaders must be able to build open, two-way, and transparent communication with employees; and 3) Support and development: Leaders need to provide moral and professional support, such as positive feedback, job training, and opportunities for development

If XXX market management can implement leadership, communication, support, and development styles, it will have an impact on employee motivation, including: 1) Intrinsic motivation: Motivation that comes from within employees, such as satisfaction when completing tasks well, feeling useful, and finding meaning in their work. This grows when employees feel valued and emotionally involved by their leaders; 2) Extrinsic motivation Leaders who are fair and transparent in providing incentives or recognition will significantly increase employee work enthusiasm; and 3) Goals and expectations: Leaders who can clearly explain the organization's vision and provide realistic guidance can foster a fighting spirit in the workplace.

The results of this study align with research conducted by (Sitthiwarongchai et al., 2020), which states that leadership has a positive and significant impact on motivation.

4.1.4.2.2. The Influence of Capabilities on Motivation

The results of the second hypothesis test show the effect of capability on motivation, as seen in Table 10. The hypothesis test analysis obtained a value (O) where the path coefficient was -0.899 with a T-statistic value of 4.350 and a P-value of 0.000. This value is greater (>) than the t-table value (1.969) and the P-value is less (<) than 0.05, indicating a positive and significant effect.

Therefore, capability has a positive and significant effect on motivation in Market XXX (H2 Accepted).

Based on the results of the hypothesis testing and data analysis conducted, it can be concluded that capability has a positive and significant effect on motivation.

To improve motivation through capability, the management of Market XXX should do the following: 1) Skills and knowledge: Management needs to ensure that employees have the relevant technical knowledge and skills for their tasks; 2) Adaptability: A dynamic work environment requires employees to be flexible and quick to adapt to changes in systems, technology, and work targets; and 3) Independence Employees who are independent tend to be more motivated because they feel they have control over their work.

If XXX market management can implement skills and knowledge, adaptability, and independence, it will have an impact on employee motivation, including: 1) Intrinsic motivation: High capabilities will make employees feel competent, empowered, and proud of their work achievements This fosters intrinsic motivation, as they find meaning and positive challenges in their work; 2) Extrinsic motivation: With increased capabilities, opportunities for promotion, rewards, incentives, or recognition also increase. This will trigger enthusiasm for work because they see real rewards for their

improved abilities; and 3) Goals and expectations Good capabilities make employees more optimistic about achieving long-term goals. They feel they have the capital to grow, both professionally and personally, and this provides strong motivation to continue advancing in their careers.

The results of this study are in line with research conducted by (Lee, 2023), which states that capabilities have a positive and significant effect on motivation.

4.1.4.2.3. The Influence of Organizational Culture on Motivation

The results of the third hypothesis test show the influence of organizational culture on motivation, as seen in Table 10. The hypothesis test analysis obtained a value (O) where the path coefficient was 0.468 with a T-statistic value of 4.104 and a P-value of 0.000. This value is greater (>) than the t-table value (1.969) and the P-value is less (<) than 0.05, indicating a positive and significant effect.

Therefore, organizational culture has a positive and significant effect on motivation in the XXX market (H3 Accepted).

Based on the results of the hypothesis testing and data analysis conducted, it can be concluded that organizational culture has a positive and significant effect on motivation.

To enhance motivation through organizational culture, the management of the XXX market should implement the following: 1) Values and beliefs: Where organizational values and beliefs reflect the fundamental principles and shared work ethic; 2) Norms and rules: Fair, consistent, and clear work norms create a sense of security and trust within the organization. Rules agreed upon by all can shape positive behavior and avoid conflicts, enabling employees to be more focused, disciplined, and motivated to work productively; and 3) Work environment: An organizational culture that creates a supportive, inclusive, and open work environment encourages employees to feel valued and heard.

If XXX market management can implement values and beliefs, norms and rules, and a work environment, it will have an impact on employee motivation, including: 1) Intrinsic motivation: Employees will feel internally motivated because they work in an environment that aligns with their personal values and feel that their work is meaningful; 2) Extrinsic motivation: A culture that values employee contributions will encourage external recognition such as awards, bonuses, or promotions; and 3) Goals and expectations: A healthy organizational culture provides clear direction and positive future expectations for employees. They feel like they are part of something bigger, giving them long-term motivation to continue growing and contributing.

The results of this study align with research conducted by (Saluy et al., 2022), which states that organizational culture has a positive and significant impact on motivation.

4.1.4.2.4. The Influence of Leadership on Employee Performance

The results of the fourth hypothesis test show the influence of leadership on employee performance, as seen in Table 10. The hypothesis test analysis obtained a value (O) where the path coefficient was 1.074 with a T-statistic value of 10.550 and a P-value of 0.000. This value is greater (>) than the t-table value (1,969) and the P-value is less (<) than 0.05, indicating a positive and significant influence.

Therefore, leadership has a positive and significant influence on employee performance in the XXX market (**H4 Accepted**).

Based on the results of the hypothesis testing and data analysis conducted, it can be concluded that leadership has a positive and significant influence on employee performance.

To improve employee performance through leadership, the management of the XXX market should do the following: 1) Leadership style: The implementation of a transformative or democratic leadership style, where leaders are able to set an example, inspire, and motivate employees to achieve their full potential, will create a conducive and productive work environment; 2) Communication: Open, clear, and two-way communication allows employees to understand work expectations, receive direct feedback, and feel involved in the organizational process; and 3) Support and development: Leaders who provide moral support, work facilities, training, and opportunities for development will encourage employees to become more competent and confident in carrying out their duties.

If XXX market management can implement leadership, communication, support, and development styles, it will have an impact on employee performance, including: 1) Quantity of work: Leaders who are able to manage workloads fairly and provide motivation will encourage employees to

produce a high volume of work within the specified time without neglecting quality; 2) Quality of work: With good guidance and coaching, employees will be able to produce work that is accurate and precise, in accordance with organizational standards; and 3) Timeliness: Disciplined and firm leadership in time management will make employees more compliant with deadlines, more organized, and able to respond to tasks quickly and efficiently.

The results of this study are consistent with research conducted by (Suprayitno, 2024), which states that leadership has a positive and significant impact on employee performance.

4.1.4.2.5. The Influence of Capabilities on Employee Performance

The results of the fifth hypothesis testing show the influence of capabilities on employee performance, as seen in Table 10. The hypothesis test analysis obtained a value (O) where the path coefficient was -0.557 with a T-statistic value of 5.861 and a P-value of 0.000. This value is greater (>) than the t-table value (1.969) and the P-value is less (<) than 0.05, meaning that the effect is positive and significant.

Therefore, capability has a positive and significant effect on employee performance in the XXX market (**H5 Accepted**).

Based on the results of the hypothesis testing and data analysis conducted, it can be concluded that capability has a positive and significant effect on employee performance.

To improve employee performance through capabilities, the following actions should be taken by the management of market XXX: 1) Skills and knowledge: Management needs to provide technical and non-technical training in line with employees' duties and responsibilities. Enhancing work competencies helps employees perform tasks efficiently and effectively; 2) Adaptability: Employees who can adapt to changes in procedures, technology, and market dynamics will be more flexible and less easily hindered; and 3) Independence: Independence encourages employees to act proactively and take responsibility in completing tasks without relying entirely on their superiors.

If XXX market management can apply skills and knowledge, adaptability, and independence, it will have an impact on employee performance, including: 1) Quantity of work: Capable employees tend to complete a larger volume of work because they already have good competencies and work efficiency; 2) Quality of work: High capabilities make employees more thorough, accurate, and able to meet work quality standards. Work errors decrease, and results align better with organizational and customer expectations; and 3) Timeliness: With skills and independence, employees complete tasks faster, avoid delays, and effectively manage their work time.

The findings of this study align with research conducted by (Chatterjee et al., 2023), which states that capabilities have a positive and significant impact on employee performance.

4.1.4.2.6. The Influence of Organizational Culture on Employee Performance

The results of the sixth hypothesis testing show the influence of organizational culture on employee performance, as seen in Table 10. The hypothesis test analysis obtained a value (O) where the path coefficient was 0.345 with a T-statistic value of 7.542 and a P-value of 0.000. This value is greater (>) than the t-table value (1.969) and the P-value is less (<) than 0.05, indicating a positive and significant influence.

Therefore, organizational culture has a positive and significant influence on employee performance in the XXX market (**H6 Accepted**).

Based on the results of the hypothesis testing and data analysis conducted, it can be concluded that organizational culture has a positive and significant influence on employee performance.

To improve employee performance through organizational culture, the management of the XXX market should: 1) Values and beliefs: When these values are understood and consistently implemented, they will form productive, responsible, and results-oriented work behavior; 2) Norms and rules: Clear work norms and fair rules will create certainty and consistency of behavior in the work environment; and 3) Work environment: A healthy, safe, and supportive work environment (both physically and psychologically) will encourage employee morale and loyalty. An environment that is open to ideas and innovation also makes employees more willing to take initiative and contribute actively.

If XXX market management can implement values and beliefs, norms and rules, and a supportive work environment, it will have an impact on employee performance, including: 1) Quantity

of work: A work culture that encourages productivity and efficiency will increase the amount of work that can be completed within a certain period of time; 2) Quality of work: When employees work in a culture that upholds professionalism, honesty, and commitment to quality, the results of their work tend to be more precise, thorough, and in line with organizational standards; and 3) Timeliness: An organizational culture that is disciplined and values time instills habits in employees to complete tasks on time, respect deadlines, and prioritize work according to urgency. This is crucial for maintaining smooth organizational workflow.

The findings of this study align with research conducted by (Abdullahi et al., 2021), which states that organizational culture has a positive and significant impact on employee performance.

4.1.4.2.7. The Effect of Motivation on Employee Performance

The results of the seventh hypothesis test show the effect of motivation on employee performance, as seen in Table 10. The hypothesis test analysis obtained a value (O) where the path coefficient was 0.141 with a T-statistic value of 3.804 and a P-value of 0.000. This value is greater (>) than the t-table value (1.969) and the P-value is less (<) than 0.05, indicating a positive and significant influence.

Therefore, motivation has a positive and significant effect on employee performance in the XXX market (H7 Accepted).

Based on the results of the hypothesis test and data analysis, it can be concluded that motivation has a positive and significant effect on employee performance.

To improve employee performance through motivation, the management of the XXX market should do the following: 1) Intrinsic motivation: Intrinsic motivation comes from within the employee, such as pride in completing a task, a desire to grow, and personal satisfaction; 2) Extrinsic motivation: Management must ensure that the reward and compensation system aligns with employee contributions; and 3) Goals and expectations: Employees perform better when they have clear work objectives and realistic expectations regarding the outcomes of their work.

If XXX market management can implement intrinsic motivation, extrinsic motivation, goals, and expectations, it will have an impact on employee performance, including: 1) Quantity of work: Motivated employees will have high work enthusiasm and drive to complete more work in the time available. They tend to be proactive and take on more responsibility; 2) Quality of work: Motivation also contributes to increased accuracy, caution, and seriousness in work, resulting in neater work, fewer mistakes, and compliance with organizational standards; and 3) Timeliness: Motivation makes employees more disciplined and organized, so that work is completed on schedule or even faster.

The results of this study are in line with research conducted by (Kuswati, 2020), which states that motivation has a positive and significant effect on employee performance.

4.1.4.2.8. The Influence of Leadership on Employee Performance through Motivation

The results of the eighth hypothesis testing show the influence of leadership on employee performance through motivation, as seen in Table 10. The results of the hypothesis test analysis obtained a value (O) where the path coefficient was 0.196 with a T-statistic value of 3.078 and a P-value of 0.002. This value is greater (>) than the t-table value (1.969) and the P-value is less (<) than 0.05, indicating a positive and significant effect.

Therefore, leadership has a positive and significant effect on employee performance through motivation in the XXX market (H8 Accepted).

Based on the results of the hypothesis testing and data analysis conducted, it can be concluded that leadership has a positive and significant effect on employee performance through motivation.

To improve employee performance through motivation and leadership, the management of the XXX market should take the following actions: 1) Intrinsic motivation: Leaders must be able to stimulate motivation from within employees, such as pride in achievements, desire to learn, and personal commitment to tasks; 2) Extrinsic motivation: Management must provide fair and transparent incentives, such as bonuses, allowances, or awards, as well as an objective performance appraisal system; 3) Goals and expectations: Employees work more optimally when they understand the organization's goals and concrete expectations for their roles; 4) Leadership style: Transformative and participatory leadership styles are very effective in promoting motivation; 5) Communication: Open, clear, and two-way communication promotes motivation because employees feel heard and valued; and

6) Support and development: Leaders need to provide moral and technical support, as well as opportunities for training, career development, or coaching.

If XXX market management can implement intrinsic motivation, extrinsic motivation, goals and expectations, leadership style, communication, support and development, it will have an impact on employee performance, including: 1) Quantity of work: Effective motivation and leadership encourage employees to be more productive. They tend to complete more tasks within a certain time frame because they feel focused and valued; 2) Quality of work: With support and motivation, employees work more carefully and with dedication. They strive to achieve optimal results in accordance with organizational standards; and 3) Timeliness: Employees who are motivated and well-led are more disciplined in completing tasks on schedule. They understand the importance of time and strive to maintain their professional reputation.

The findings of this study align with research conducted by (Saluy et al., 2022), which states that leadership has a positive and significant impact on employee performance through motivation.

4.1.4.2.9. The Influence of Capability on Employee Performance through Motivation

The results of the ninth hypothesis testing show the influence of capability on employee performance through motivation, as seen in Table 10. The hypothesis test analysis obtained a value (O) where the path coefficient was -0.126 with a T-statistic value of 2.920 and a P-value of 0.004. This value is greater (>) than the t-table value (1.969) and the P-value is less than (<) 0.05, indicating a positive and significant effect.

Therefore, capability has a positive and significant effect on employee performance through motivation in the XXX market (H9 Accepted).

Based on the results of the hypothesis testing and data analysis conducted, it can be concluded that capability has a positive and significant effect on employee performance through motivation.

To improve employee performance through motivation and capability, the management of Market XXX should implement the following: 1) Intrinsic motivation: Encouraging employees to work from within, such as feeling satisfied when completing tasks, self-development, and emotional involvement in work; 2) Extrinsic motivation: Providing rewards, benefits, promotions, or formal recognition from superiors can encourage employees to continue developing their capabilities; 3) Goals and expectations: Employees will be motivated if they have direction and know what the organization expects of them; 4) Skills and knowledge: Management must provide training, workshops, or mentoring to improve employees' hard and soft skills; 5) Adaptability: Training on adaptation to technology, new policies, and market conditions is necessary to keep employees relevant and on track in their work; and 6) Independence: Encouraging employees to be independent in making decisions or solving problems will increase their critical thinking and responsibility.

If XXX market management can implement intrinsic motivation, extrinsic motivation, goals and expectations, skills and knowledge, adaptability, and independence, it will have an impact on employee performance, including: 1) Quantity of work: High capabilities and strong motivation enable employees to complete more tasks efficiently; 2) Quality of work: With adequate skills and strong internal and external motivation, employees will produce work that is neater, more accurate, and in line with organizational quality standards; and 3) Timeliness: Motivation and capabilities also encourage employees to complete work on time.

The results of this study are in line with research conducted by (Bastari et al., 2020), which states that capabilities have a positive and significant effect on employee performance through motivation.

4.1.4.2.10. The Influence of Organizational Culture on Employee Performance through Motivation

The results of the tenth hypothesis test show the influence of organizational culture on employee performance through motivation, as seen in Table 10. The hypothesis test analysis obtained a value (O) where the path coefficient was 0.066 with a T-statistic value of 3.359 and a P-value of 0.001.

This value is greater (>) than the t-table value (1.969) and the P-value is less (<) than 0.05, indicating a positive and significant influence.

Therefore, organizational culture has a positive and significant influence on employee performance through motivation in the XXX market (H10 Accepted).

Based on the results of the hypothesis testing and data analysis conducted, it is concluded that organizational culture has a positive and significant influence on employee performance through motivation.

To improve employee performance through motivation and organizational culture, the management of Market XXX should implement the following: 1) Intrinsic motivation: An organizational culture that values achievements, trust, and participation will encourage intrinsic motivation among employees; 2) Extrinsic motivation: An organizational culture that is fair and transparent in providing rewards, promotions, and incentives will increase employee morale; 3) Goals and expectations: An organizational culture that aligns the company's vision and mission with individual goals will provide clear direction for employees; 4) Values and beliefs: An organizational culture instilled through values such as honesty, responsibility, and teamwork will create a positive and supportive work environment; 5) Norms and rules: Work norms that are respected by all serve as guidelines for employee behavior, which in turn improves discipline and work productivity; and 6) Work environment: Organizational culture is also reflected in a clean, safe, and comfortable work environment. An environment that supports the physical and psychological well-being of employees will foster positive motivation and increase work effectiveness.

If XXX market management can implement intrinsic motivation, extrinsic motivation, goals and expectations, values and beliefs, norms and rules, and work environment, it will have an impact on employee performance, including: 1) Quantity of work: Motivation derived from a healthy work culture will make employees more enthusiastic and productive, resulting in a significant increase in the number of tasks completed; 2) Quality of work: An organizational culture that instills quality standards and integrity will produce employees who are meticulous, professional, and concerned about the results of their work; and 3) Timeliness: Employees motivated in a disciplined and structured cultural environment will be more time-conscious and able to complete tasks by the set deadlines, reducing delays and improving operational efficiency.

The results of this study align with research conducted by (Saluy et al., 2022), which states that organizational culture has a positive and significant impact on employee performance through motivation.

5. Conclusion

5.1. Conclusion

Based on the problem formulation, research hypothesis, results, and discussion above, the conclusions of the research conducted in the XXX market are as follows: 1) Leadership has a positive and significant effect on Motivation; 2) Capability has a positive and significant effect on Motivation; 3) Organizational culture has a positive and significant effect on Employee Performance; 5) Capability has a positive and significant effect on Employee Performance; 6) Organizational culture has a positive and significant effect on Employee Performance; 7) Motivation has a positive and significant effect on Employee Performance through Motivation; 9) Capability has a positive and significant effect on Employee Performance through Motivation; and 10) Organizational Culture has a positive and significant effect on Employee Performance through Motivation; and 10) Motivation.

5.2. Limitation

The limitations of this study include the number of respondents, which did not cover the entire population due to the busy nature of work activities at the XXX market. In addition, the study was limited in terms of time, so the researchers analyzed the data based on the amount of data obtained.

5.3. Suggestion

Based on the results of this study, it is recommended that the XXX market should provide motivation, leadership, capabilities, and organizational culture to employees/staff to ensure that employees can participate and be involved in every market activity.

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Analysis of leadership, capabilities, and organizational culture on employee performance through motivation

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Abstract

Purpose: This study examines the influence of leadership, capability, and organizational culture on employee performance through motivation in the Market XXX.

Research Methodology: The method used in this study was descriptive quantitative. The study population consisted of 1,284 employees with a sample of 270 respondents. Primary and secondary data were used in this study. SmartPLS was used as an analytical tool in this study. The tests conducted in this study included the Validity Test, Reliability Test, Inner Model Test, Outer Model Test, and Hypothesis Test.

Results: The method used in this study was descriptive and quantitative. The study population consisted of 1,284 employees with a sample of 270 respondents. Primary and secondary data were used in this study. SmartPLS was used as an analytical tool in this study. The tests conducted in this study included the Validity Test, Reliability Test, Inner Model Test, Outer Model Test, and Hypothesis Test.

Conclusion: Based on the problem formulation, hypothesis, results, and discussion, it can be concluded that in the XXX market: leadership, capability, and organizational culture each have a positive and significant effect on both motivation and employee performance, either directly or indirectly through motivation

Limitations: This study was limited to discussing employee motivation and performance. Generalizations from these findings may be limited by their focus on the XXX market. In addition, although this study used questionnaires/surveys created by the researchers to ensure their relevance, the data used may be subject to bias, such as social desirability or limited disclosure of unfavorable opinions.

Contribution: This study contributes to the understanding of the factors that influence employee motivation and performance, such as leadership, capabilities, and organizational culture.

Novelty: This study adds new insights into other factors that influence employee motivation and performance, particularly in the XXX market. Thus, it can be used as a reference in future literature.

Keywords: Capabilities, Employee Performance, Leadership, Motivation, Organizational Culture

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1. Introduction

Traditional markets are some of the most vital economic centers in Indonesia, especially for the lower-middle class and small-scale traders. These markets serve not only as places for buying and selling, but also as vehicles for social and cultural interaction within the local community. Therefore, market employees' performance is an important factor in ensuring the market's smooth operation and increasing visitor and trader satisfaction (Suryadi, Mayliza, & Ritonga, 2020). However, in recent years, Indonesian market employees have faced serious challenges. The rapid development of modern shopping centers and changes in consumer patterns have forced traditional markets to adapt and remain relevant and competitive. Additionally, suboptimal management and human resource issues have affected the quality of market services and management. As the frontline of service, market employees often face problems related to discipline, motivation, and capabilities that impact their overall performance (Ginny, 2019).

