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# Factors that Influence Organizational Performance in Manufacturing Companies in Batam City

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ABSTRACT

This study aims to analyze the factors affecting Organizational Performance in manufacturing companies in Batam City, focusing on the mediating roles of Organizational Culture, Motivation, Strategic Planning, Challenges, and Program Performance. The research addresses performance issues frequently encountered in industrial sectors, particularly within competitive manufacturing environments. A total of 359 respondents, consisting of employees from a manufacturing company in Batam, were selected using the sampling technique proposed by Hair et al. Data analysis was conducted using SmartPLS to evaluate relationships between variables. The results indicate that Motivation significantly influences Organizational Performance, although the high path coefficient is accompanied by relatively small p-values. Strategic Planning also contributes positively to performance but with a lower effect. Conversely, Challenges were found to have a strongly negative impact on Organizational Performance, highlighting the critical need for effective management of organizational obstacles. These findings suggest that enhancing motivation and strategic planning, while proactively addressing challenges, can improve overall organizational outcomes. The study contributes valuable insights for company leaders and policymakers seeking to optimize performance in dynamic manufacturing settings.

Keywords: Challenges, Motivation, Organizational Culture, Organizational Performance, Program Performance, Strategic Planning.

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## INTRODUCTION

Researchers (Wollah et al., 2020) state that well-managed organizations try to achieve their goals through clear vision and mission statements. It would be better if the company continues to develop and make progress. Increasing or maintaining benefits is one of the improvements a business wants to achieve. The corporate world is becoming more competitive, and must thrive in this environment. There are also variations in the impact of leadership in business. Developing and perfecting their leadership style is one way for the business world to work better and survive in a

very tight competitive climate. According to (Mahmudi & Surjanti, 2020) Rapid progress in science and technology is an indication of the era of globalization. This encourages the business world to increase production in order to compete in the global market. Increased productivity not only makes workers feel better about their work as individuals or as a group, but also motivates them to perform better. Among the many things that may be done to improve performance is human resource management.

One economic sector that plays a very important role in the expansion of a country's economy is manufacturing. The manufacturing industry is the main sector in supporting the economy which is supported by other industrial sectors, so the manufacturing industry can be said to be a large industry both in terms of production volume and number of workers (Alden Nelson et al., 2023). Batam City is in the Riau Islands Province, which is along the international shipping route that connects Singapore and Malaysia. Batam City's favorable position makes it a key component in the country's continued expansion. Riau Islands' Gross Regional Domestic Income in 2021 will mainly come from Batam, with an increase in exports of 10.85% being the catalyst (Keho, 2017). Thus, Batam has a fairly large contribution to income in Indonesia, including in the manufacturing industrial sector. The performance of manufacturing companies in Batam cannot be separated from the contribution of their employees' performance. Where employee performance is influenced by various factors, both related to internal and external conditions of the Company (Nguyen et al., 2020). So a number of variables can influence how well a company performs in the manufacturing sector. These elements may come from outside the organization or from within.

In this research, we will examine how factors can influence Organizational Performance in manufacturing companies in Batam City. As well as strategies that can be implemented to improve Organizational Performance based on these factors. In operating a good manufacturing sector company, it must be proficient in managing the variables that influence Organizational Performance in the manufacturing sector and how to manage them effectively, further studies must be carried out. By understanding the factors that influence Organizational Performance, Batam City manufacturing companies are expected to be able to develop effective strategies to improve their performance and growth in a competitive market. So that the business world in the manufacturing sector can function well and advance a country's economic development.

In the era of globalization and increasingly fierce industrial competition, organizational performance is the main indicator of a company's success, especially in the highly dynamic and competitive manufacturing sector. Manufacturing companies are required to continue to innovate and improve efficiency in order to survive and develop. One approach used to understand and improve organizational performance is to analyze various internal factors, such as Organizational Culture, Motivation, Strategic Planning, Challenges, and Program Performance.

Organizational Culture is the values, norms, and practices shared by organizational members, which shape work behavior and decision-making. In manufacturing companies, a strong and adaptive organizational culture can encourage productivity, innovation, and employee commitment to product quality (Schein, 2010). Motivation plays an important role in improving morale and individual performance. In a manufacturing context, motivated workers will demonstrate high productivity, discipline, and compliance with operational standards, thus supporting the achievement of production targets (Robbins & Judge, 2017). Strategic Planning is a long-term planning process that sets the direction and goals of the company. In the manufacturing sector, strategic planning is essential for managing supply chains, technology investment, and product