Market employees' performance is not only a matter of technical ability to complete tasks but also relates to how they manage relationships with traders and buyers, provide friendly services, and carry out operational procedures consistently. Effective leadership at the management level is crucial for directing, motivating, and developing employees' potential to achieve optimal results. Additionally, employees' capabilities, including technical and soft skills and knowledge, are crucial to their performance (Susanto, Murdiono, & Susita, 2025). The organizational culture of the market significantly influences employees' behavior and work attitudes. A healthy, supportive culture creates a conducive work atmosphere and increases a sense of togetherness, work ethics, and intrinsic motivation. Conversely, poor culture can lead to low loyalty, enthusiasm, and productivity (Mulya Putri, Fauzi, Saputra, Danaya, & Puspitasari, 2023).

According to 2022 data from the Ministry of Trade of the Republic of Indonesia, more than 14,000 traditional markets are spread across the archipelago, employing hundreds of thousands of people. As many as 35% of traditional markets have experienced a decline in customer visits over the last five years, partly because of suboptimal service, management, and employee performance. The following table illustrates the trend in customer visits to traditional markets in Indonesia over the past five years.



Figure 1. Employee Engagement Index for the Logistics Sector in DKI Jakarta 2023 Source: BPS, 2024

Figure 1 illustrates the trend of visits to traditional markets in Indonesia from 2018 to 2022. The graph illustrates significant fluctuations in the number of visitors to traditional markets over the past five years.

In 2018, approximately 500 million people visited traditional markets, decreasing slightly to 480 million in 2019. A sharp decline occurred in 2020, when the number of visits dropped to 350 million. This drastic decline was likely caused by the pandemic, which restricted activities and raised concerns about shopping in public places. In 2021, there was an increase to 400 million visitors, and this positive trend will continue in 2022, with a total of 430 million visits. This increase may reflect national economic recovery and the public's adaptation to health protocols in public spaces, including traditional markets. While traditional markets have not yet reached pre-pandemic visitation numbers, these data show that they are starting to regain popularity.

However, fluctuations in visitor numbers indicate structural challenges in the management of traditional markets. Market employee performance is one of the key factors in ensuring visitors' comfort, safety, and satisfaction. Without improved performance—through strengthened leadership, enhanced capabilities, and a productive work culture—it will be difficult to maintain or increase visitor numbers in the long term. Therefore, this graph is an important foundation for analyzing the factors that influence the performance of market staff in order to restore the appeal of traditional markets despite competition from modern retail and e-commerce.

1.1. Formulation of the Problem

Based on the background of the above problem, the research questions in this study conducted at XXX Market are as follows: 1) Does leadership have a positive and significant effect on motivation? 2) Does capability have a positive and significant effect on motivation? 3) Does organizational culture have a positive and significant effect on employee performance? 5) Does capability have a positive and significant effect on employee performance? 6) Does organizational culture have a positive and significant effect on employee performance? 7) Does motivation have a positive and significant effect on Employee Performance? 8) Does leadership have a positive and significant effect on Employee Performance through Motivation? 9) Does capability have a positive and significant effect on Employee Performance through Motivation? 10) Does organizational culture have a positive and significant effect on Employee Performance through Motivation?

2. Literature review

Based on the background and problem statement above, the literature review and hypotheses in this study are as follows:

2.1. Employee Performance

Employee performance is the result of work demonstrated by an individual in carrying out their duties and responsibilities based on standards set by the organization, which include aspects of quantity, quality, timeliness, and contribution to the achievement of organizational goals (<u>Susanto, Sawitri, Ali, & Rony, 2024</u>).

The indicators or dimensions included in Employee Performance include: 1) Quantity of work: describes how much work an employee can complete within a certain period of time in accordance with predetermined objectives; 2) Quality of work: refers to the level of accuracy, precision, and quality of work demonstrated by employees in carrying out their duties; and 3) Timeliness: Assesses the ability of employees to complete tasks or projects by the specified deadline (Saputra et al., 2023). Employee Performance Variables have been researched and are relevant to the study conducted by: Mahaputra and Saputra (2024); Mashuri and Kusuma (2023); Widodo, Silitonga, and Ali (2017).

2.2. Motivation

Motivation is the internal or external force that influences a person to act to achieve a specific goal. It can stem from personal needs, rewards, or environmental influences (H Ali, Sastrodiharjo, & Saputra, 2022).

Indicators or dimensions found in motivation include 1) Intrinsic motivation: This refers to drives that originate within the individual, such as personal satisfaction, sense of accomplishment, and professional interest. Employees who are intrinsically motivated tend to be more committed and enthusiastic about completing their tasks; 2) Extrinsic motivation: This includes external factors that influence motivation, such as salary, bonuses, and rewards. Employees who receive adequate rewards are more motivated to achieve targets and improve their performance; 3) Goals and Expectations: Employees with clear, realistic goals tend to be more motivated to work hard. Having measurable and achievable goals provides direction and focus, thereby increasing the motivation to achieve them (Ichdan & Maryani, 2024; Maharani & Saputra, 2021). Motivational variables have been studied and are relevant to the research conducted by: Saputra, Ali, Hadita, Sawitri, and Navanti (2024), Silitonga, Widodo, and Ali (2017), Susanto, Setiawan, Yandi, and Amanda (2023).

2.3. Leadership

Leadership is the ability to influence, direct, and guide individuals or groups to achieve organizational goals through vision, communication, and effective decision-making (Hapzi Ali & Saputra, 2023).

Indicators or dimensions found in leadership include: 1) 1) Leadership Style: The leadership style adopted by managers or leaders can influence employee motivation and performance. For example, participatory leadership can increase employee engagement and create a positive work atmosphere. 2) Communication: The ability of leaders to communicate effectively with their teams is important. Open and transparent communication builds trust and motivates employees to contribute actively. 3) Support and Development: Leaders who provide support and career development opportunities to their employees can increase their motivation and performance. Employees feel valued and have opportunities to grow within the organization (Susanto, Sawitri, Suroso, & Rony, 2023). Leadership variables have been studied and are relevant to the research conducted by: Hasan, Basalamah, Amang, and Bijang (2023); Hubais, Islam, and Atiya (2023); Sanguanwongs and Kritjaroen (2023).

2.4. Capability

Capability refers to the skills, knowledge, and resources possessed by individuals or organizations to perform tasks or achieve goals effectively (Marlina, 2022).

Indicators or dimensions included in capabilities include: 1) Skills and knowledge: Employees with appropriate skills and knowledge are more likely to perform well. Continuous training and skill development are essential to improving employee capabilities; 2) Adaptability: Capabilities also include employees' ability to adapt to changes and new challenges. Employees who can adapt quickly tend to be more productive and handle changing situations well. 3) Independence: Employees who can work independently and take the initiative to complete tasks contribute more to team performance. This independence reflects self-confidence and the ability to make the correct decisions (Borah, Dogbe, Pomegbe, Bamfo, & Hornuvo, 2023; Komakech, Obici, & Mwesigwa, 2021). Capability variables have been studied and are relevant to the research conducted by: Li and Chan (2019); Qiu, Jie, Wang, and Zhao (2020); Wang and Hu (2020).

2.5. Organizational Culture

Organizational culture is a system of values, norms, beliefs, and habits formed and embraced by an organization's members that influences how they think, behave, and interact in the work environment (Susanto, Simarmata, Febrian, Wahdiniawati, & Suryawan, 2024).

Indicators or dimensions found in organizational culture include: 1) Values and beliefs: Organizational culture reflects a company's values and beliefs. These values influence employee behavior and how they interact with one another. A positive culture can increase motivation and performance. 2) Norms and rules: The norms and rules within an organization determine how employees behave and interact. A culture that supports collaboration and innovation encourages employees to work together and share ideas; 3) Work Environment: Organizational culture includes the physical and psychological work environment. A supportive, inclusive, and safe environment increases employees' job satisfaction and motivation, which positively affects performance (Puspita, Nugroho, & Banun, 2020). Organizational

cultural variables have been studied and are relevant to the research conducted by: Al-Alawneh, Othman, and Zaid (2023); Ardansyah and Nasrun (2023); Widodo (2021).

3. Methodology

The method used in this study is descriptive quantitative. The study population consisted of 1,284 employees with a sample size of 270 respondents. The research was conducted at XXX Market. The data used in this study were primary data obtained from questionnaires and secondary data from previous relevant studies. SmartPLS was used as the analytical tool in this study. The tests conducted in this study included the Validity Test, Reliability Test, Inner Model Test, Outer Model Test, and Hypothesis Test.

4. Results and discussions

4.1. Results

In this study, the results include testing of the outer and inner models:

4.1.1. Outer Model of Validity Testing

4.1.1.1. Convergent Validity

If the correlation coefficient is > 1 or = 1, the validity measure is considered high. The table below shows the results of the outer model convergent validity test (*Tahir et al.*, 2023).

Table 1. Convergent Validity Analysis

Item	Leadership	Capability	Organizational Culture	Motivation	Employee Performance	Conclusion
KP1.1	0.783					Valid
KP1.2	0.829					Valid
KP2.1	0.802					Valid
KP2.2	0.752					Valid
KP3.1	0.757					Valid
KP3.2	0.744					Valid
KP4.1	0.715					Valid
KP4.2	0.798					Valid
KP5.2	0.766					Valid
KP6.2	0.724					Valid
KP7.1	0.758					Valid
KP7.2	0.733					Valid
KP8.1	0.774					Valid
KP8.2	0.759					Valid
KP9.1	0.776					Valid
KP9.2	0.703					Valid
KP10.1	0.749					Valid
KP10.2	0.713					Valid
KP11.2	0.719					Valid
KPL1.1		0.794				Valid
KPL1.2		0.749				Valid
KPL2.1		0.752				Valid
KPL2.2		0.750				Valid
KPL3.1		0.725				Valid
KPL3.2		0.805				Valid
KPL4.2		0.773				Valid
KPL5.2		0.724				Valid
KPL6.1		0.769				Valid
KPL6.2		0.739				Valid
KPL7.1		0.776				Valid
KPL7.2		0.767				Valid

KPL8.1	0.779				Valid
KPL8.2	0.713				Valid
KPL9.1	0.749				Valid
KPL9.2	0.713				Valid
BO1.1		0.759			Valid
BO1.2		0.762			Valid
BO2.1		0.773			Valid
BO2.2		0.760			Valid
BO3.1		0.817			Valid
BO3.2		0.721			Valid
BO4.1		0.779			Valid
BO5.1		0.726			Valid
BO5.2		0.771			Valid
BO6.1		0.752			Valid
BO6.2		0.763			Valid
MV1.1			0.822		Valid
MV1.2			0.859		Valid
MV2.1			0.793		Valid
MV2.2			0.777		Valid
MV3.1			0.812		Valid
MV3.2			0.783		Valid
MV4.1			0.781		Valid
MV4.2			0.736		Valid
MV5.1			0.741		Valid
MV5.2			0.727		Valid
MV6.1			0.742		Valid
MV6.2			0.717		Valid
MV7.1			0.737		Valid
MV7.2			0.738		Valid
MV8.1			0.715		Valid
MV8.2			0.732		Valid
MV9.2			0.711		Valid
MV10.1			0.749		Valid
MV10.2			0.736		Valid
MV11.2			0.709		Valid
MV12.1			0.732		Valid
MV13.1			0.731		Valid
MV14.1			0.761		Valid
MV14.2			0.776		Valid
KI1.1				0.865	Valid
KI1.2				0.831	Valid
KI2.1				0.805	Valid
KI2.2				0.847	Valid
KI3.1				0.814	Valid
KI3.2				0.759	Valid
KI4.1				0.764	Valid
KI4.2				0.754	Valid
KI5.1				0.730	Valid
KI5.2				0.798	Valid
KI6.1				0.700	Valid
KI6.2				0.764	Valid
KI7.2				0.721	Valid
KI8.1				0.751	Valid
KI8.2				0.728	Valid

KI9.1	0.762	Valid
KI9.2	0.748	Valid
KI10.1	0.769	Valid

Source: Processed data by SmartPLS (2025)

Based on the output in Table 1, all variables used in this study can be declared valid because each indicator in each variable obtained a loading factor value > 0.60; thus, it can be stated that each variable indicator meets the requirements for research.

4.1.1.2. Discriminant Validity

The next stage was to test the validity of the measurements for the construct. Discriminant validity is tested by looking at the cross-loading output for each research variable. If the value is > 0.5, it is considered valid.

Table 2. Discriminant Validity Analysis

Table 2. I	Discriminant Va	alidity Analysis			
Item	Leadership	Capability	Organizational Culture	Motivation	Employee Performance
KP1.1	0.783	0.745	0.739	0.779	0.805
KP1.2	0.829	0.797	0.790	0.812	0.847
KP10.1	<mark>0.749</mark>	0.749	0.686	0.681	0.706
KP10.2	<mark>0.713</mark>	0.713	0.644	0.661	0.670
KP11.1	<mark>0.638</mark>	0.606	0.577	0.585	0.589
KP11.2	<mark>0.719</mark>	0.688	0.670	0.644	0.679
KP2.1	<mark>0.802</mark>	0.794	0.761	0.771	0.814
KP2.2	<mark>0.752</mark>	0.749	0.759	0.719	0.759
KP3.1	<mark>0.757</mark>	0.752	0.762	0.736	0.764
KP3.2	<mark>0.744</mark>	0.750	0.773	0.741	0.754
KP4.1	<mark>0.715</mark>	0.725	0.760	0.701	0.730
KP4.2	<mark>0.798</mark>	0.805	0.817	0.765	0.798
KP5.1	<mark>0.690</mark>	0.693	0.721	0.689	0.700
KP5.2	<mark>0.766</mark>	0.773	0.779	0.732	0.764
KP6.1	<mark>0.682</mark>	0.684	0.697	0.629	0.679
KP6.2	<mark>0.724</mark>	0.724	0.726	0.687	0.721
KP7.1	<mark>0.758</mark>	0.769	0.771	0.699	0.751
KP7.2	<mark>0.733</mark>	0.739	0.752	0.676	0.728
KP8.1	<mark>0.774</mark>	0.776	0.763	0.700	0.762
KP8.2	<mark>0.759</mark>	0.767	0.703	0.688	0.748
KP9.1	<mark>0.776</mark>	0.779	0.727	0.720	0.769
KP9.2	<mark>0.703</mark>	0.713	0.641	0.639	0.688
KPL1.1	0.802	<mark>0.794</mark>	0.761	0.771	0.814
KPL1.2	0.752	<mark>0.749</mark>	0.759	0.719	0.759
KPL2.1	0.757	<mark>0.752</mark>	0.762	0.736	0.764
KPL2.2	0.744	<mark>0.750</mark>	0.773	0.741	0.754
KPL3.1	0.715	<mark>0.725</mark>	0.760	0.701	0.730
KPL3.2	0.798	<mark>0.805</mark>	0.817	0.765	0.798
KPL4.1	0.690	<mark>0.693</mark>	0.721	0.689	0.700
KPL4.2	0.766	<mark>0.773</mark>	0.779	0.732	0.764
KPL5.1	0.682	<mark>0.684</mark>	0.697	0.629	0.679
KPL5.2	0.724	<mark>0.724</mark>	0.726	0.687	0.721
KPL6.1	0.758	<mark>0.769</mark>	0.771	0.699	0.751
KPL6.2	0.733	<mark>0.739</mark>	0.752	0.676	0.728
KPL7.1	0.774	<mark>0.776</mark>	0.763	0.700	0.762
KPL7.2	0.759	<mark>0.767</mark>	0.703	0.688	0.748
KPL8.1	0.776	<mark>0.779</mark>	0.727	0.720	0.769

KPL8.2	0.703	<mark>0.713</mark>	0.641	0.639	0.688
KPL9.1	0.749	<mark>0.749</mark>	0.686	0.681	0.706
KPL9.2	0.713	<mark>0.713</mark>	0.644	0.661	0.670
BO1.1	0.752	0.749	<mark>0.759</mark>	0.719	0.759
BO1.2	0.757	0.752	<mark>0.762</mark>	0.736	0.764
BO2.1	0.744	0.750	<mark>0.773</mark>	0.741	0.754
BO2.2	0.715	0.725	<mark>0.760</mark>	0.701	0.730
BO3.1	0.798	0.805	<mark>0.817</mark>	0.765	0.798
BO3.2	0.690	0.693	<mark>0.721</mark>	0.689	0.700
BO4.1	0.766	0.773	<mark>0.779</mark>	0.732	0.764
BO4.2	0.682	0.684	<mark>0.697</mark>	0.629	0.679
BO5.1	0.724	0.724	<mark>0.726</mark>	0.687	0.721
BO5.2	0.758	0.769	<mark>0.771</mark>	0.699	0.751
BO6.1	0.733	0.739	<mark>0.752</mark>	0.676	0.728
BO6.2	0.774	0.776	<mark>0.763</mark>	0.700	0.762
MV1.1	0.808	0.802	0.788	0.822	0.816
MV1.2	0.863	0.849	0.835	<mark>0.859</mark>	0.890
MV10.1	0.631	0.633	0.638	<mark>0.749</mark>	0.628
MV10.2	0.613	0.611	0.626	<mark>0.736</mark>	0.611
MV11.1	0.549	0.550	0.555	<mark>0.660</mark>	0.538
MV11.2	0.589	0.591	0.552	<mark>0.709</mark>	0.582
MV12.1	0.626	0.630	0.598	<mark>0.732</mark>	0.619
MV12.2	0.574	0.576	0.526	<mark>0.675</mark>	0.562
MV13.1	0.617	0.614	0.577	0.731	0.586
MV13.2	0.589	0.583	0.536	<mark>0.697</mark>	0.553
MV14.1	0.730	0.725	0.704	<mark>0.761</mark>	0.731
MV14.2	0.770	0.757	0.739	<mark>0.776</mark>	0.771
MV2.1	0.799	0.774	0.764	0.793	0.831
MV2.2	0.800	0.770	0.755	0.777	0.815
MV3.1	0.829	0.797	0.790	0.812	0.847
MV3.2	0.827	0.824	0.784	0.783	0.836
MV4.1	0.783	0.776	0.778	<mark>0.781</mark>	0.790
MV4.2	0.757	0.752	0.762	<mark>0.736</mark>	0.764
MV5.1	0.744	0.750	0.773	<mark>0.741</mark>	0.754
MV5.2	0.754	0.766	0.792	<mark>0.727</mark>	0.765
MV6.1	0.761	0.766	0.787	<mark>0.742</mark>	0.764
MV6.2	0.732	0.738	0.754	<mark>0.717</mark>	0.741
MV7.1	0.743	0.745	0.752	<mark>0.737</mark>	0.743
MV7.2	0.626	0.628	0.655	0.738	0.629
MV8.1	0.576	0.578	0.600	<mark>0.715</mark>	0.581
MV8.2	0.616	0.615	0.631	<mark>0.732</mark>	0.618
MV9.1	0.567	0.568	0.581	<mark>0.689</mark>	0.561
MV9.2	0.576	0.575	0.581	0.711	0.574
KI1.1	0.837	0.825	0.809	0.838	0.865
KI1.2	0.799	0.774	0.764	0.793	<mark>0.831</mark>
KI10.1	0.776	0.779	0.727	0.720	<mark>0.769</mark>
KI10.2	0.703	0.713	0.641	0.639	0.688
KI2.1	0.783	0.745	0.739	0.779	0.805
KI2.2	0.829	0.797	0.790	0.812	<mark>0.847</mark>
KI3.1	0.802	0.794	0.761	0.771	<mark>0.814</mark>
KI3.2	0.752	0.749	0.759	0.719	<mark>0.759</mark>
KI4.1	0.757	0.752	0.762	0.736	<mark>0.764</mark>
KI4.2	0.744	0.750	0.773	0.741	$\frac{0.754}{0.754}$
KI5.1	0.715	0.725	0.760	0.701	0.730
			200		

KI5.2	0.798	0.805	0.817	0.765	<mark>0.798</mark>
KI6.1	0.690	0.693	0.721	0.689	<mark>0.700</mark>
KI6.2	0.766	0.773	0.779	0.732	<mark>0.764</mark>
KI7.1	0.682	0.684	0.697	0.629	<mark>0.679</mark>
KI7.2	0.724	0.724	0.726	0.687	<mark>0.721</mark>
KI8.1	0.758	0.769	0.771	0.699	<mark>0.751</mark>
KI8.2	0.733	0.739	0.752	0.676	<mark>0.728</mark>
KI9.1	0.774	0.776	0.763	0.700	<mark>0.762</mark>
KI9.2	0.759	0.767	0.703	0.688	<mark>0.748</mark>

Based on Table 2, the *cross-loading* values of the indicator statements with their respective variables have obtained *cross-loading* values of > 0.5, compared to the indicator statements on other variables. For example, the variable Leadership (0.783) is higher (>) than Capability (0.745), Organizational Culture (0.739), and Motivation (0.779). Therefore, the results and tests were deemed valid in terms of discriminant validity.

4.1.1.3. AVE Analysis (Average Variance Extracted)

Latent variables explain more than half of the variance in their indicators.

Table 3. AVE Analysis

Variable	Average Variance Extracted (AVE)	
Leadership	0.555	
Capability	0.560	
Organizational Culture	0.573	
Motivation	0.556	
Employee Performance	0.586	

Based on Table 3, the AVE values obtained from the leadership variable were 0.555, capability 0.560, organizational culture 0.573, motivation (0.556), and employee performance 0.586. This indicates that all variables in this study obtained values greater than (>) 0.5, indicating that each variable has good discriminant validity.

4.1.2. Outer Model Reliability Test

4.1.2.1. Composite Reliability

This reliability test is intended to measure how relevant and consistent a respondent is in answering or filling out a questionnaire, in relation to the questionnaire provided.

Table 4. Reliability Composite Analysis

Variable	Composite Reliability Value	Composite Reliability Requirements	Conclusion
Leadership	0.965	> 0,7	Reliable
Capability	0.958	> 0,7	Reliable
Organizational Culture	0.942	> 0,7	Reliable
Motivation	0.972	> 0,7	Reliable
Employee Performance	0.966	> 0,7	Reliable

Based on the test results in Table 4, the composite reliability value of the leadership variable was 0.965, the composite reliability value of capability was 0.958, the composite reliability value of organizational culture was 0.942, the composite reliability value of motivation was 0.972, and the composite reliability value of employee performance was 0.966. These values indicate that the overall reliability of the variables is greater than 0.7, meaning that all variables are considered reliable.

4.1.2.2. Cronbach's Alpha

The reliability test with *composite reliability* can be strengthened with *Cronbach's alpha*. The assessment criteria for variables are that if the value of *Cronbach's alpha* for each variable is > 0.7, it can be declared reliable (Santosa, 2018).

Table 5. Cronbach's Alpha Analysis

Variable	Cronbach's Alpha	
Leadership	0,962	
Capability	0,954	
Organizational Culture	0,932	
Motivation	0,970	
Employee Performance	0,962	

Based on the test results in Table 5, the *Cronbach's alpha* values for leadership, capability was 0.954, the Cronbach's alpha value for organizational culture was 0.932, the Cronbach's alpha value for motivation was 0.970, and employee performance were 0.962, 0.954, 0.932, 0.970, and 0.962, respectively. This indicates that all variables are greater than 0.7; thus, all variables are deemed reliable.

4.1.3. Structural Model Analysis (Inner Model)

This structural model testing aims to determine the relationship or influence between the construct, significant value, and R Square.

4.1.3.1. R-Square

In this testing stage, we analyzed and assessed the extent to which endogenous constructs or variable Y can represent or be explained by exogenous constructs or variable X, based on the results of testing conducted through the coefficient of determination or R-Square (R^2) test.

In this study, there are two endogenous latent variables that have an R^2 value, namely, Work Motivation and Employee Productivity. The expected value of the coefficient of determination (R^2) was between 0 and 1. The closer the value is to 1, the better is the model.

The criteria for calculating the correlation coefficient (R²) are as follows (Pardede & Manurung, 2014):

R = (0-0.199) : Very weak relationship R = (0.2 - 1.000) : Weak Relationship

0,399)

R = (0,4 - Moderate Relationship)

0,599)

R = (0.6 - Strong Relationship)

0,799)

 $R \ge 0, 8$: Very Strong

Relationship

The results of the Coefficient of Determination (R²) test are listed in Table 6.

Table 6. R-Square

Variable	R-Square
Motivation	0,898
Employee Performance	0,989

Based on the data calculation results in the table above, the R-square value of the motivation variable was 0.898 or 89.8%. Because the R-square value is > 0.50, this variable is classified as having a very strong relationship. This indicates that the motivation variable is influenced by Leadership, Capability, and Organizational Culture with an influence value of 0.898 or 89.8%.

In addition to the variables Leadership, Capability, and Organizational Culture that influence motivation, there are other factors with a value of 0.102~(1.000-0.898=0.102) or 10.2%, such as Career Development, Work Environment, and Workload.

Similarly, the second factor yielded an R-squared value of 0.989 or 98.9% for the Employee Performance variable. Based on this, the Employee Performance variable also falls under the category of a very strong relationship. This indicates that Employee Performance is influenced by Leadership, Capability, and Organizational Culture with a value of 0.989 or 98.9%.

In addition to the variables of Leadership, Capability, and Organizational Culture that influence Employee Performance, there are other factors amounting to 0.011 (1.000 - 0.989 = 0.011 or 1.1%), such as Training, Job Satisfaction, and Employee Engagement.

4.1.3.2. Q-Square

Formula:

 $Q^2 = 1 - (1 - R1)(1 - R2)$

 $Q^2 = 1 - (1 - 0.898) (1 - 0.989)$

 $Q^2 = 1 - (0,102)(0,011)$

 $Q^2 = 0.998$

4.1.3.3. F-Square

Table 7. F-Square Motivation

Variable	F-Square	Conclusion
Leadership	0,122	Small
Capability	0,019	Very Small
Organizational Culture	0,028	Small

Table 8. F-Square Employee Performance

Variable	F-Square	Kesimpulan
Leadership	0,489	Big
Capability	0,011	Very Small
Organizational Culture	0,144	Small
Motivation	0,070	Small

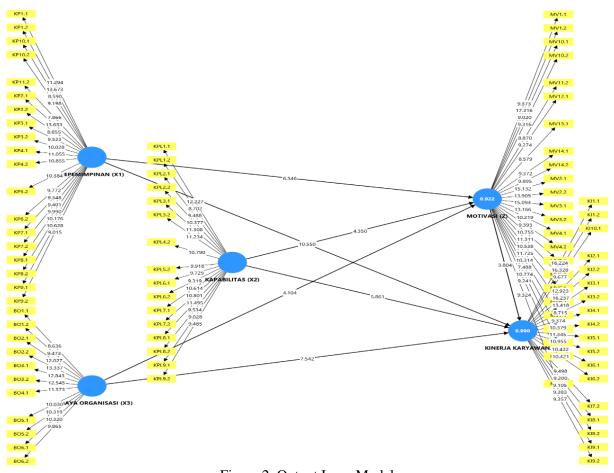


Figure 2. Output Inner Model Source: Processed data by SmartPLS (2025)

4.1.4. Hypothesis Testing Results (Significance Test)

Hypothesis testing using path coefficients and indirect effects

4.1.4.1. Results of Inner Model Tests of Direct and Indirect Effects

Table 9. Hypothesis Testing Results (Bootstrapping)

Hypothesis	Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
H1	KP -> MV	1,392	1,402	0,219	6,346	0,000
H2	$KPL \rightarrow MV$	-0,899	-0,904	0,207	4,350	0,000
Н3	$BO \rightarrow MV$	0,468	0,463	0,114	4,104	0,000
H4	$KP \rightarrow KI$	1,074	1,066	0,102	10,550	0,000
H5	$KPL \rightarrow KI$	-0,557	-0,549	0,095	5,861	0,000
Н6	BO -> KI	0,345	0,332	0,046	7,542	0,000
H7	$MV \rightarrow KI$	0,141	0,153	0,037	3,804	0,000
Н8	KP - MV - KI	0,196	0,216	0,064	3,078	0,002
Н9	KPL -MV - KI	-0,126	-0,138	0,043	2,920	0,004
H10	BO - MV - KI	0,066	0,070	0,020	3,359	0,001

Table 9 shows the results of hypothesis testing (bootstrapping), with the following explanations:

4.2. Discussion

4.2.1. The Influence of Leadership on Motivation

The results of the first hypothesis test show the effect of leadership on motivation, as shown in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was 1.392 with a T-statistic value of 6.346 and a P-value of 0.000. This value is greater (>) than the table t value (1.969), and the P value is less (<) than 0.05, meaning that the effect is positive and significant.

Therefore, leadership has a positive and significant effect on motivation in the XXX market (H1 Accepted). Based on the results of the hypothesis testing and data analysis, it can be concluded that leadership has a positive and significant effect on motivation.

To improve motivation through leadership, the management of Market XXX should do the following: 1) Leadership style: Management needs to apply a participatory or transformational leadership style, where leaders not only direct but also encourage employees to participate in decision-making, provide inspiration, and serve as positive role models; 2) Communication Leaders must be able to build open, two-way, and transparent communication with employees; and 3) Support and development: Leaders need to provide moral and professional support, such as positive feedback, job training, and opportunities for development

If XXX market management can implement leadership, communication, support, and development styles, it will have an impact on employee motivation, including 1) Intrinsic motivation: Motivation that comes from within employees, such as satisfaction when completing tasks well, feeling useful, and finding meaning in their work. This grows when employees feel valued and emotionally involved by their leaders; 2) extrinsic motivation leaders who are fair and transparent in providing incentives or recognition will significantly increase employee work enthusiasm; and 3) goals and expectations: leaders who can clearly explain the organization's vision and provide realistic guidance can foster a fighting spirit in the workplace.

The results of this study align with those of <u>Sitthiwarongchai</u>, <u>Wichayanuparp</u>, <u>Chantakit</u>, <u>and Charoenboon (2020)</u>, who state that leadership has a positive and significant impact on motivation.

4.2.2. The Influence of Capabilities on Motivation

The results of the second hypothesis test show the effect of capability on motivation, as shown in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was -0.899, with a T-statistic value of 4.350 and a P-value of 0.000. This value is greater (>) than the t-table value (1.969), and the P-value is less (<) than 0.05, indicating a positive and significant effect.

Therefore, capability has a positive and significant effect on motivation in the XXX market (**H2 Accepted**). Based on the results of the hypothesis testing and data analysis, it can be concluded that capability has a positive and significant effect on motivation.

To improve motivation through capability, the management of Market XXX should do the following: 1) Skills and knowledge: Management needs to ensure that employees have the relevant technical knowledge and skills for their tasks; 2) Adaptability: A dynamic work environment requires employees to be flexible and quick to adapt to changes in systems, technology, and work targets; and 3) Independent Employees who are independent tend to be more motivated because they feel they have control over their work.

If XXX market management can implement skills and knowledge, adaptability, and independence, it will have an impact on employee motivation, including 1) Intrinsic motivation: high capabilities will make employees feel competent, empowered, and proud of their work achievements. This fosters intrinsic motivation, as they find meaning and positive challenges in their work. 2) Extrinsic motivation: With increased capabilities, opportunities for promotion, rewards, incentives, and recognition also increase. This triggers enthusiasm for work because they see real rewards for their improved abilities;

and 3) Goals and expectations: Good capabilities make employees more optimistic about achieving long-term goals. They feel that they have the capital to grow, both professionally and personally, which provides strong motivation to continue advancing in their careers.

The results of this study are in line with the research conducted by <u>Lee (2023)</u>, which states that capabilities have a positive and significant effect on motivation.

4.2.3. The Influence of Organizational Culture on Motivation

The results of the third hypothesis test show the influence of organizational culture on motivation, as shown in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was 0.468 with a T-statistic value of 4.104 and a P-value of 0.000. This value is greater (>) than the t-table value (1.969), and the P-value is less (<) than 0.05, indicating a positive and significant effect.

Therefore, organizational culture has a positive and significant effect on motivation in the XXX market (H3 Accepted). Based on the results of the hypothesis testing and data analysis, it can be concluded that organizational culture has a positive and significant effect on motivation.

To enhance motivation through organizational culture, the management of the XXX market should implement the following: 1) Values and beliefs: where organizational values and beliefs reflect the fundamental principles and shared work ethic; 2) norms and rules: fair, consistent, and clear work norms create a sense of security and trust within the organization. Rules agreed upon by all can shape positive behavior and avoid conflicts, enabling employees to be more focused, disciplined, and motivated to work productively; 3) Work environment: An organizational culture that creates a supportive, inclusive, and open work environment encourages employees to feel valued and heard.

If XXX market management can implement values and beliefs, norms and rules, and a work environment, it will have an impact on employee motivation, including: 1) Intrinsic motivation: Employees will feel internally motivated because they work in an environment that aligns with their personal values and feel that their work is meaningful; 2) Extrinsic motivation: A culture that values employee contributions will encourage external recognition, such as awards, bonuses, or promotions; and 3) Goals and expectations: A healthy organizational culture provides clear direction and positive future expectations for employees. They feel that they are part of something bigger, giving them long-term motivation to continue growing and contributing.

The results of this study align with the research conducted by <u>Saluy et al. (2022)</u>, which states that organizational culture has a positive and significant impact on motivation.

4.2.4. The Influence of Leadership on Employee Performance

The results of the fourth hypothesis test show the influence of leadership on employee performance, as shown in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was 1.074 with a T-statistic value of 10.550 and a P-value of 0.000. This value is greater (>) than the t-table value (1,969), and the P-value is less (<) than 0.05, indicating a positive and significant influence.

Therefore, leadership has a positive and significant influence on employee performance in the XXX market (**H4 Accepted**). Based on the results of the hypothesis testing and data analysis, it can be concluded that leadership has a positive and significant influence on employee performance.

To improve employee performance through leadership, the management of the XXX market should do the following: 1) Leadership style: the implementation of a transformative or democratic leadership style, where leaders are able to set an example, inspire, and motivate employees to achieve their full potential, will create a conducive and productive work environment; 2) Communication: Open, clear, and two-way communication allows employees to understand work expectations, receive direct feedback, and feel involved in the organizational process; and 3) Support and development: leaders who

provide moral support, work facilities, training, and opportunities for development will encourage employees to become more competent and confident in carrying out their duties.

If XXX market management can implement leadership, communication, support, and development styles, it will have an impact on employee performance, including: 1) Quantity of work: leaders who are able to manage workloads fairly and provide motivation will encourage employees to produce a high volume of work within the specified time without neglecting quality; 2) Quality of work: with good guidance and coaching, employees will be able to produce work that is accurate and precise, in accordance with organizational standards; and 3) Timeliness: Disciplined and firm leadership in time management will make employees more compliant with deadlines, more organized, and able to respond to tasks quickly and efficiently.

The results of this study are consistent with the research conducted by <u>Suprayitno (2024)</u>, which states that leadership has a positive and significant impact on employee performance.

4.2.5. The Influence of Capabilities on Employee Performance

The results of the fifth hypothesis test show the influence of capabilities on employee performance, as seen in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was -0.557 with a T-statistic value of 5.861 and a P-value of 0.000. This value is greater (>) than the t-table value (1.969), and the P-value is less (<) than 0.05, meaning that the effect is positive and significant.

Therefore, capability has a positive and significant effect on employee performance in the XXX market (**H5 Accepted**). Based on the results of the hypothesis testing and data analysis, it can be concluded that capability has a positive and significant effect on employee performance.

To improve employee performance through capabilities, the following actions should be taken by market management XXX: 1) Skills and knowledge: management needs to provide technical and non-technical training in line with employees' duties and responsibilities. Enhancing work competencies helps employees perform tasks efficiently and effectively; 2) Adaptability: Employees who can adapt to changes in procedures, technology, and market dynamics will be more flexible and less easily hindered; and 3) Independence: Independence encourages employees to act proactively and take responsibility for completing tasks without relying entirely on their superiors.

If XXX market management can apply skills and knowledge, adaptability, and independence, it will have an impact on employee performance, including: 1) Quantity of work: Capable employees tend to complete a larger volume of work because they already have good competencies and work efficiency; and 2) Quality of work: High capabilities make employees more thorough, accurate, and able to meet work quality standards. Work errors decrease, and results align better with organizational and customer expectations; 3) Timeliness: With skills and independence, employees complete tasks faster, avoid delays, and effectively manage their work time.

The findings of this study align with the research conducted by <u>Chatterjee, Chaudhuri, Vrontis, and Giovando (2023)</u>, which states that capabilities have a positive and significant impact on employee performance.

4.2.6. The Influence of Organizational Culture on Employee Performance

The results of the sixth hypothesis test show the influence of organizational culture on employee performance, as seen in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was 0.345 with a T-statistic value of 7.542 and a P-value of 0.000. This value is greater (>) than the t-table value (1.969), and the P-value is less (<) than 0.05, indicating a positive and significant influence.

Therefore, organizational culture has a positive and significant influence on employee performance in the XXX market (**H6 Accepted**). Based on the results of the hypothesis testing and data analysis, it can

be concluded that organizational culture has a positive and significant influence on employee performance.

To improve employee performance through organizational culture, the management of the XXX market should: 1) values and beliefs: when these values are understood and consistently implemented, they will form productive, responsible, and results-oriented work behavior; 2) norms and rules: clear work norms and fair rules will create certainty and consistency of behavior in the work environment; and 3) work environment: a healthy, safe, and supportive work environment (both physically and psychologically) will encourage employee morale and loyalty. An environment that is open to ideas and innovation also makes employees more willing to take initiative and actively contribute.

If XXX market management can implement values and beliefs, norms and rules, and a supportive work environment, it will have an impact on employee performance, including: 1) Quantity of work: a work culture that encourages productivity and efficiency will increase the amount of work that can be completed within a certain period of time; 2) Quality of work: when employees work in a culture that upholds professionalism, honesty, and commitment to quality, the results of their work tend to be more precise, thorough, and in line with organizational standards; and 3) Timeliness: an organizational culture that is disciplined and values time instills habits in employees to complete tasks on time, respect deadlines, and prioritize work according to urgency. This is crucial for maintaining a smooth organizational workflow.

The findings of this study align with those of <u>Abdullahi, Raman, and Solarin (2021)</u>, who state that organizational culture has a positive and significant impact on employee performance.

4.2.7. The Effect of Motivation on Employee Performance

The results of the seventh hypothesis test show the effect of motivation on employee performance, as shown in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was 0.141 with a T-statistic value of 3.804 and a P-value of 0.000. This value is greater (>) than the t-table value (1.969), and the P-value is less (<) than 0.05, indicating a positive and significant influence.

Therefore, motivation has a positive and significant effect on employee performance in the XXX market (H7 Accepted). Based on the results of the hypothesis test and data analysis, it can be concluded that motivation has a positive and significant effect on employee performance.

To improve employee performance through motivation, the management of the XXX market should do the following: 1) Intrinsic motivation: Intrinsic motivation comes from within the employee, such as pride in completing a task, a desire to grow, and personal satisfaction; 2) Extrinsic motivation: management must ensure that the reward and compensation system aligns with employee contributions; and 3) Goals and expectations: employees perform better when they have clear work objectives and realistic expectations regarding the outcomes of their work.

If XXX market management can implement intrinsic motivation, extrinsic motivation, goals, and expectations, it will have an impact on employee performance, including 1) Quantity of work: Motivated employees will have high work enthusiasm and drive them to complete more work in the time available. They tend to be proactive and take more responsibility. 2) Quality of work: Motivation also contributes to increased accuracy, caution, and seriousness in work, resulting in neater work, fewer mistakes, and compliance with organizational standards. 3) Timeliness: Motivation makes employees more disciplined and organized so that work is completed on schedule or even faster.

The results of this study are in line with research conducted by <u>Kuswati (2020)</u>, who stated that motivation has a positive and significant effect on employee performance.

4.2.8. The Influence of Leadership on Employee Performance through Motivation

The results of the eighth hypothesis test show the influence of leadership on employee performance through motivation, as seen in Table 10. The results of the hypothesis test analysis obtained a value (O), where the path coefficient was 0.196 with a T-statistic value of 3.078 and a P-value of 0.002. This value is greater (>) than the t-table value (1.969), and the P-value is less (<) than 0.05, indicating a positive and significant effect.

Therefore, leadership has a positive and significant effect on employee performance through motivation in the XXX market (H8 Accepted). Based on the results of the hypothesis testing and data analysis, it can be concluded that leadership has a positive and significant effect on employee performance through motivation.

To improve employee performance through motivation and leadership, the management of the XXX market should take the following actions: 1) Intrinsic motivation: leaders must be able to stimulate motivation from within employees, such as pride in achievements, desire to learn, and personal commitment to tasks; 2) Extrinsic motivation: management must provide fair and transparent incentives, such as bonuses, allowances, or awards, as well as an objective performance appraisal system; 3) Goals and expectations: employees work more optimally when they understand the organization's goals and concrete expectations for their roles; 4) Leadership style: transformative and participatory leadership styles are very effective in promoting motivation; 5) Communication: Open, clear, and two-way communication promotes motivation because employees feel heard and valued; and 6) Support and development: leaders need to provide moral and technical support, as well as opportunities for training, career development, or coaching.

If XXX market management can implement intrinsic motivation, extrinsic motivation, goals and expectations, leadership style, communication, support, and development, it will have an impact on employee performance, including: 1) Quantity of work: Effective motivation and leadership encourage employees to be more productive. They tend to complete more tasks within a certain time frame because they feel focused and valued; 2) Quality of work: With support and motivation, employees work more carefully and with dedication. They strive to achieve optimal results in accordance with organizational standards; 3) Timeliness: Employees who are motivated and well-led are more disciplined in completing tasks on schedule. They understand the importance of time and strive to maintain their professional reputation.

The findings of this study align with research conducted by Saluy et al. (2022), which states that leadership has a positive and significant impact on employee performance through motivation.

4.2.9. The Influence of Capability on Employee Performance through Motivation

The results of the ninth hypothesis test show the influence of capability on employee performance through motivation, as seen in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was -0.126 with a T-statistic value of 2.920 and a P-value of 0.004. This value is greater (>) than the t-table value (1.969), and the P-value is less than (<) 0.05, indicating a positive and significant effect.

Therefore, capability has a positive and significant effect on employee performance through motivation in the XXX market (H9 Accepted). Based on the results of the hypothesis testing and data analysis, it can be concluded that capability has a positive and significant effect on employee performance through motivation.

To improve employee performance through motivation and capability, the management of Market XXX should implement the following: 1) Intrinsic motivation: encouraging employees to work from within, such as feeling satisfied when completing tasks, self-development, and emotional involvement in work; 2) Extrinsic motivation: providing rewards, benefits, promotions, or formal recognition from superiors can encourage employees to continue developing their capabilities; 3) Goals and expectations:

employees will be motivated if they have direction and know what the organization expects of them; 4) Skills and knowledge: management must provide training, workshops, or mentoring to improve employees' hard and soft skills; 5) Adaptability: Training on adaptation to technology, new policies, and market conditions is necessary to keep employees relevant and on track in their work; and 6) Independence: Encouraging employees to be independent in making decisions or solving problems will increase their critical thinking and responsibility.

If XXX market management can implement intrinsic motivation, extrinsic motivation, goals and expectations, skills and knowledge, adaptability, and independence, it will have an impact on employee performance, including: 1) Quantity of work: High capabilities and strong motivation enable employees to complete more tasks efficiently; 2) Quality of work: With adequate skills and strong internal and external motivation, employees will produce work that is neater, more accurate, and in line with organizational quality standards; and 3) Timeliness: Motivation and capabilities encourage employees to complete work on time.

The results of this study are in line with research conducted by <u>Bastari, Eliyana, and Wijayanti (2020)</u>, who state that capabilities have a positive and significant effect on employee performance through motivation.

4.2.10. The Influence of Organizational Culture on Employee Performance through Motivation

The results of the tenth hypothesis test show the influence of organizational culture on employee performance through motivation, as shown in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was 0.066 with a T-statistic value of 3.359 and a P-value of 0.001. This value is greater (>) than the t-table value (1.969), and the P-value is less (<) than 0.05, indicating a positive and significant influence.

Therefore, organizational culture has a positive and significant influence on employee performance through motivation in the XXX market (H10 Accepted). Based on the results of the hypothesis testing and data analysis, it is concluded that organizational culture has a positive and significant influence on employee performance through motivation.

To improve employee performance through motivation and organizational culture, the management of Market XXX should implement the following: 1) Intrinsic motivation: an organizational culture that values achievements, trust, and participation will encourage intrinsic motivation among employees; 2) Extrinsic motivation: an organizational culture that is fair and transparent in providing rewards, promotions, and incentives will increase employee morale; 3) Goals and expectations: an organizational culture that aligns the company's vision and mission with individual goals will provide clear direction for employees; 4) Values and beliefs: an organizational culture instilled through values such as honesty, responsibility, and teamwork will create a positive and supportive work environment; 5) Norms and rules: work norms that are respected by all serve as guidelines for employee behavior, which in turn improves discipline and work productivity; and 6) Work environment: organizational culture is also reflected in a clean, safe, and comfortable work environment. An environment that supports the physical and psychological well-being of employees fosters positive motivation and increases work effectiveness.

If XXX market management can implement intrinsic motivation, extrinsic motivation, goals and expectations, values and beliefs, norms and rules, and the work environment, it will have an impact on employee performance, including: 1) Quantity of work: Motivation derived from a healthy work culture will make employees more enthusiastic and productive, resulting in a significant increase in the number of tasks completed; 2) Quality of work: An organizational culture that instills quality standards and integrity will produce employees who are meticulous, professional, and concerned about the results of their work; and 3) Timeliness: Employees motivated in a disciplined and structured cultural environment will be more time-conscious and able to complete tasks by the set deadlines, reducing delays and improving operational efficiency.

1) The results of this study align with research conducted by Saluy et al. (2022), which states that organizational culture has a positive and significant impact on employee performance through motivation.

5. Conclusion

5.1. Conclusion

Based on the problem formulation, research hypothesis, results, and discussion above, the conclusions of the research conducted in the XXX market are as follows: 1) Leadership has a positive and significant effect on Motivation; 2) Capability has a positive and significant effect on Motivation; 3) Organizational culture has a positive and significant effect on Motivation; 4) Leadership has a positive and significant effect on Employee Performance; 5) Capability has a positive and significant effect on Employee Performance; 7) Motivation has a positive and significant effect on Employee Performance; 8) Leadership has a positive and significant effect on Employee Performance through Motivation; 9) Capability has a positive and significant effect on Employee Performance through Motivation; and 10) Organizational Culture has a positive and significant effect on Employee Performance through Motivation.

5.2. Limitation

The limitations of this study include the number of respondents, which did not cover the entire population owing to the busy nature of work activities at the XXX market. In addition, the study was limited in terms of time; therefore, the researchers analyzed the data based on the amount of data obtained.

5.3. Suggestion

Based on the results of this study, it is recommended that the XXX market provides motivation, leadership, capabilities, and organizational culture to employees/staff to ensure that employees can participate and be involved in every market activity.

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Analysis of leadership, capabilities, and organizational culture on employee performance through motivation

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Abstract 35

Purpose: This study examines the influence of leadership, capability, and organizational culture on employee performance through motivation in the Market XXX.

Research Methodology: The method used in this study was descriptive quantitative. The study population consisted of 1,284 employees with a sample of 270 respondents. Primary and secondary data were used in this study. SmartPLS was used as an analy cal tool in this study. The tests conducted in this study included the Validity Test, Reliability Test, Inner Model Test, Outer Model Test, and Hypothesis Test.

Results: The method used in this study was descriptive and quantitative. The study population consisted of 1,284 employees with a sample of 270 respondents. Primary and secondary data were used in this study. SmartPLS was used as an analytical total this study. The tests conducted in this study included the Validity Test, Reliability Test, Inner Model Test, Outer Model Test, and Hypothesis Test.

Conclusion: Based on the problem formulation, hypothesis, results, and discussion, it can be concluded that in the XXX market: leadership, capability, and organizational culture each have a positive and significant effect on both motivation and employee performance, either directly or indirectly through motivation

Limitations: This study was limited to discussing employee motivation and performance. Generalizations from these findings may be limited by their focus on the XXX market. In addition, although this study used questionnaires/surveys created by the researchers to ensure their relevance, the data used may be subject to bias, such as social desirability or limited disclosure of unfavorable opinions.

Contribution: This study contributes to the understanding 64 f the factors that influence employee motivation and performance, such as leadership, capabilities, and organizational culture.

Novelty: This study adds new insights into other factors that influence employee motivation and performance, particularly in the XXX market. Thus, it can be used as a reference in future literature.

Keywords: Capabilities, Employee Performance, Leadership, Motivation, Organizational Culture

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1. Introduction

Traditional markets are some of the most vital economic centers in Indonesia, especially for the lower-middle class and small-scale traders. These markets serve not only as places for buying and selling, but also as vehicles for social and cultural interaction within the local community. Therefore, market employees' performance is an important factor in ensuring the market's smooth operation and increasing visitor and trader satisfaction (Suryadi, Mayliza, & Ritonga, 57020). However, in recent years, Indonesian market employees have faced serious challenges. The rapid development of modern shopping centers and changes in consumer patterns have forced traditional markets to adapt and remain relevant and competitive. Additionally, suboptimal management and human resource issues have affected the quality of market services and management. As the frontline of service, market employees often face problems related to discipline, motivation, and capabilities that impact their overall performance (Ginny, 2019).

Market employees' performance is not only a matter of technical ability to complete tasks but also relates to how they manage relationships with traders and buyers, provide friendly services, and carry out operational procedures consistently. Effective leadership at the management level is crucial for directing, motivating, and developing employees' potential to achieve optimal results. Additionally, employees' capabilities, including technical and soft skills and knowledge, are crucial to their performance (Susanto, Murdiono, & Susita, 2025). The organizational culture of the market significantly influences employees' behavior and work attitudes. A healthy, supportive culture creates a conducive work atmosphere and increases a sense of togetherness, work ethics, and intrinsic motivation. Conversely, poor culture can lead to low loyalty, enthusiasm, and productivity (Mulya Putri, Fauzi, Saputra, Danaya, & Puspitasari, 2023).

According to 2022 data from the Ministry of Trade of the Republic of Indonesia, more than 14,000 traditional markets are spread across the archipelago, employing hundreds of thousands of people. As many as 35% of traditional markets have experienced a decline in customer visits over the last five years, partly because of suboptimal solice, management, and employee performance. The following table illustrates the trend in customer visits to traditional markets in Indonesia over the past five years.



Figure 1. Employee Engagement Index for the Logistics Sector in DKI Jakarta 2023 Source: BPS, 2024

Figure 1 illustrates the trend of visits to traditional markets in Indonesia from 2018 to 2022. The graph illustrates significant fluctuations in the number of visitors to traditional markets over the past five years.

In 2018, approximately 500 million people visited traditional markets, decreasing slightly to 480 million in 2019. A sharp decline occurred in 2020, when the number of visits dropped to 350 million. This drastic decline was likely caused by the pandemic, which restricted activities and raised concerns about shopping in public places. In 2021, there was an increase to 400 million visitors, and this positive trend will continue in 2022, with a total of 430 million visits. This increase may reflect national economic recovery and the public's adaptation to health protocols in public spaces, including traditional markets. While traditional markets have not yet reached pre-pandemic visitation numbers, these data show that they are starting to regain popularity.

However, fluctuations in visitor numbers indicate structural challenges in the management of traditional markets. Market employee performance is one of the key factors in ensuring visitors' comfort, safety, and satisfaction. Without improved performance—through strengthened leadership, enhanced capabilities, and a productive work culture—it will b60 fficult to maintain or increase visitor numbers in the long term. Therefore, this graph is an important foundation for analyzing the factors that influence the performance of market staff in order to restore the appeal of traditional markets despite competition from modern retail and e-commerce.

🔞. Formulation of the Problem

Based on the background of the above prosem, the research questions in this study conducted at XXX Market arc 5s follows: 1) Does leadership have a positive and significant effect on motivation? 25 Does capability have a positive and significant effect on motivation? 35 Does organizational culture have a positive and significant effect on motivation? 4) 5 Does leadership have a positive and significant effect on employee performance? 5) Does capability have a positive and significant effect on employee performance? 6) Does organizational culture have a positive and significant effect on employee performance? 7) 5 Does motivation have a positive and significant effect on Employee Performance? 8) Does leadership h 5 e a positive and significant effect on Employee Performance through Motivation? 9) Does capability have a positive and significant effect on Employee Performance through Motivation? 10) Does organizational culture have a positive and significant effect on Employee Performance through Motivation?

2. Litera 62 re review

Based on the background and problem statement above, the literature review and hypotheses in this study are as follows:

2.1. Employee Performance

Employee performance is the result of work demonstrated by an individual in carrying out their duties and responsibilities based on standards set by the organization, which include aspects of quantity, quality, timeliness, and contribution to the achievement of organizational goals (Susanto, Sawitri, Ali, & Rony, 2024). The indicators or dimensions included in Employee Performance include: 1) Quantity of work: describes how much work an employee can complete within a certain period of time in accordance with predetermined objectives; 2) Quality of work: refers to the level of accuracy, precision, and quality of work demonstrated by employees in carrying out their duties; and 3) Timeliness: Assesses the ability of employees to complete tasks or projects by the specified deadline (Saputra et al., 2023). Employee Performance Variables have been researched and are relevant to the study conducted by: Mahaputra and Saputra (2024): Mashuri and Kusuma (2023); Widodo, Silitonga, and Ali (2017).

2.2. Motivation

Motivation is the internal or external force that influences a person to act to achieve a specific goal. It can stem from personal needs, rewards, or environmental influences (H Ali, Sastrodiharjo, & Saputra, 2022). Indicators or dimensions found in motivation include 1) Intrinsic motivation: This refers to drives that originate within the individual, such as personal satisfaction, sense of accomplishment, and professional interest. Employees who are intrinsically motivated tend to be more committed and enthusiastic about completing their tasks; 2) Extrinsic motivation: This includes external factors that influence motivation, such as salary, bonuses, and rewards. Employees who receive adequate rewards

are more motivated to achieve targets and improve their performance; 3) Goals and Expectations: Employees with clear, realistic goals tend to be more motivated to work hard. Having measurable and achievable goals provides direction and focus, thereby increasing the motivation to achieve them (Ichdan & Maryani, 2024; Maharani & Saputra, 2021). Motivational variables have been studied and are relevant to the research conducted by: Saputra, Ali, Hadita, Sawitri, and Navanti (2024), Silitonga, Widodo, and Ali (2017), Susanto, Setiawan, Yandi, and Amanda (2023).

📆. Leadership

Leadership is the ability to influence, direct, and guide individuals or groups to achieve organizational goals through vision, communication, and effective decision-making (Hapzi Ali & Saputra, 2023). Indicators or dimensions found in leadership include: 1) 1) Leadership Style: The leadership style adopted by managers or leaders can influence employee motivation and performance. For example, participatory leadership can increase employee engagement and create a positive work atmosphere. 2) Communication: The ability of leaders to communicate effectively with their teams is important. Open and transparent communication builds trust and motivates employees to contribute actively. 3) Support and Development: Leaders who provide support and career development opportunities to their employees can increase their motivation and performance. Employees feel valued and have opportunities to grow within the organization (Susanto, Sawitri, Suroso, & Rony, 2023). Leadership variables have been studied and are relevant to the research conducted by: Hasan, Basalamah, Amang, and Bijang (2023); Hubais, Islam, and Atiya (2023); Sanguanwongs and Kritjaroen (2023).

2.4. Capability

Capability refers to the skills, knowledge, and resources possessed by individuals or organizations to perform tasks or achieve goals effectively (Marlina, 2022). Indicators or dimensions included in capabilities include: 1) Skills and knowledge: Employees with appropriate skills and knowledge are more likely to perform well. Continuous training and skill development are essential to improving employee capabilities; 2) Adaptability: Capabilities also include employees' ability to adapt to changes and new challenges. Employees who can adapt quickly tend to be more productive and handle changing situations well. 3) Independence: Employees who can work independently and take the initiative to complete tasks contribute more to team performance. This independence reflects self-confidence and the ability to make the correct decisions (Borah, Dogbe, Pomegbe, Bamfo, & Homuvo, 2023; Komakech, Obici, & Mwesigwa, 2021). Capability variables have been studied and are relevant to the research conducted by: Li and Chan (2019); Qiu, Jie, Wang, and Zhao (2020); Wang and Hu (2020).

2.5. Organizational Culture

Organizational culture is a system of values, norms, beliefs, and habits formed and embraced by an organization's members that influences how they think, behave, and interact in the work environment (Susanto, Simarmata, Febrian, Wahdiniawati, & Suryawan, 2024). Indicators or dimensions found in organizational culture include: 1) Values and beliefs: Organizational culture reflects a company's values and beliefs. These values influence employee behavior and how they interact with one another. A positive culture can increase motivation and performance. 2) Norms and rules: The norms and rules within an organization determine how employees behave and interact. A culture that supports collaboration and innovation encourages employees to work together and share ideas; 3) Work Environment: Organizational culture includes the physical and psychological work environment. A supportive, inclusive, and safe environment increases employees' job satisfaction and motivation, which positively affects performance (Puspita, Nugroho, & Banun, 2020). Organizational cultural variables have been studied and are relevant to the research conducted by: Al-Alawneh, Othman, and Zaid (2023); Ardansyah and Nasrun (2023); Widodo (2021).

3. Methodology

The method used in this study is descriptive quantitative. The study population consisted of 1,284 employees with a sample size of 270 respondents. The research was conducted at XXX Market. The data used in this study were primary data obtained from questionnaires and secondary data from previous relevant studies. SmartPLS was used as the analytical tool in this study. The tests conducted

in this study included the Validity Test, Reliability Test, Inner Model Test, Outer Model Test, and Hypothesis Test.

4. Results and discussions 4.1. Results

In this study, the results include testing of the outer and inner models:

4.1.1. Outer Model of Validity Testing

4.1.1.1. Convergent Validity

If the selection coefficient is > 1 or = 1, the validity measure is considered high. The table below shows the results of the outer model convergent validity test (<u>Tahir et al.</u>, <u>2023</u>).

Table 1. Convergent Validity Analysis

Item 4	Leadership	Capability	Organizational Culture	Motivation	Employee Performance	Conclusion
KP1.1	0.783					Valid
KP1.2	0.829					Valid
KP2.1	0.802					Valid
KP2.2	0.752					Valid
KP3.1	0.757					Valid
KP3.2	0.744					Valid
KP4.1	0.715					Valid
KP4.2	0.798					Valid
KP5.2	0.766					Valid
KP6.2	0.724					Valid
KP7.1	0.758					Valid
KP7.2	0.733					Valid
KP8.1	0.774					Valid
KP8.2	0.759					Valid
KP9.1	0.776					Valid
KP9.2	0.703					Valid
KP10.1	0.749					Valid
KP10.2	0.713					Valid
KP11.2	0.719					Valid
KPL1.1		0.794				Valid
KPL1.2		0.749				Valid
KPL2.1		0.752				Valid
KPL2.2		0.750				Valid
KPL3.1		0.725				Valid
KPL3.2		0.805				Valid
KPL4.2		0.773				Valid
KPL5.2		0.724				Valid
KPL6.1		0.769				Valid
KPL6.2		0.739				Valid
KPL7.1		0.776				Valid
KPL7.2		0.767				Valid
KPL8.1		0.779				Valid
KPL8.2		0.713				Valid
KPL9.1		0.749				Valid
KPL9.2		0.713				Valid
BO1.1			0.759			Valid
BO1.2			0.762			Valid
BO2.1			0.773			Valid
BO2.2			0.760			Valid

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			3
BO3.25	0.817		Valid
BO3.2	0.721		Valid
BO4.1	0.779		Valid
BO5.1	0.726		Valid
BO5.2	0.771		Valid
BO6.1	0.752		Valid
9O6.2	0.763		Valid
MV1.1	0.8	22	Valid
MV1.2	0.8	59	Valid
MV2.1	0.79		Valid
MV2.2	0.7	77	Valid
MV3.1	0.8	12	Valid
MV3.2	0.73	83	Valid
MV4.1	0.73	81	Valid
MV4.2	0.7	36	Valid
MV5.1	0.74	41	Valid
MV5.2	0.7	27	Valid
MV6.1	0.74		Valid
MV6.2	0.7	17	Valid
MV7.1	0.7	37	Valid
MV7.2	0.7	38	Valid
MV8.1	0.7	15	Valid
MV8.2	0.7	32	Valid
MV9.2	0.7	11	Valid
MV10.1	0.74	49	Valid
MV10.2	0.7	36	Valid
MV11.2	0.7	09	Valid
MV12.1	0.7	32	Valid
MV13.1	0.7	31	Valid
MV14.1	0.7		1/1 lid
N4/14.2	0.7		Valid
KI1.1		0.865	Valid
KI1.2		0.831	Valid
KI2.1		0.805	Valid
KI2.2		0.847	Valid
KI3.1		0.814	Valid
KI3.2		0.759	Valid
KI4.1		0.764	Valid
KI4.2		0.754	Valid
KI5.1		0.730	Valid
KI5.2		0.798	Valid
KI6.1		0.700	Valid
KI6.2		0.764	Valid
KI7.2		0.721	Valid
KI8.1		0.751	Valid
KI8.2		0.728	Valid
KI9.1		0.762	Valid
KI9.2		0.748	Valid
KI10.1	N C (2025)	0.769	Valid

Source: Processed data by SmartPLS (2025)

Based on the output in Table 1, all variables used in this study can be declared valid because each indicator in each variable obtained a loading factor value > 0.60; thus, it can be stated that each variable indicator meets the requirements for research.

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4.1.1.2. Discriminant Validity The next stage was to test the validity of the measurements for the construct. Discriminant validity is tested by looking at the cross-loading output for each research variable. If the value is > 0.5, it is considered valid.

Table 2. Discriminant Validity Analysis

	iscriminant Va		Organizational	25.0	Employee
Item	Leadership	Capability	Culture	Motivation	Performance
KP1.1	<mark>0.783</mark>	0.745	0.739	0.779	0.805
KP1.2	<mark>0.829</mark>	0.797	0.790	0.812	0.847
KP10.1	<mark>0.749</mark>	0.749	0.686	0.681	0.706
KP10.2	0.713	0.713	0.644	0.661	0.670
KP11.1	<mark>0.638</mark>	0.606	0.577	0.585	0.589
KP11.2	0.719	0.688	0.670	0.644	0.679
KP2.1	0.802	0.794	0.761	0.771	0.814
KP2.2	0.752	0.749	0.759	0.719	0.759
KP3.1	<mark>0.757</mark>	0.752	0.762	0.736	0.764
KP3.2	0.744	0.750	0.773	0.741	0.754
KP4.1	0.715	0.725	0.760	0.701	0.730
KP4.2	<mark>0.798</mark>	0.805	0.817	0.765	0.798
KP5.1	<mark>0.690</mark>	0.693	0.721	0.689	0.700
KP5.2	<mark>0.766</mark>	0.773	0.779	0.732	0.764
KP6.1	<mark>0.682</mark>	0.684	0.697	0.629	0.679
KP6.2	0.724	0.724	0.726	0.687	0.721
KP7.1	0.758	0.769	0.771	0.699	0.751
KP7.2	0.733	0.739	0.752	0.676	0.728
KP8.1	0.774	0.776	0.763	0.700	0.762
KP8.2	0.759	0.767	0.703	0.688	0.748
KP9.1	0.776	0.779	0.727	0.720	0.769
KP9.2	0.703	0.713	0.641	0.639	0.688
KPL1.1	0.802	0.794	0.761	0.771	0.814
KPL1.2	0.752	0.749	0.759	0.719	0.759
KPL2.1	0.757	0.752	0.762	0.736	0.764
KPL2.2	0.744	0.750	0.773	0.741	0.754
KPL3.1	0.715	0.725	0.760	0.701	0.730
KPL3.2	0.798	0.805	0.817	0.765	0.798
KPL4.1	0.690	0.693	0.721	0.689	0.700
KPL4.2	0.766	0.773	0.779	0.732	0.764
KPL5.1	0.682	0.684	0.697	0.629	0.679
KPL5.2	0.724	0.724	0.726	0.687	0.721
KPL6.1	0.758	0.769	0.771	0.699	0.751
KPL6.2	0.733	0.739	0.752	0.676	0.728
KPL7.1	0.774	0.776	0.763	0.700	0.762
KPL7.1 KPL7.2	0.774	0.776 0.767	0.703	0.688	0.748
KPL7.2 KPL8.1	0.739	0.779	0.727	0.720	0.769
KPL8.2	0.778	0.779	0.641	0.639	0.688
KPL9.1	0.749	0.713	0.686	0.639	0.706
KPL9.1 KPL9.2	0.749	0.749	0.644	0.661	
					0.670
BO1.1	0.752	0.749	0.759	0.719	0.759
BO1.2	0.757	0.752	0.762	0.736	0.764
BO2.1	0.744	0.750	0.773	0.741	0.754
BO2.2	0.715	0.725	0.760	0.701	0.730
BO3.1	0.798	0.805	0.817	0.765	0.798
BO3.2	0.690	0.693	0.721	0.689	0.700
BO4.1	0.766	0.773	<mark>0.779</mark>	0.732	0.764

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25)4.2	0.682	0.684	0.697	0.629	0.679
BO5.1	0.724	0.724	0.726	0.687	0.721
BO5.2	0.758	0.769	0.771	0.699	0.751
BO6.1	0.733	0.739	0.752	0.676	0.728
BO6.2	0.774	0.776	0.763	0.700	0.762
MV1.1	0.808	0.802	0.788	0.822	0.816
39 V1.2	0.863	0.849	0.835	0.859	0.890
MV10.1	0.631	0.633	0.638	0.749	0.628
MV10.2	0.613	0.611	0.626	0.736	0.611
MV11.1	0.549	0.550	0.555	0.660	0.538
MV11.2	0.589	0.591	0.552	0.709	0.582
MV12.1	0.626	0.630	0.598	0.732	0.619
MV12.2	0.574	0.576	0.526	0.675	0.562
MV13.1	0.617	0.614	0.577	0.731	0.586
MV13.2	0.589	0.583	0.536	0.697	0.553
MV14.1	0.730	0.725	0.704	0.761	0.731
IOV14.2	0.770	0.757	0.739	0.776	0.771
MV2.1	0.799	0.774	0.764	0.793	0.831
MV2.2	0.800	0.770	0.755	0.777	0.815
MV3.1	0.829	0.797	0.790	0.812	0.847
MV3.2	0.827	0.824	0.784	0.783	0.836
MV4.1	0.783	0.776	0.778	0.781	0.790
MV4.2	0.757	0.752	0.762	0.736	0.764
MV5.1	0.744	0.750	0.773	0.741	0.754
MV5.2	0.754	0.766	0.792	$\frac{0.741}{0.727}$	0.765
MV6.1	0.761	0.766	0.787	0.742	0.764
MV6.2	0.732	0.738	0.754	0.742	0.741
MV7.1	0.743	0.745	0.752	0.737	0.743
MV7.2	0.626	0.628	0.655	0.738	0.629
MV8.1	0.576	0.578	0.600	0.715	0.581
MV8.2	0.616	0.615	0.631	0.732	0.618
MV9.1	0.567	0.568	0.581	0.689	0.561
MV9.2	0.576	0.575	0.581	0.711	0.574
KI1.1	0.837	0.825	0.809	0.838	0.865
KI1.2	0.799	0.774	0.764	0.793	0.831
KI10.4	0.776	0.779	0.727	0.720	0.769
KI10.2	0.703	0.713	0.641	0.639	0.688
KI2.1	0.783	0.745	0.739	0.779	0.805
KI2.2	0.829	0.797	0.790	0.812	0.847
KI3.1	0.802	0.794	0.761	0.771	0.814
KI3.2	0.752	0.749	0.759	0.719	0.759
KI4.1	0.757	0.752	0.762	0.736	0.764
KI4.2	0.744	0.750	0.773	0.741	0.754
KI5.1	0.715	0.725	0.760	0.701	0.730
KI5.2	0.798	0.805	0.817	0.765	0.798
KI6.1	0.690	0.693	0.721	0.689	0.700
KI6.2	0.766	0.773	0.779	0.732	0.764
KI7.1	0.682	0.684	0.697	0.629	0.679
KI7.2	0.724	0.724	0.726	0.687	0.721
KI8.1	0.758	0.769	0.771	0.699	0.751
KI8.2	0.733	0.739	0.752	0.676	0.728
KI9.1	0.774	0.776	0.763	0.700	0.762
KI9.2	0.759	0.767	0.703	0.688	0.748

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Based on Table 2, the *cross-loading* values of the indicator statements with their respective variables have obtained *cross-loading* values of > 0.5, compared to the indicator statements on other variables. For example, the variable Leadership (0.783) is higher (>) than Capability (0.745), Organizational Culture (0.739), and Motivation (0.779). Therefore, the results and tests were deemed valid in terms of discriminant validity.

4.1.1.3. AVE Analysis (Average Variance Extracted)

Latent variables explain more than half of the variance in their indicators.

Table 3. AVE Analysis

Variable	Average Variance Extracted (AVE)
Leadership	0.555
Capability	0.560
Organizational Culture	0.573
Motivation	0.556
Employee Performance	0.586

Based on Table 3, the AVE values obtained from the leadership variable were 0.555, capability 0.560, organizational culture 0.573, motivation (0.556), and employee performance 0.586. This indicates that all variables in this study obtained values greater than (>) 0.5, indicating that each variable has good discriminant validity.

4.1.2. Outer Model Reliability Test

4.1.2.1. Composite Reliability

This reliability test is intended to measure how relevant and consistent a respondent is in answering or filling out a questionnaire, in relation to the questionnaire provided.

Table 4. Reliability Composite Analysis

Variable	Composite Reliability Value	Composite Reliability Requirements	Conclusion
Leadership	0.965	> 0,7	Reliable
Capability	0.958	> 0,7	Reliable
Organizational Culture	0.942	> 0,7	Reliable
Motivation	0.972	> 0,7	Reliable
Employee Performance	0.966	> 0,7	Reliable

Based on the test results in Table 4, the composite reliability value of the leadership variable was 0.965, the composite reliability value of capability was 0.958, the composite reliability value of organizational culture was 0.942, the composite reliability value of motivation was 0.972, and the composite reliability value of employee performance was 0.966. These values indicate that the overall reliability of the variables is greater than 0.7, meaning that all variables are considered reliable.

4.1.2.2. Cronbach's Alpha

The reliability test with *composite relia* 46 ty can be strengthened with *Cronbach's alpha*. The assessment criteria for variables are that if the value of *Cronbach's alpha* for each variable is > 0.7, it can be declared reliable (Santosa, 2018).

Table 5. Cronbach's Alpha Analysis

Variable	Cronbach's Alpha
Leadership	0,962
Capability	0,954
Organizational Culture	0,932
Motivation	0,970

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Fred on the test results in Table 5, the *Cronbach's alpha* values for capability was 0.954, the *Cronbach's alpha* value for organizational culture was 0.932, the *Cronbach's alpha* value for motivation was 0.970, and employee performance were 0.962, 0.954, 0.932, 0.970, and 0.962, respectively. This indicates that all variables are greater than 0.7; thus, all variables are deemed reliable.

4.1.3. Structural Model Analysis (Inner Model)

This structural model testing aims to determine the relationship or influence between the construct, significant value, and R Square.

4.1.3.1. R-Square

In this testing stage, we analyzed and assessed the extent to which endogenous constructs or variable Y can represent or be explained by exogenous constructs or variable X, based on the results of testing conducted through the coefficient of determination or R-Square (R²) test. In this study, there are two endogenous latent variables that have an R² value, namely, Work Motivation and Employee Productivity. The expected value of the coefficient of determination (R²) was between 0 and 1. The closer the value is to 1, the better is the model.

The criteria for calculating the correlation coefficient (R2) are as follows (Pardede & Manurung, 2014):

 $| \mathbf{i7}^+(0-0.199) |$: Very weak relationship $\mathbb{R} = (0.2 - 0.399)$: Weak Relationship 0.399 : Moderate Relationship 0.599 : Strong Relationship 0.799 : Very Strong Relationship

The results of the Coefficient of Determination (R2) test are listed in Table 6.

Table 6. R-Square

Variable	R-Square
Motivation	0,898
Employee Performance	0,989

Based on the data calculation results in the table above, the R-square value of the motivation variable was 0.898 or 89.8%. Because the R-square value is > 0.50, this variable is classified as having a very strong relationship. This indicates that the motivation variable is influenced by Leadership, Capability, and Organizational Culture with an influence value of 0.898 or 89.8%. In addition to the variables Leadership, Capability, and Organizational Culture that influence motivation, there are other factors with a value of 0.102 (1.000 - 0.898 = 0.102) or 10.2%, such as Career Development, Work Environment, and Workload.

Similarly, the second factor yielded an R-squared value of 0.989 or 98.9% for the Employee Performance variable. Based on this, the Employee Performance variable also falls under the category of a very strong relationship. This indicates that Employee Performance is influenced by Leadership, Capability, and Organizational Culture with a value of 0.989 or 98.9%. In addition to the variables of Leadership, Capability, and Organizational Culture that influence Employee Performance, there are other factors amounting to 0.011 (1.000 – 0.989 = 0.011 or 1.1%), such as Training, Job Satisfaction, and Employee Engagement.

4.1.3.2. Q-Square Formula: $Q^2 = 1 - (1 - R1) (1 - R2)$ $Q^2 = 1 - (1 - 0.898) (1 - 0.989)$ $Q^2 = 1 - (0.102)(0.011)$ $Q^2 = 0.998$

4.1.3.3. F-Square

Table 7. F-Square Motivation

Variable	F-Square	Conclusion
Leadership	0,122	Small
Capability	0,019	Very Small
Organizational Culture	0,028	Small

Table 8. F-Square Employee Performance

racie oi i oquare Employee i ericimanee		
Variable	F-Square	Kesimpulan
Leadership	0,489	Big
Capability	0,011	Very Small
Organizational Culture	0,144	Small
Motivation	0,070	Small

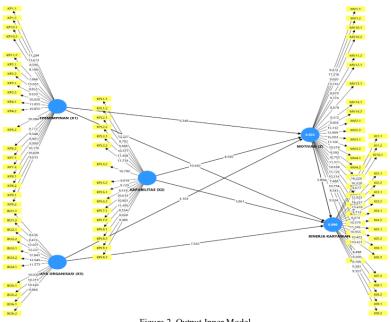


Figure 2. Output Inner Model Source: Processed data by SmartPLS (2025)

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4.1.4. Hypothesis Testing Results (Significance Test)

Hypothesis testing using path coefficients and indirect effects

4.1.4.1. Results of Inner Model Tests of Direct and Indirect Effects

Table 9. Hypothesis Testing Results (Bootstrapping)

Hypothesis	Variable	33 ginal Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
H1	$KP \rightarrow MV$	1,392	1,402	0,219	6,346	0,000
H2	$KPL \rightarrow MV$	-0,899	-0,904	0,207	4,350	0,000
H3	BO -> MV	0,468	0,463	0,114	4,104	0,000
H4	KP -> KI	1,074	1,066	0,102	10,550	0,000
H5	KPL -> KI	-0,557	-0,549	0,095	5,861	0,000
H6	BO -> KI	0,345	0,332	0,046	7,542	0,000
H7	MV -> KI	0,141	0,153	0,037	3,804	0,000
H8	KP - MV - KI	0,196	0,216	0,064	3,078	0,002
Н9	KPL -MV - KI	-0,126	-0,138	0,043	2,920	0,004
H10	BO - MV - KI	0,066	0,070	0,020	3,359	0,001

Table 9 shows the results of hypothesis testing (bootstrapping), with the following explanations:

4.2. Discussion

4.2.1. The Influence of Leadership on Motivation

The results of the first hypothesis test show the effect of leadership on motivation, as shown in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was 1.392 with a T-statistic 22 ue of 6.346 and a P-value of 0.000. This value is greater (>) than the table t value (1.969), and the P 3 lue is less (<) than 0.05, meaning that the effect is positive and significant. Therefore, leadership has a positive and significant effect on motivation in the XXX market (H1 Accepted). Seed on the results of the hypothesis testing and data analysis, it can be concluded that leadership has a positive and significant effect on motivation.

To improve motivation through leadership, the management of Market XXX should do the following: 1) Leadership style: Management needs to apply a participatory or transformational leadership style, where leaders not only direct but also encourage employees to participate in decision-making, provide inspiration, and serve as positive role models; 2) Communication Leaders must be able to build open, two-way, and transparent communication with employees; and 3) Support and development: Leaders need to provide moral and professional support, such as positive feedback, job training, and opportunities for development

If XXX market management can implement leadership, communication, support, and development styles, it will have an impact on employee motivation, including 1) Intrinsic motivation: Motivation that comes from within employees, such as satisfaction when completing tasks well, feeling useful, and finding meaning in their work. This grows when employees feel valued and emotionally involved by their leaders; 2) extrinsic motivation leaders who are fair and transparent in providing incentives or recognition will significantly increase employee work enthusiasm; and 3) goals and expectations: leaders who can clearly explain the organization's vision and provide realistic guidance can foster a fighting spirit in the workplace. The results of this study align with those of Sitthiwarongchai, Wichayanuparp, Chantakit, and Charoenboon (2020), who state that leadership has a positive and significant impact on motivation.

4.2.2. The Influence of Capabilities on Motivation

The results of the second hypothesis test show the effect of capability on motivation, as shown in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was -0.899, with a T-statistic value of 4.350 and a P-value of 0.000. This value is greater (>) than the t-table value (1.969), and the P-value is less (<) than 0.05, indicating a positive and significant effect. Therefore, capability has a positive and significant effect on motivation in the XXX market (H2 Accept2). Based on the results of the hypothesis testing and data analysis, it can be concluded that capability has a positive and significant effect on motivation.

To improve motivation through capability, the management of Market XXX should do the following: 1) Skills and knowledge: Management needs to ensure that employees have the relevant technical knowledge and skills for their tasks; 2) Adaptability: A dynamic work environment requires employees to be flexible and quick to adapt to changes in systems, technology, and work targets; and 3) Independent Employees who are independent tend to be more motivated because they feel they have control over their work.

If XXX market management can implement skills and knowledge, adaptability, and independence, it will have an impact on employee motivation, including 1) Intrinsic motivation: high capabilities will make employees feel competent, empowered, and proud of their work achievements. This fosters intrinsic motivation, as they find meaning and positive challenges in their work. 2) Extrinsic motivation: With increased capabilities, opportunities for promotion, rewards, incentives, and recognition also increase. This triggers enthusiasm for work because they see real rewards for their improved abilities; and 3) Goals and expectations: Good capabilities make employees more optimistic about achieving long-term goals. They feel that they have the capital to grow, both professionally and personally, which provides strong motivation to continue advancing in their careers. The result of this study are in line with the research conducted by Lee (2023), which states that capabilities have a positive and significant effect on motivation.

4.2.3. The Influence of Organizational Cult 65 on Motivation

The results of the third hypothesis test show the influence of organizational culture on motivation, as shown in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was 0.468 with a T-statistic value of 4.104 and a P-value of 0.00 this value is greater (>) than the t-table value (1.969), and the P3 alue is less (<) than 0.05, indicating a positive and significant effect. Therefore, againzational culture has a positive and significant effect on motivation in the XXX market (H3 Accepted). Based on the results of the hypothesis testing and data analysis, it can be concluded that organizational culture has a positive and significant effect on motivation.

To enhance motivation through organizational culture, the management of the XXX market should implement the following: 1) Values and beliefs: where organizational values and beliefs reflect the fundamental principles and shared work ethic; 2) norms and rules: fair, consistent, and clear work norms create a sense of security and trust within the organization. Rules agreed upon by all can shape positive behavior and avoid conflicts, enabling employees to be more focused, discipl 55 d, and motivated to work productively; 3) Work environment: An organizational culture that creates a supportive, inclusive, and open work environment encourages employees to feel valued and heard.

If XXX market management can implement values and beliefs, norms and rules, and a work environment, it will have an impact on employee motivation, including: 1) Intrinsic motivation: Employees will feel internally motivated because they work in an environment that aligns with their personal values and feel that their work is meaningful; 2) Extrinsic motivation: A culture that values employee contributions will encourage external recognition, such as awards, bonuses, or promotions; and 3) Goals and expectations: A healthy organizational culture provides clear direction and positive future expectations for employees. They feel that they are part of something bigger, giving them long-term motivation to continue growing and contributing. The results of this study align with the research conducted by Saluy et al. (2022), which states that organizational culture has a positive and significant impact on motivation.

4.2.4. The Influence of Leadership on Empleme Performance

The results of the fourth hypothesis test show the influence of leadership on employee performance, as shown in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was 1.074 with a T-statistic value of 10.550 and a P-value of 0.000. This value is greater (>) than the t-table value (1,969), and the P-29µe is less (<) than 0.05, indicating a positive and significant influence. Therefore, leadership has a positive and significant influence on employee performance in the XXX market (H4 Accepted). Fosed on the results of the hypothesis testing and data analysis, it can be concluded that leadership has a positive and significant influence on employee performance.

To improve employee performance through leadership, the management of the XXX market should do the following: 1) Leadership style: the implementation of a transformative or democratic leadership style, where leaders are able to set an example, inspire, and motivate employees to achieve their full potential, will create a conducive and productive work environment; 2) Communication: Open, clear, and two-way communication allows employees to understand work expectations, receive direct feedback, and feel involved in the organizational process; and 3) Support and development: leaders who provide moral support, work facilities, training, and opportunities for development will encourage employees to become more competent and confident in carrying out their duties.

If XXX market management can implement leadership, communication, support, and development styles, it will have an impact on employee performance, including: 1) Quantity of work: leaders who are able to manage workloads fairly and provide motivation will encourage employees to produce a high volume of work within the specified time without neglecting quality; 2) Quality of work: with good guidance and coaching, employees will be able to produce work that is accurate and precise, in accordance with organizational standards; and 3) Timeliness: Disciplined and firm leadership in time management will make employed to more compliant with deadlines, more organized, and able to respond to tasks quickly and fifciently. The results of this study are consistent with the research conducted by Suprayimo (2024), which states that leadership has a positive and significant impact on employee performance.

4.2.5. The Influence of Capabilities on Emetyee Performance

The results of the fifth hypothesis test show the influence of capabilities on employee performance, as seen in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was -0.557 with a T-statistic less (S) and a P-value of 0.000. This value is greater (>) than the t-table value (1.969), and the P-value is less (S) than 0.05, meaning that the effect is positive and significant. Therefore, capability has a positive and significant effect on employee performance in the XXX market (H5 Accepted Based on the results of the hypothesis testing and data analysis, it can be concluded that capability has a positive and significant effect on employee performance.

To improve employee performance through capabilities, the following actions should be taken by market management XXX: 1) Skills and knowledge: management needs to provide technical and non-technical training in line with employees' duties and responsibilities. Enhancing work competencies helps employees perform tasks efficiently and effectively; 2) Adaptability: Employees who can adapt to changes in procedures, technology, and market dynamics will be more flexible and less easily hindered; and 3) Independence: Independence encourages employees to act proactively and take responsibility for completing tasks without relying entirely on their superiors.

If XXX market management can apply skills and knowledge, adaptability, and independence, it will have an impact on employee performance, including: 1) Quantity of work: Capable employees tend to complete a larger volume of work because they already have good competencies and work efficiency; and 2) Quality of work: High capabilities make employees more thorough, accurate, and able to meet work quality standards. Work errors decrease, and results align better with organizational and customer expectations; 3) Timeliness: With skills and independence, employees complete tasks faster, avoid delays, and effectively manage their work time. The findings of this study align with the research conducted by Chatterjee, Chaudhuri, Vrontis, and Giovando (2023), which states that capabilities have a positive and significant impact on employee performance.

4.2.6. The Influence of Organizational Cultur 231 Employee Performance

The results of the sixth hypothesis test show the influence of organizational culture on employee performance, as seen in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was 0.345 with a T-statistic value of 7.542 and a P-value of 0.000. This value is greater (>) than the t-table value (1.969), and the P-value is letter (>) than 0.05, indicating a positive and significant influence. Therefore, organizational reluture has a positive and significant influence on employee performance in the XXX market (H6 Accepted). Based on the hypothesis testing and data analysis, it can be concluded that organizational culture has a positive and significant influence on employee performance.

To improve employee performance through organizational culture, the management of the XXX market should: 1) values and beliefs: when these values are understood and consistently implemented, they will form productive, responsible, and results-oriented work behavior; 2) norms and rules: clear work norms and fair rules will create certainty and consistency of behavior in the work environment; and 3) work environment: a healthy, safe, and supportive work environment (both physically and psychologically) will encourage employee morale and loyalty. An environment that is open to ideas and innovation also makes employees more willing to take initiative and actively contribute.

If XXX market management can implement values and beliefs, norms and rules, and a supportive work environment, it will have an impact on employee performance, including: 1) Quantity of work: a work culture that encourages productivity and efficiency will increase the amount of work that can be completed within a certain period of time; 2) Quality of work: when employees work in a culture that upholds professionalism, honesty, and commitment to quality, the results of their work tend to be more precise, thorough, and in line with organizational standards; and 3) Timeliness: an organizational culture that is disciplined and values time instills habits in employees to complete tasks on time, respect deadlines, and prioritize work according to urgency. This is crucial for maintaining a smooth organizational workflow. The findings of this study [5] in with those of Abdullahi, Raman, a [4] Solarin (2021), who state that organizational culture has a positive and significant impact on employee performance.

4.2.7. The Effect of Motivation on Employee P₅₈ormance

The results of the seventh hypothesis test show the effect of motivation on employee performance, as shown in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was 0.141 with a T-statistic value of 3.804 and a P-value of 0.000. This value is greater (>) than the t-table value (1.969), and the P-value is less (<) than 0.05, indicating a positive and significant influence. Therefore, motivation has a positive and significant effect on employee performance in the XXX market (H7 Accep@d). Based on the results of the hypothesis test and data analysis, it can be concluded that motivation has a positive and significant effect on employee performance.

To improve employee performance through motivation, the management of the XXX market should do the following: 1) Intrinsic motivation: Intrinsic motivation comes from within the employee, such as pride in completing a task, a desire to grow, and personal satisfaction; 2) Extrinsic motivation: management must ensure that the reward and compensation system aligns with employee contributions; and 3) Goals and expectations: employees perform better when they have clear work objectives and realistic expectations regarding the outcomes of their work.

If XXX market management can implement intrinsic motivation, extrinsic motivation, goals, and expectations, it will have an impact on employee performance, including 1) Quantity of work: Motivated employees will have high work enthusiasm and drive them to complete more work in the time available. They tend to be proactive and take more responsibility. 2) Quality of work: Motivation also contributes to increased accuracy, caution, and seriousness in work, resulting in neater work, fewer mistakes, and compliance with organizational standards. 3) Timeliness: Motivation makes employees more disciplined and organized so that work is completed on schedule or even faster. The results of this study are in line with research conducted by Kuswati (2020), who stated that motivation has a positive and significant effect on employee performance.

4.2.8. The Influence of Leadership on Employ Performance through Motivation

The results of the eighth has thesis test show the influence of leadership on employee performance through Motivation through motivation, as seen in Table 10. Talresults of the hypothesis test analysis obtained a value (O), where the path coefficient was 0.196 with a T-statistic value of 3.078 and a P-value of 0.002. 211s value is greater (>) than the t-table value (1.969), and the P-value is less (<) than 0.05, indicating a positive and significant effect. Therefore, leadership has a positive and significant effect on employee performance through motivation in the XXX market (H8 Accepted). 2 ased on the results of the hypothesis testing and data analysis, it can be concluded that leadership has a positive and significant effect on employee performance through motivation.

To improve employee performance through motivation and leadership, the management of the XXX market should take the following actions: 1) Intrinsic motivation: leaders must be able to stimulate motivation from within employees, such as pride in achievements, desire to learn, and personal commitment to tasks; 2) Extrinsic motivation: management must provide fair and transparent incentives, such as bonuses, allowances, or awards, as well as an objective performance appraisal system; 3) Goals and expectations: employees work more optimally when they understand the organization's goals and concrete expectations for their roles; 4) Leadership style: transformative and participatory leadership styles are very effective in promoting motivation; 5) Communication: Open, clear, and two-way communication promotes motivation because employees feel heard and valued; and 6) Support and development: leaders need to provide moral and technical support, as well as opportunities for training, career development, or coaching.

If XXX market management can implement intrinsic motivation, extrinsic motivation, goals and expectations, leadership style, communication, support, and development, it will have an impact on employee performance, including: 1) Quantity of work: Effective motivation and leadership encourage employees to be more productive. They tend to complete more tasks within a certain time frame because they feel focused and valued; 2) Quality of work: With support and motivation, employees work more carefully and with dedication. They strive to achieve optimal results in accordance with organizational standards; 3) Timeliness: Employees who are motivated and well-led are more disciplined in completing tasks on schedule. They understand the importance of time and strive to maintain their professional reputation. The findings of this study align with research conducted by Saluy et al. (2022), which states that leadership has a positive and significant impact on employee performance through motivation.

4.2.9. The Influence of Capability on Employe Performance through Motivation

The results of the ninth hypothesis test show the influence of capability on employee performance through motivation, as seer n Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was -0.126 with a T-statistic value of 2.920 and a P-value of 0.004. This 21 ue is greater (>) than the t-table value (1.969), and the P-value is less than (<) 0.05, indicating a positive and significant effect. Therefore, capability has a solitive and significant effect on employee performance through motivation in the XXX market (H9 Accepte 2. Based on the results of the hypothesis testing and data analysis, it can be concluded that capability has a positive and significant effect on employee performance through motivation.

To improve employee performance through motivation and capability, the management of Market XXX should implement the following: 1) Intrinsic motivation: encouraging employees to work from within, such as feeling satisfied when completing tasks, self-development, and emotional involvement in work; 2) Extrinsic motivation: providing rewards, benefits, promotions, or formal recognition from superiors can encourage employees to continue developing their capabilities; 3) Goals and expectations: employees will be motivated if they have direction and know what the organization expects of them; 4) Skills and knowledge: management must provide training, workshops, or mentoring to improve employees' hard and soft skills; 5) Adaptability: Training on adaptation to technology, new policies, and market conditions is necessary to keep employees relevant and on track in their work; and 6) Independence: Encouraging employees to be independent in making decisions or solving problems will increase their critical thinking and responsibility.

If XXX market management can implement intrinsic motivation, extrinsic motivation, goals and expectations, skills and knowledge, adaptability, and independence, it will have an impact on employee performance, including: 1) Quantity of work: High capabilities and strong motivation enable employees to complete more tasks efficiently; 2) Quality of work: With adequate skills and strong internal and external motivation, employees will produce work that is neater, more accurate, and in line with organizational quality standards; and 3) Timeliness: Motivation and capabilities encourage employees to complete work on time. The results of this study are in line with research conducted by Bastari, Eliyana, and Wijayanti (2020), who state that capabilities have a positive and significant effect on employee performance through motivation.

4.2.10. The Influence of Organizational Cultures on Employee Performance through Motivation

The results of the tenth hypothesis test show the influence of organizational culture on employee performance through motivation, as shown in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was 0.066 with a T-statistic value of 3.359 and a P-value of 0.001. This value is greater (>) than the t-table value (1.969), and the P-value is (<) than 0.05, indicating a positive and significant influence. Therefore, organizational culture has a positive and significant influence through motivation in the XXX market (H10 Accepted). Bas 2 on the results of the hypothesis testing and data analysis, it is concluded that organizational culture has a positive and significant influence on employee performance through motivation.

To improve employee performance through motivation and organizational culture, the management of Market XXX should implement the following: 1) Intrinsic motivation: an organizational culture that values achievements, trust, and participation will encourage intrinsic motivation among employees; 2) Extrinsic motivation: an organizational culture that is fair and transparent in prov 441 g rewards, promotions, and incentives will increase employee morale; 3) Goals and expectations: an organizational culture that aligns the company's vision and mission with individual goals will provide clear direction for employees; 4) Values and beliefs: an organizational culture instilled through values such as honesty, responsibility, and teamwork will create a positive and supportive work environment; 5) Norms and rules: work norms that are respected by all serve as guidelines for employee behavior, which in turn improves discipline and work productivity; and 6) Work environment: organizational culture is also reflected in a clean, safe, and comfortable work environment. An environment that supports the physical and psychological well-being of employees fosters positive motivation and increases work effectiveness.

If XXX market management can implement intrinsic motivation, extrinsic motivation, goals and expectations, values and beliefs, norms and rules, and the work environment, it will have an impact on employee performance, including: 1) Quantity of work: Motivation derived from a healthy work culture will make employees more enthusiastic and productive, resulting in a significant increase in the number of tasks completed; 2) Quality of work: An organizational culture that instills quality standards and integrity will produce employees who are meticulous, professional, and concerned about the results of their work; and 3) Timeliness: Employees motivated in a disciplined and structured cultural environment will be more time-conscious and able to complete tasks by the set deadlines, reducing delays and improving operational efficiency. The results of this study align with research conducted by Saluy et al. (2022), which states that organizational culture has a positive and significant impact on employee performance through motivation.

5. Calclusions

5.1. Conclusion

Based on the problem formulation, research hypothesis, results, and discu 23 on above, the conclusions of the research conducted in the XXX market are as follows: 1) Leadership has a positive and significant effect on Motivation; 2) Capability has a positive and significant effect on Motivation; 3) Organizational culture has a positive and significant effect on Motivation; 4) Leadership has a positive and significant effect on Employee Performance; 5) Capability has a positive and significant effect on Employee Performance; 6) Organizational culture has a positive and significant effect on Employee Performance;

7) Motivation has a positive and significant effect on Employee P₄₈ prmance; 8) Leadership has a positive and significant effect on Employee Performance through Motivation; 9) Capability has a positive and 51 pnificant effect on Employee Performance through Motivation; and 10) Organizational Culture has a positive and significant effect on Employee Performance through Motivation.

5.2. Limitations

The limitations of this study include the number of respondents, which did not cover the entire population owing to the busy nature of work activities at the XXX market. In addition, the study was limited in terms of time; therefore, the researchers analyzed the data based on the amount of data obtained.

22. Suggestions

Based on the results of this study, it is recommended that the XXX market provides motivation, leadership, capabilities, and organizational culture to employees/staff to ensure that employees can participate and be involved in every market activity.

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Analysis of leadership, capabilities, and organizational culture on employee performance through motivation

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Abstract

Purpose: This study examines the influence of leadership, capability, and organizational culture on employee performance through motivation in the Market XXX.

Research Methodology: The method used in this study was descriptive quantitative. The study population consisted of 1,284 employees with a sample of 270 respondents. Primary and secondary data were used in this study. SmartPLS was used as an analytical tool in this study. The tests conducted in this study included the Validity Test, Reliability Test, Inner Model Test, Outer Model Test, and Hypothesis Test.

Results: The method used in this study was descriptive and quantitative. The study population consisted of 1,284 employees with a sample of 270 respondents. Primary and secondary data were used in this study. SmartPLS was used as an analytical tool in this study. The tests conducted in this study included the Validity Test, Reliability Test, Inner Model Test, Outer Model Test, and Hypothesis Test.

Conclusion: Based on the problem formulation, hypothesis, results, and discussion, it can be concluded that in the XXX market: leadership, capability, and organizational culture each have a positive and significant effect on both motivation and employee performance, either directly or indirectly through motivation

Limitations: This study was limited to discussing employee motivation and performance. Generalizations from these findings may be limited by their focus on the XXX market. In addition, although this study used questionnaires/surveys created by the researchers to ensure their relevance, the data used may be subject to bias, such as social desirability or limited disclosure of unfavorable opinions.

Contribution: This study contributes to the understanding of the factors that influence employee motivation and performance, such as leadership, capabilities, and organizational culture.

Novelty: This study adds new insights into other factors that influence employee motivation and performance, particularly in the XXX market. Thus, it can be used as a reference in future literature.

Keywords: Capabilities, Employee Performance, Leadership, Motivation, Organizational Culture

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1. Introduction

Traditional markets are some of the most vital economic centers in Indonesia, especially for the lower-middle class and small-scale traders. These markets serve not only as places for buying and selling, but also as vehicles for social and cultural interaction within the local community. Therefore, market employees' performance is an important factor in ensuring the market's smooth operation and increasing visitor and trader satisfaction (Suryadi, Mayliza, & Ritonga, 2020). However, in recent years, Indonesian market employees have faced serious challenges. The rapid development of modern shopping centers and changes in consumer patterns have forced traditional markets to adapt and remain relevant and competitive. Additionally, suboptimal management and human resource issues have affected the quality of market services and management. As the frontline of service, market employees often face problems related to discipline, motivation, and capabilities that impact their overall performance (Ginny, 2019).

Market employees' performance is not only a matter of technical ability to complete tasks but also relates to how they manage relationships with traders and buyers, provide friendly services, and carry out operational procedures consistently. Effective leadership at the management level is crucial for directing, motivating, and developing employees' potential to achieve optimal results. Additionally, employees' capabilities, including technical and soft skills and knowledge, are crucial to their performance (Susanto, Murdiono, & Susita, 2025). The organizational culture of the market significantly influences employees' behavior and work attitudes. A healthy, supportive culture creates a conducive work atmosphere and increases a sense of togetherness, work ethics, and intrinsic motivation. Conversely, poor culture can lead to low loyalty, enthusiasm, and productivity (Mulya Putri, Fauzi, Saputra, Danaya, & Puspitasari, 2023).

According to 2022 data from the Ministry of Trade of the Republic of Indonesia, more than 14,000 traditional markets are spread across the archipelago, employing hundreds of thousands of people. As many as 35% of traditional markets have experienced a decline in customer visits over the last five years, partly because of suboptimal service, management, and employee performance. The following table illustrates the trend in customer visits to traditional markets in Indonesia over the past five years.



Figure 1. Employee Engagement Index for the Logistics Sector in DKI Jakarta 2023 Source: BPS, 2024

Figure 1 illustrates the trend of visits to traditional markets in Indonesia from 2018 to 2022. The graph illustrates significant fluctuations in the number of visitors to traditional markets over the past five years.

In 2018, approximately 500 million people visited traditional markets, decreasing slightly to 480 million in 2019. A sharp decline occurred in 2020, when the number of visits dropped to 350 million. This drastic decline was likely caused by the pandemic, which restricted activities and raised concerns about shopping in public places. In 2021, there was an increase to 400 million visitors, and this positive trend will continue in 2022, with a total of 430 million visits. This increase may reflect national economic recovery and the public's adaptation to health protocols in public spaces, including traditional markets. While traditional markets have not yet reached pre-pandemic visitation numbers, these data show that they are starting to regain popularity.

However, fluctuations in visitor numbers indicate structural challenges in the management of traditional markets. Market employee performance is one of the key factors in ensuring visitors' comfort, safety, and satisfaction. Without improved performance—through strengthened leadership, enhanced capabilities, and a productive work culture—it will be difficult to maintain or increase visitor numbers in the long term. Therefore, this graph is an important foundation for analyzing the factors that influence the performance of market staff in order to restore the appeal of traditional markets despite competition from modern retail and e-commerce.

1.1. Formulation of the Problem

Based on the background of the above problem, the research questions in this study conducted at XXX Market are as follows: 1) Does leadership have a positive and significant effect on motivation? 2) Does capability have a positive and significant effect on motivation? 3) Does organizational culture have a positive and significant effect on employee performance? 5) Does capability have a positive and significant effect on employee performance? 6) Does organizational culture have a positive and significant effect on employee performance? 7) Does motivation have a positive and significant effect on Employee Performance? 8) Does leadership have a positive and significant effect on Employee Performance through Motivation? 9) Does capability have a positive and significant effect on Employee Performance through Motivation? 10) Does organizational culture have a positive and significant effect on Employee Performance through Motivation?

2. Literature review

Based on the background and problem statement above, the literature review and hypotheses in this study are as follows:

2.1. Employee Performance

Employee performance is the result of work demonstrated by an individual in carrying out their duties and responsibilities based on standards set by the organization, which include aspects of quantity, quality, timeliness, and contribution to the achievement of organizational goals (Susanto, Sawitri, Ali, & Rony, 2024). The indicators or dimensions included in Employee Performance include: 1) Quantity of work: describes how much work an employee can complete within a certain period of time in accordance with predetermined objectives; 2) Quality of work: refers to the level of accuracy, precision, and quality of work demonstrated by employees in carrying out their duties; and 3) Timeliness: Assesses the ability of employees to complete tasks or projects by the specified deadline (Saputra et al., 2023). Employee Performance Variables have been researched and are relevant to the study conducted by: Mahaputra and Saputra (2024); Mashuri and Kusuma (2023); Widodo, Silitonga, and Ali (2017).

2.2. Motivation

Motivation is the internal or external force that influences a person to act to achieve a specific goal. It can stem from personal needs, rewards, or environmental influences (H Ali, Sastrodiharjo, & Saputra, 2022). Indicators or dimensions found in motivation include 1) Intrinsic motivation: This refers to drives that originate within the individual, such as personal satisfaction, sense of accomplishment, and professional interest. Employees who are intrinsically motivated tend to be more committed and enthusiastic about completing their tasks; 2) Extrinsic motivation: This includes external factors that influence motivation, such as salary, bonuses, and rewards. Employees who receive adequate rewards

are more motivated to achieve targets and improve their performance; 3) Goals and Expectations: Employees with clear, realistic goals tend to be more motivated to work hard. Having measurable and achievable goals provides direction and focus, thereby increasing the motivation to achieve them (Ichdan & Maryani, 2024; Maharani & Saputra, 2021). Motivational variables have been studied and are relevant to the research conducted by: Saputra, Ali, Hadita, Sawitri, and Navanti (2024), Silitonga, Widodo, and Ali (2017), Susanto, Setiawan, Yandi, and Amanda (2023).

2.3. Leadership

Leadership is the ability to influence, direct, and guide individuals or groups to achieve organizational goals through vision, communication, and effective decision-making (Hapzi Ali & Saputra, 2023). Indicators or dimensions found in leadership include: 1) 1) Leadership Style: The leadership style adopted by managers or leaders can influence employee motivation and performance. For example, participatory leadership can increase employee engagement and create a positive work atmosphere. 2) Communication: The ability of leaders to communicate effectively with their teams is important. Open and transparent communication builds trust and motivates employees to contribute actively. 3) Support and Development: Leaders who provide support and career development opportunities to their employees can increase their motivation and performance. Employees feel valued and have opportunities to grow within the organization (Susanto, Sawitri, Suroso, & Rony, 2023). Leadership variables have been studied and are relevant to the research conducted by: Hasan, Basalamah, Amang, and Bijang (2023); Hubais, Islam, and Atiya (2023); Sanguanwongs and Kritjaroen (2023).

2.4. Capability

Capability refers to the skills, knowledge, and resources possessed by individuals or organizations to perform tasks or achieve goals effectively (Marlina, 2022). Indicators or dimensions included in capabilities include: 1) Skills and knowledge: Employees with appropriate skills and knowledge are more likely to perform well. Continuous training and skill development are essential to improving employee capabilities; 2) Adaptability: Capabilities also include employees' ability to adapt to changes and new challenges. Employees who can adapt quickly tend to be more productive and handle changing situations well. 3) Independence: Employees who can work independently and take the initiative to complete tasks contribute more to team performance. This independence reflects self-confidence and the ability to make the correct decisions (Borah, Dogbe, Pomegbe, Bamfo, & Hornuvo, 2023; Komakech, Obici, & Mwesigwa, 2021). Capability variables have been studied and are relevant to the research conducted by: Li and Chan (2019); Qiu, Jie, Wang, and Zhao (2020); Wang and Hu (2020).

2.5. Organizational Culture

Organizational culture is a system of values, norms, beliefs, and habits formed and embraced by an organization's members that influences how they think, behave, and interact in the work environment (Susanto, Simarmata, Febrian, Wahdiniawati, & Suryawan, 2024). Indicators or dimensions found in organizational culture include: 1) Values and beliefs: Organizational culture reflects a company's values and beliefs. These values influence employee behavior and how they interact with one another. A positive culture can increase motivation and performance. 2) Norms and rules: The norms and rules within an organization determine how employees behave and interact. A culture that supports collaboration and innovation encourages employees to work together and share ideas; 3) Work Environment: Organizational culture includes the physical and psychological work environment. A supportive, inclusive, and safe environment increases employees' job satisfaction and motivation, which positively affects performance (Puspita, Nugroho, & Banun, 2020). Organizational cultural variables have been studied and are relevant to the research conducted by: Al-Alawneh, Othman, and Zaid (2023); Ardansyah and Nasrun (2023); Widodo (2021).

3. Methodology

The method used in this study is descriptive quantitative. The study population consisted of 1,284 employees with a sample size of 270 respondents. The research was conducted at XXX Market. The data used in this study were primary data obtained from questionnaires and secondary data from previous relevant studies. SmartPLS was used as the analytical tool in this study. The tests conducted

in this study included the Validity Test, Reliability Test, Inner Model Test, Outer Model Test, and Hypothesis Test.

4. Results and discussions

4.1. Results

In this study, the results include testing of the outer and inner models:

4.1.1. Outer Model of Validity Testing

4.1.1.1. Convergent Validity

If the correlation coefficient is > 1 or = 1, the validity measure is considered high. The table below shows the results of the outer model convergent validity test (*Tahir et al.*, 2023).

Table 1. Convergent Validity Analysis

Item	Leadership	Capability	Organizational Culture	Motivation	Employee Performance	Conclusion
KP1.1	0.783					Valid
KP1.2	0.829					Valid
KP2.1	0.802					Valid
KP2.2	0.752					Valid
KP3.1	0.757					Valid
KP3.2	0.744					Valid
KP4.1	0.715					Valid
KP4.2	0.798					Valid
KP5.2	0.766					Valid
KP6.2	0.724					Valid
KP7.1	0.758					Valid
KP7.2	0.733					Valid
KP8.1	0.774					Valid
KP8.2	0.759					Valid
KP9.1	0.776					Valid
KP9.2	0.703					Valid
KP10.1	0.749					Valid
KP10.2	0.713					Valid
KP11.2	0.719					Valid
KPL1.1		0.794				Valid
KPL1.2		0.749				Valid
KPL2.1		0.752				Valid
KPL2.2		0.750				Valid
KPL3.1		0.725				Valid
KPL3.2		0.805				Valid
KPL4.2		0.773				Valid
KPL5.2		0.724				Valid
KPL6.1		0.769				Valid
KPL6.2		0.739				Valid
KPL7.1		0.776				Valid
KPL7.2		0.767				Valid
KPL8.1		0.779				Valid
KPL8.2		0.713				Valid
KPL9.1		0.749				Valid
KPL9.2		0.713				Valid
BO1.1			0.759			Valid
BO1.2			0.762			Valid
BO2.1			0.773			Valid
BO2.2			0.760			Valid

BO3.1	0.817		Valid
BO3.2	0.721		Valid
BO4.1	0.779		Valid
BO5.1	0.726		Valid
BO5.2	0.771		Valid
BO6.1	0.752		Valid
BO6.2	0.763		Valid
MV1.1	0.8	322	Valid
MV1.2	0.8	359	Valid
MV2.1	0.7	193	Valid
MV2.2	0.7	777	Valid
MV3.1	0.8	312	Valid
MV3.2	0.7	183	Valid
MV4.1	0.7	' 81	Valid
MV4.2	0.7	'36	Valid
MV5.1	0.7	' 41	Valid
MV5.2	0.7	'27	Valid
MV6.1	0.7	42	Valid
MV6.2	0.7	'17	Valid
MV7.1	0.7	'37	Valid
MV7.2	0.7	738	Valid
MV8.1	0.7	' 15	Valid
MV8.2	0.7	732	Valid
MV9.2	0.7	'11	Valid
MV10.1	0.7	49	Valid
MV10.2	0.7	736	Valid
MV11.2	0.7		Valid
MV12.1	0.7		Valid
MV13.1	0.7		Valid
MV14.1	0.7		Valid
MV14.2	0.7		Valid
KI1.1		0.865	Valid
KI1.2		0.831	Valid
KI2.1		0.805	Valid
KI2.2		0.847	Valid
KI3.1		0.814	Valid
KI3.2		0.759	Valid
KI4.1		0.764	Valid
KI4.2		0.754	Valid
KI5.1		0.730	Valid
KI5.2		0.798	Valid
KI6.1		0.700	Valid
KI6.2		0.764	Valid
KI7.2		0.721	Valid
KI8.1		0.751	Valid
KI8.2		0.728	Valid
KI9.1		0.762	Valid
KI9.2		0.748	Valid
KI10.1		0.769	Valid

Source: Processed data by SmartPLS (2025)

Based on the output in Table 1, all variables used in this study can be declared valid because each indicator in each variable obtained a loading factor value > 0.60; thus, it can be stated that each variable indicator meets the requirements for research.

4.1.1.2. Discriminant Validity

The next stage was to test the validity of the measurements for the construct. Discriminant validity is tested by looking at the cross-loading output for each research variable. If the value is > 0.5, it is considered valid.

Table 2. Discriminant Validity Analysis

Item	Leadership	Capability	Organizational Culture	Motivation	Employee Performance
KP1.1	0.783	0.745	0.739	0.779	0.805
KP1.2	<mark>0.829</mark>	0.797	0.790	0.812	0.847
KP10.1	<mark>0.749</mark>	0.749	0.686	0.681	0.706
KP10.2	<mark>0.713</mark>	0.713	0.644	0.661	0.670
KP11.1	<mark>0.638</mark>	0.606	0.577	0.585	0.589
KP11.2	<mark>0.719</mark>	0.688	0.670	0.644	0.679
KP2.1	0.802	0.794	0.761	0.771	0.814
KP2.2	0.752	0.749	0.759	0.719	0.759
KP3.1	<mark>0.757</mark>	0.752	0.762	0.736	0.764
KP3.2	<mark>0.744</mark>	0.750	0.773	0.741	0.754
KP4.1	0.715	0.725	0.760	0.701	0.730
KP4.2	<mark>0.798</mark>	0.805	0.817	0.765	0.798
KP5.1	0.690	0.693	0.721	0.689	0.700
KP5.2	0.766	0.773	0.779	0.732	0.764
KP6.1	0.682	0.684	0.697	0.629	0.679
KP6.2	0.724	0.724	0.726	0.687	0.721
KP7.1	$\frac{0.758}{0.758}$	0.769	0.771	0.699	0.751
KP7.2	0.733	0.739	0.752	0.676	0.728
KP8.1	$\frac{0.733}{0.774}$	0.776	0.763	0.700	0.762
KP8.2	0.759	0.767	0.703	0.688	0.748
KP9.1	0.776	0.779	0.727	0.720	0.769
KP9.2	0.703	0.713	0.641	0.639	0.688
KPL1.1	0.802	0.713 0.794	0.761	0.771	0.814
KPL1.2	0.752	$\frac{0.774}{0.749}$	0.759	0.719	0.759
KPL2.1	0.757	$\frac{0.752}{0.752}$	0.762	0.736	0.764
KPL2.1	0.737	$\frac{0.752}{0.750}$	0.773	0.741	0.754
KPL3.1	0.715	$\frac{0.730}{0.725}$	0.760	0.701	0.730
KPL3.2	0.713	$\frac{0.725}{0.805}$	0.817	0.765	0.798
KPL4.1	0.690	0.693	0.721	0.689	0.700
KPL4.1	0.766	0.773	0.779	0.732	0.764
KPL5.1	0.780	0.773 0.684	0.697	0.732	0.704
KPL5.1	0.082	0.724	0.726	0.687	0.721
KPL5.2 KPL6.1	0.724	$\frac{0.724}{0.769}$	0.720	0.699	0.751
		0.739			
KPL6.2	0.733		0.752	$0.676 \\ 0.700$	0.728
KPL7.1	0.774	0.776	0.763		0.762
KPL7.2	0.759	0.767	0.703	0.688	0.748
KPL8.1	0.776	0.779	0.727	0.720	0.769
KPL8.2	0.703	0.713	0.641	0.639	0.688
KPL9.1	0.749	0.749	0.686	0.681	0.706
KPL9.2	0.713	0.713	0.644	0.661	0.670
BO1.1	0.752	0.749	0.759	0.719	0.759
BO1.2	0.757	0.752	0.762	0.736	0.764
BO2.1	0.744	0.750	0.773	0.741	0.754
BO2.2	0.715	0.725	0.760	0.701	0.730
BO3.1	0.798	0.805	0.817	0.765	0.798
BO3.2	0.690	0.693	0.721	0.689	0.700
BO4.1	0.766	0.773	<mark>0.779</mark>	0.732	0.764

BO4.2	0.682	0.684	0.697	0.629	0.679
BO5.1	0.724	0.724	<mark>0.726</mark>	0.687	0.721
BO5.2	0.758	0.769	<mark>0.771</mark>	0.699	0.751
BO6.1	0.733	0.739	<mark>0.752</mark>	0.676	0.728
BO6.2	0.774	0.776	<mark>0.763</mark>	0.700	0.762
MV1.1	0.808	0.802	0.788	0.822	0.816
MV1.2	0.863	0.849	0.835	<mark>0.859</mark>	0.890
MV10.1	0.631	0.633	0.638	<mark>0.749</mark>	0.628
MV10.2	0.613	0.611	0.626	<mark>0.736</mark>	0.611
MV11.1	0.549	0.550	0.555	0.660	0.538
MV11.2	0.589	0.591	0.552	0.709	0.582
MV12.1	0.626	0.630	0.598	0.732	0.619
MV12.2	0.574	0.576	0.526	0.675	0.562
MV13.1	0.617	0.614	0.577	0.731	0.586
MV13.2	0.589	0.583	0.536	0.697	0.553
MV14.1	0.730	0.725	0.704	0.761	0.731
MV14.2	0.770	0.757	0.739	0.776	0.771
MV2.1	0.799	0.774	0.764	0.793	0.831
MV2.1 MV2.2	0.800	0.770	0.755	$\frac{0.773}{0.777}$	0.815
MV3.1	0.829	0.797	0.790	0.812	0.847
MV3.1 MV3.2	0.827	0.824	0.784	$\frac{0.312}{0.783}$	0.836
MV4.1	0.783	0.776	0.778	0.783 0.781	0.790
MV4.1 MV4.2	0.783	0.770	0.762	0.736	0.764
MV5.1	0.737	0.750	0.773	0.730 0.741	0.754
MV5.2	0.744	0.766	0.773	$\frac{0.741}{0.727}$	0.765
MV6.1	0.761	0.766	0.787	0.742 0.717	0.764
MV6.2	0.732	0.738	0.754		0.741
MV7.1	0.743	0.745	0.752	0.737	0.743
MV7.2	0.626	0.628	0.655	0.738	0.629
MV8.1	0.576	0.578	0.600	0.715	0.581
MV8.2	0.616	0.615	0.631	0.732	0.618
MV9.1	0.567	0.568	0.581	0.689	0.561
MV9.2	0.576	0.575	0.581	0.711	0.574
KI1.1	0.837	0.825	0.809	0.838	0.865
KI1.2	0.799	0.774	0.764	0.793	0.831
KI10.1	0.776	0.779	0.727	0.720	0.769
KI10.2	0.703	0.713	0.641	0.639	<mark>0.688</mark>
KI2.1	0.783	0.745	0.739	0.779	0.805
KI2.2	0.829	0.797	0.790	0.812	0.847
KI3.1	0.802	0.794	0.761	0.771	<mark>0.814</mark>
KI3.2	0.752	0.749	0.759	0.719	<mark>0.759</mark>
KI4.1	0.757	0.752	0.762	0.736	<mark>0.764</mark>
KI4.2	0.744	0.750	0.773	0.741	<mark>0.754</mark>
KI5.1	0.715	0.725	0.760	0.701	<mark>0.730</mark>
KI5.2	0.798	0.805	0.817	0.765	<mark>0.798</mark>
KI6.1	0.690	0.693	0.721	0.689	<mark>0.700</mark>
KI6.2	0.766	0.773	0.779	0.732	<mark>0.764</mark>
KI7.1	0.682	0.684	0.697	0.629	<mark>0.679</mark>
KI7.2	0.724	0.724	0.726	0.687	<mark>0.721</mark>
KI8.1	0.758	0.769	0.771	0.699	<mark>0.751</mark>
KI8.2	0.733	0.739	0.752	0.676	<mark>0.728</mark>
KI9.1	0.774	0.776	0.763	0.700	<mark>0.762</mark>
KI9.2	0.759	0.767	0.703	0.688	<mark>0.748</mark>

Based on Table 2, the *cross-loading* values of the indicator statements with their respective variables have obtained *cross-loading* values of > 0.5, compared to the indicator statements on other variables. For example, the variable Leadership (0.783) is higher (>) than Capability (0.745), Organizational Culture (0.739), and Motivation (0.779). Therefore, the results and tests were deemed valid in terms of discriminant validity.

4.1.1.3. AVE Analysis (Average Variance Extracted)

Latent variables explain more than half of the variance in their indicators.

Table 3. AVE Analysis

Variable	Average Variance Extracted (AVE)
Leadership	0.555
Capability	0.560
Organizational Culture	0.573
Motivation	0.556
Employee Performance	0.586

Based on Table 3, the AVE values obtained from the leadership variable were 0.555, capability 0.560, organizational culture 0.573, motivation (0.556), and employee performance 0.586. This indicates that all variables in this study obtained values greater than (>) 0.5, indicating that each variable has good discriminant validity.

4.1.2. Outer Model Reliability Test

4.1.2.1. Composite Reliability

This reliability test is intended to measure how relevant and consistent a respondent is in answering or filling out a questionnaire, in relation to the questionnaire provided.

Table 4. Reliability Composite Analysis

	<u> </u>		
Variable	Composite Reliability Value	Composite Reliability Requirements	Conclusion
	Renability value	Requirements	
Leadership	0.965	> 0,7	Reliable
Capability	0.958	> 0,7	Reliable
Organizational Culture	0.942	> 0,7	Reliable
Motivation	0.972	> 0,7	Reliable
Employee Performance	0.966	> 0,7	Reliable

Based on the test results in Table 4, the composite reliability value of the leadership variable was 0.965, the composite reliability value of capability was 0.958, the composite reliability value of organizational culture was 0.942, the composite reliability value of motivation was 0.972, and the composite reliability value of employee performance was 0.966. These values indicate that the overall reliability of the variables is greater than 0.7, meaning that all variables are considered reliable.

4.1.2.2. Cronbach's Alpha

The reliability test with *composite reliability* can be strengthened with *Cronbach's alpha*. The assessment criteria for variables are that if the value of *Cronbach's alpha* for each variable is > 0.7, it can be declared reliable (Santosa, 2018).

Table 5. Cronbach's Alpha Analysis

Variable	Cronbach's Alpha
Leadership	0,962
Capability	0,954
Organizational Culture	0,932
Motivation	0,970

Employee Performance	0,962
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Based on the test results in Table 5, the *Cronbach's alpha* values for leadership, capability was 0.954, the Cronbach's alpha value for organizational culture was 0.932, the Cronbach's alpha value for motivation was 0.970, and employee performance were 0.962, 0.954, 0.932, 0.970, and 0.962, respectively. This indicates that all variables are greater than 0.7; thus, all variables are deemed reliable.

4.1.3. Structural Model Analysis (Inner Model)

This structural model testing aims to determine the relationship or influence between the construct, significant value, and R Square.

4.1.3.1. R-Square

In this testing stage, we analyzed and assessed the extent to which endogenous constructs or variable Y can represent or be explained by exogenous constructs or variable X, based on the results of testing conducted through the coefficient of determination or R-Square (R²) test. In this study, there are two endogenous latent variables that have an R² value, namely, Work Motivation and Employee Productivity. The expected value of the coefficient of determination (R²) was between 0 and 1. The closer the value is to 1, the better is the model.

The criteria for calculating the correlation coefficient (R²) are as follows (Pardede & Manurung, 2014):

R = (0-0.199) : Very weak relationship R = (0.2 - 1.00) : Weak Relationship

0,399)

R = (0,4 - : Moderate Relationship)

0,599)

R = (0,6 - Strong Relationship)

0,799)

 $R \ge 0,8$: Very Strong

Relationship

The results of the Coefficient of Determination (R²) test are listed in Table 6.

Table 6. R-Square

Variable	R-Square
Motivation	0,898
Employee Performar	oce 0,989

Based on the data calculation results in the table above, the R-square value of the motivation variable was 0.898 or 89.8%. Because the R-square value is > 0.50, this variable is classified as having a very strong relationship. This indicates that the motivation variable is influenced by Leadership, Capability, and Organizational Culture with an influence value of 0.898 or 89.8%. In addition to the variables Leadership, Capability, and Organizational Culture that influence motivation, there are other factors with a value of 0.102 (1.000 - 0.898 = 0.102) or 10.2%, such as Career Development, Work Environment, and Workload.

Similarly, the second factor yielded an R-squared value of 0.989 or 98.9% for the Employee Performance variable. Based on this, the Employee Performance variable also falls under the category of a very strong relationship. This indicates that Employee Performance is influenced by Leadership, Capability, and Organizational Culture with a value of 0.989 or 98.9%. In addition to the variables of Leadership, Capability, and Organizational Culture that influence Employee Performance, there are other factors amounting to 0.011 (1.000 - 0.989 = 0.011 or 1.1%), such as Training, Job Satisfaction, and Employee Engagement.

4.1.3.2. *Q-Square*

Formula:

 $Q^2 = 1 - (1 - R1)(1 - R2)$

 $Q^2 = 1 - (1 - 0.898)(1 - 0.989)$

 $Q^2 = 1 - (0,102)(0,011)$

 $Q^2 = 0.998$

4.1.3.3. F-Square

Table 7. F-Square Motivation

Variable	F-Square	Conclusion
Leadership	0,122	Small
Capability	0,019	Very Small
Organizational Culture	0,028	Small

Table 8. F-Square Employee Performance

1 1 2		
Variable	F-Square	Kesimpulan
Leadership	0,489	Big
Capability	0,011	Very Small
Organizational Culture	0,144	Small
Motivation	0,070	Small

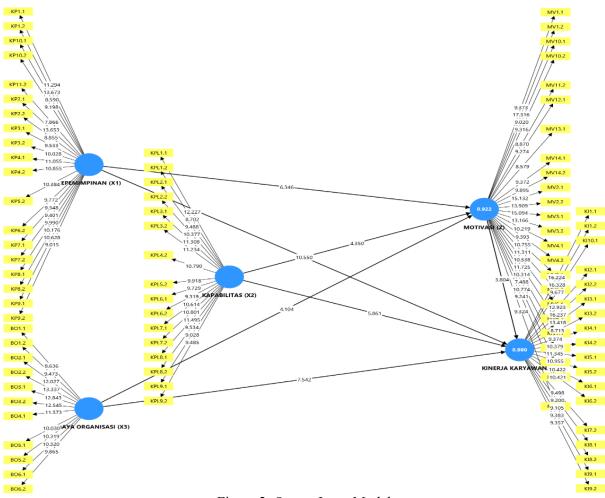


Figure 2. Output Inner Model Source: Processed data by SmartPLS (2025)

4.1.4. Hypothesis Testing Results (Significance Test)

Hypothesis testing using path coefficients and indirect effects

4.1.4.1. Results of Inner Model Tests of Direct and Indirect Effects

Table 9. Hypothesis Testing Results (Bootstrapping)

Hypothesis	Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
H1	KP -> MV	1,392	1,402	0,219	6,346	0,000
H2	$KPL \rightarrow MV$	-0,899	-0,904	0,207	4,350	0,000
Н3	BO -> MV	0,468	0,463	0,114	4,104	0,000
H4	KP -> KI	1,074	1,066	0,102	10,550	0,000
H5	$KPL \rightarrow KI$	-0,557	-0,549	0,095	5,861	0,000
Н6	BO -> KI	0,345	0,332	0,046	7,542	0,000
H7	$MV \rightarrow KI$	0,141	0,153	0,037	3,804	0,000
H8	KP - MV - KI	0,196	0,216	0,064	3,078	0,002
Н9	KPL -MV - KI	-0,126	-0,138	0,043	2,920	0,004
H10	BO - MV - KI	0,066	0,070	0,020	3,359	0,001

Table 9 shows the results of hypothesis testing (bootstrapping), with the following explanations:

4.2. Discussion

4.2.1. The Influence of Leadership on Motivation

The results of the first hypothesis test show the effect of leadership on motivation, as shown in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was 1.392 with a T-statistic value of 6.346 and a P-value of 0.000. This value is greater (>) than the table t value (1.969), and the P value is less (<) than 0.05, meaning that the effect is positive and significant. Therefore, leadership has a positive and significant effect on motivation in the XXX market (H1 Accepted). Based on the results of the hypothesis testing and data analysis, it can be concluded that leadership has a positive and significant effect on motivation.

To improve motivation through leadership, the management of Market XXX should do the following: 1) Leadership style: Management needs to apply a participatory or transformational leadership style, where leaders not only direct but also encourage employees to participate in decision-making, provide inspiration, and serve as positive role models; 2) Communication Leaders must be able to build open, two-way, and transparent communication with employees; and 3) Support and development: Leaders need to provide moral and professional support, such as positive feedback, job training, and opportunities for development

If XXX market management can implement leadership, communication, support, and development styles, it will have an impact on employee motivation, including 1) Intrinsic motivation: Motivation that comes from within employees, such as satisfaction when completing tasks well, feeling useful, and finding meaning in their work. This grows when employees feel valued and emotionally involved by their leaders; 2) extrinsic motivation leaders who are fair and transparent in providing incentives or recognition will significantly increase employee work enthusiasm; and 3) goals and expectations: leaders who can clearly explain the organization's vision and provide realistic guidance can foster a fighting spirit in the workplace. The results of this study align with those of Sitthiwarongchai, Wichayanuparp, Chantakit, and Charoenboon (2020), who state that leadership has a positive and significant impact on motivation.

4.2.2. The Influence of Capabilities on Motivation

The results of the second hypothesis test show the effect of capability on motivation, as shown in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was -0.899, with a T-statistic value of 4.350 and a P-value of 0.000. This value is greater (>) than the t-table value (1.969), and the P-value is less (<) than 0.05, indicating a positive and significant effect. Therefore, capability has a positive and significant effect on motivation in the XXX market (H2 Accepted). Based on the results of the hypothesis testing and data analysis, it can be concluded that capability has a positive and significant effect on motivation.

To improve motivation through capability, the management of Market XXX should do the following: 1) Skills and knowledge: Management needs to ensure that employees have the relevant technical knowledge and skills for their tasks; 2) Adaptability: A dynamic work environment requires employees to be flexible and quick to adapt to changes in systems, technology, and work targets; and 3) Independent Employees who are independent tend to be more motivated because they feel they have control over their work.

If XXX market management can implement skills and knowledge, adaptability, and independence, it will have an impact on employee motivation, including 1) Intrinsic motivation: high capabilities will make employees feel competent, empowered, and proud of their work achievements. This fosters intrinsic motivation, as they find meaning and positive challenges in their work. 2) Extrinsic motivation: With increased capabilities, opportunities for promotion, rewards, incentives, and recognition also increase. This triggers enthusiasm for work because they see real rewards for their improved abilities; and 3) Goals and expectations: Good capabilities make employees more optimistic about achieving long-term goals. They feel that they have the capital to grow, both professionally and personally, which provides strong motivation to continue advancing in their careers. The results of this study are in line with the research conducted by Lee (2023), which states that capabilities have a positive and significant effect on motivation.

4.2.3. The Influence of Organizational Culture on Motivation

The results of the third hypothesis test show the influence of organizational culture on motivation, as shown in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was 0.468 with a T-statistic value of 4.104 and a P-value of 0.000. This value is greater (>) than the t-table value (1.969), and the P-value is less (<) than 0.05, indicating a positive and significant effect. Therefore, organizational culture has a positive and significant effect on motivation in the XXX market (H3 Accepted). Based on the results of the hypothesis testing and data analysis, it can be concluded that organizational culture has a positive and significant effect on motivation.

To enhance motivation through organizational culture, the management of the XXX market should implement the following: 1) Values and beliefs: where organizational values and beliefs reflect the fundamental principles and shared work ethic; 2) norms and rules: fair, consistent, and clear work norms create a sense of security and trust within the organization. Rules agreed upon by all can shape positive behavior and avoid conflicts, enabling employees to be more focused, disciplined, and motivated to work productively; 3) Work environment: An organizational culture that creates a supportive, inclusive, and open work environment encourages employees to feel valued and heard.

If XXX market management can implement values and beliefs, norms and rules, and a work environment, it will have an impact on employee motivation, including: 1) Intrinsic motivation: Employees will feel internally motivated because they work in an environment that aligns with their personal values and feel that their work is meaningful; 2) Extrinsic motivation: A culture that values employee contributions will encourage external recognition, such as awards, bonuses, or promotions; and 3) Goals and expectations: A healthy organizational culture provides clear direction and positive future expectations for employees. They feel that they are part of something bigger, giving them long-term motivation to continue growing and contributing. The results of this study align with the research conducted by Saluy et al. (2022), which states that organizational culture has a positive and significant impact on motivation.

4.2.4. The Influence of Leadership on Employee Performance

The results of the fourth hypothesis test show the influence of leadership on employee performance, as shown in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was 1.074 with a T-statistic value of 10.550 and a P-value of 0.000. This value is greater (>) than the t-table value (1,969), and the P-value is less (<) than 0.05, indicating a positive and significant influence. Therefore, leadership has a positive and significant influence on employee performance in the XXX market (H4 Accepted). Based on the results of the hypothesis testing and data analysis, it can be concluded that leadership has a positive and significant influence on employee performance.

To improve employee performance through leadership, the management of the XXX market should do the following: 1) Leadership style: the implementation of a transformative or democratic leadership style, where leaders are able to set an example, inspire, and motivate employees to achieve their full potential, will create a conducive and productive work environment; 2) Communication: Open, clear, and two-way communication allows employees to understand work expectations, receive direct feedback, and feel involved in the organizational process; and 3) Support and development: leaders who provide moral support, work facilities, training, and opportunities for development will encourage employees to become more competent and confident in carrying out their duties.

If XXX market management can implement leadership, communication, support, and development styles, it will have an impact on employee performance, including: 1) Quantity of work: leaders who are able to manage workloads fairly and provide motivation will encourage employees to produce a high volume of work within the specified time without neglecting quality; 2) Quality of work: with good guidance and coaching, employees will be able to produce work that is accurate and precise, in accordance with organizational standards; and 3) Timeliness: Disciplined and firm leadership in time management will make employees more compliant with deadlines, more organized, and able to respond to tasks quickly and efficiently. The results of this study are consistent with the research conducted by Suprayitno (2024), which states that leadership has a positive and significant impact on employee performance.

4.2.5. The Influence of Capabilities on Employee Performance

The results of the fifth hypothesis test show the influence of capabilities on employee performance, as seen in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was -0.557 with a T-statistic value of 5.861 and a P-value of 0.000. This value is greater (>) than the t-table value (1.969), and the P-value is less (<) than 0.05, meaning that the effect is positive and significant. Therefore, capability has a positive and significant effect on employee performance in the XXX market (H5 Accepted). Based on the results of the hypothesis testing and data analysis, it can be concluded that capability has a positive and significant effect on employee performance.

To improve employee performance through capabilities, the following actions should be taken by market management XXX: 1) Skills and knowledge: management needs to provide technical and non-technical training in line with employees' duties and responsibilities. Enhancing work competencies helps employees perform tasks efficiently and effectively; 2) Adaptability: Employees who can adapt to changes in procedures, technology, and market dynamics will be more flexible and less easily hindered; and 3) Independence: Independence encourages employees to act proactively and take responsibility for completing tasks without relying entirely on their superiors.

If XXX market management can apply skills and knowledge, adaptability, and independence, it will have an impact on employee performance, including: 1) Quantity of work: Capable employees tend to complete a larger volume of work because they already have good competencies and work efficiency; and 2) Quality of work: High capabilities make employees more thorough, accurate, and able to meet work quality standards. Work errors decrease, and results align better with organizational and customer expectations; 3) Timeliness: With skills and independence, employees complete tasks faster, avoid delays, and effectively manage their work time. The findings of this study align with the research conducted by Chatterjee, Chaudhuri, Vrontis, and Giovando (2023), which states that capabilities have a positive and significant impact on employee performance.

4.2.6. The Influence of Organizational Culture on Employee Performance

The results of the sixth hypothesis test show the influence of organizational culture on employee performance, as seen in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was 0.345 with a T-statistic value of 7.542 and a P-value of 0.000. This value is greater (>) than the t-table value (1.969), and the P-value is less (<) than 0.05, indicating a positive and significant influence. Therefore, organizational culture has a positive and significant influence on employee performance in the XXX market (H6 Accepted). Based on the results of the hypothesis testing and data analysis, it can be concluded that organizational culture has a positive and significant influence on employee performance.

To improve employee performance through organizational culture, the management of the XXX market should: 1) values and beliefs: when these values are understood and consistently implemented, they will form productive, responsible, and results-oriented work behavior; 2) norms and rules: clear work norms and fair rules will create certainty and consistency of behavior in the work environment; and 3) work environment: a healthy, safe, and supportive work environment (both physically and psychologically) will encourage employee morale and loyalty. An environment that is open to ideas and innovation also makes employees more willing to take initiative and actively contribute.

If XXX market management can implement values and beliefs, norms and rules, and a supportive work environment, it will have an impact on employee performance, including: 1) Quantity of work: a work culture that encourages productivity and efficiency will increase the amount of work that can be completed within a certain period of time; 2) Quality of work: when employees work in a culture that upholds professionalism, honesty, and commitment to quality, the results of their work tend to be more precise, thorough, and in line with organizational standards; and 3) Timeliness: an organizational culture that is disciplined and values time instills habits in employees to complete tasks on time, respect deadlines, and prioritize work according to urgency. This is crucial for maintaining a smooth organizational workflow. The findings of this study align with those of Abdullahi, Raman, and Solarin (2021), who state that organizational culture has a positive and significant impact on employee performance.

4.2.7. The Effect of Motivation on Employee Performance

The results of the seventh hypothesis test show the effect of motivation on employee performance, as shown in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was 0.141 with a T-statistic value of 3.804 and a P-value of 0.000. This value is greater (>) than the t-table value (1.969), and the P-value is less (<) than 0.05, indicating a positive and significant influence. Therefore, motivation has a positive and significant effect on employee performance in the XXX market (H7 Accepted). Based on the results of the hypothesis test and data analysis, it can be concluded that motivation has a positive and significant effect on employee performance.

To improve employee performance through motivation, the management of the XXX market should do the following: 1) Intrinsic motivation: Intrinsic motivation comes from within the employee, such as pride in completing a task, a desire to grow, and personal satisfaction; 2) Extrinsic motivation: management must ensure that the reward and compensation system aligns with employee contributions; and 3) Goals and expectations: employees perform better when they have clear work objectives and realistic expectations regarding the outcomes of their work.

If XXX market management can implement intrinsic motivation, extrinsic motivation, goals, and expectations, it will have an impact on employee performance, including 1) Quantity of work: Motivated employees will have high work enthusiasm and drive them to complete more work in the time available. They tend to be proactive and take more responsibility. 2) Quality of work: Motivation also contributes to increased accuracy, caution, and seriousness in work, resulting in neater work, fewer mistakes, and compliance with organizational standards. 3) Timeliness: Motivation makes employees more disciplined and organized so that work is completed on schedule or even faster. The results of this study are in line with research conducted by Kuswati (2020), who stated that motivation has a positive and significant effect on employee performance.

4.2.8. The Influence of Leadership on Employee Performance through Motivation

The results of the eighth hypothesis test show the influence of leadership on employee performance through motivation, as seen in Table 10. The results of the hypothesis test analysis obtained a value (O), where the path coefficient was 0.196 with a T-statistic value of 3.078 and a P-value of 0.002. This value is greater (>) than the t-table value (1.969), and the P-value is less (<) than 0.05, indicating a positive and significant effect. Therefore, leadership has a positive and significant effect on employee performance through motivation in the XXX market (H8 Accepted). Based on the results of the hypothesis testing and data analysis, it can be concluded that leadership has a positive and significant effect on employee performance through motivation.

To improve employee performance through motivation and leadership, the management of the XXX market should take the following actions: 1) Intrinsic motivation: leaders must be able to stimulate motivation from within employees, such as pride in achievements, desire to learn, and personal commitment to tasks; 2) Extrinsic motivation: management must provide fair and transparent incentives, such as bonuses, allowances, or awards, as well as an objective performance appraisal system; 3) Goals and expectations: employees work more optimally when they understand the organization's goals and concrete expectations for their roles; 4) Leadership style: transformative and participatory leadership styles are very effective in promoting motivation; 5) Communication: Open, clear, and two-way communication promotes motivation because employees feel heard and valued; and 6) Support and development: leaders need to provide moral and technical support, as well as opportunities for training, career development, or coaching.

If XXX market management can implement intrinsic motivation, extrinsic motivation, goals and expectations, leadership style, communication, support, and development, it will have an impact on employee performance, including: 1) Quantity of work: Effective motivation and leadership encourage employees to be more productive. They tend to complete more tasks within a certain time frame because they feel focused and valued; 2) Quality of work: With support and motivation, employees work more carefully and with dedication. They strive to achieve optimal results in accordance with organizational standards; 3) Timeliness: Employees who are motivated and well-led are more disciplined in completing tasks on schedule. They understand the importance of time and strive to maintain their professional reputation. The findings of this study align with research conducted by Saluy et al. (2022), which states that leadership has a positive and significant impact on employee performance through motivation.

4.2.9. The Influence of Capability on Employee Performance through Motivation

The results of the ninth hypothesis test show the influence of capability on employee performance through motivation, as seen in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was -0.126 with a T-statistic value of 2.920 and a P-value of 0.004. This value is greater (>) than the t-table value (1.969), and the P-value is less than (<) 0.05, indicating a positive and significant effect. Therefore, capability has a positive and significant effect on employee performance through motivation in the XXX market (H9 Accepted). Based on the results of the hypothesis testing and data analysis, it can be concluded that capability has a positive and significant effect on employee performance through motivation.

To improve employee performance through motivation and capability, the management of Market XXX should implement the following: 1) Intrinsic motivation: encouraging employees to work from within, such as feeling satisfied when completing tasks, self-development, and emotional involvement in work; 2) Extrinsic motivation: providing rewards, benefits, promotions, or formal recognition from superiors can encourage employees to continue developing their capabilities; 3) Goals and expectations: employees will be motivated if they have direction and know what the organization expects of them; 4) Skills and knowledge: management must provide training, workshops, or mentoring to improve employees' hard and soft skills; 5) Adaptability: Training on adaptation to technology, new policies, and market conditions is necessary to keep employees relevant and on track in their work; and 6) Independence: Encouraging employees to be independent in making decisions or solving problems will increase their critical thinking and responsibility.

If XXX market management can implement intrinsic motivation, extrinsic motivation, goals and expectations, skills and knowledge, adaptability, and independence, it will have an impact on employee performance, including: 1) Quantity of work: High capabilities and strong motivation enable employees to complete more tasks efficiently; 2) Quality of work: With adequate skills and strong internal and external motivation, employees will produce work that is neater, more accurate, and in line with organizational quality standards; and 3) Timeliness: Motivation and capabilities encourage employees to complete work on time. The results of this study are in line with research conducted by <u>Bastari</u>, <u>Eliyana</u>, and <u>Wijayanti</u> (2020), who state that capabilities have a positive and significant effect on employee performance through motivation.

4.2.10. The Influence of Organizational Culture on Employee Performance through Motivation

The results of the tenth hypothesis test show the influence of organizational culture on employee performance through motivation, as shown in Table 10. The hypothesis test analysis obtained a value (O), where the path coefficient was 0.066 with a T-statistic value of 3.359 and a P-value of 0.001. This value is greater (>) than the t-table value (1.969), and the P-value is less (<) than 0.05, indicating a positive and significant influence. Therefore, organizational culture has a positive and significant influence on employee performance through motivation in the XXX market (H10 Accepted). Based on the results of the hypothesis testing and data analysis, it is concluded that organizational culture has a positive and significant influence on employee performance through motivation.

To improve employee performance through motivation and organizational culture, the management of Market XXX should implement the following: 1) Intrinsic motivation: an organizational culture that values achievements, trust, and participation will encourage intrinsic motivation among employees; 2) Extrinsic motivation: an organizational culture that is fair and transparent in providing rewards, promotions, and incentives will increase employee morale; 3) Goals and expectations: an organizational culture that aligns the company's vision and mission with individual goals will provide clear direction for employees; 4) Values and beliefs: an organizational culture instilled through values such as honesty, responsibility, and teamwork will create a positive and supportive work environment; 5) Norms and rules: work norms that are respected by all serve as guidelines for employee behavior, which in turn improves discipline and work productivity; and 6) Work environment: organizational culture is also reflected in a clean, safe, and comfortable work environment. An environment that supports the physical and psychological well-being of employees fosters positive motivation and increases work effectiveness.

If XXX market management can implement intrinsic motivation, extrinsic motivation, goals and expectations, values and beliefs, norms and rules, and the work environment, it will have an impact on employee performance, including: 1) Quantity of work: Motivation derived from a healthy work culture will make employees more enthusiastic and productive, resulting in a significant increase in the number of tasks completed; 2) Quality of work: An organizational culture that instills quality standards and integrity will produce employees who are meticulous, professional, and concerned about the results of their work; and 3) Timeliness: Employees motivated in a disciplined and structured cultural environment will be more time-conscious and able to complete tasks by the set deadlines, reducing delays and improving operational efficiency. The results of this study align with research conducted by Saluy et al. (2022), which states that organizational culture has a positive and significant impact on employee performance through motivation.

5. Conclusions

5.1. Conclusion

Based on the problem formulation, research hypothesis, results, and discussion above, the conclusions of the research conducted in the XXX market are as follows: 1) Leadership has a positive and significant effect on Motivation; 2) Capability has a positive and significant effect on Motivation; 3) Organizational culture has a positive and significant effect on Motivation; 4) Leadership has a positive and significant effect on Employee Performance; 5) Capability has a positive and significant effect on Employee Performance; 6) Organizational culture has a positive and significant effect on Employee Performance;

7) Motivation has a positive and significant effect on Employee Performance; 8) Leadership has a positive and significant effect on Employee Performance through Motivation; 9) Capability has a positive and significant effect on Employee Performance through Motivation; and 10) Organizational Culture has a positive and significant effect on Employee Performance through Motivation.

5.2. Limitations

The limitations of this study include the number of respondents, which did not cover the entire population owing to the busy nature of work activities at the XXX market. In addition, the study was limited in terms of time; therefore, the researchers analyzed the data based on the amount of data obtained.

5.3. Suggestions

Based on the results of this study, it is recommended that the XXX market provides motivation, leadership, capabilities, and organizational culture to employees/staff to ensure that employees can participate and be involved in every market activity.

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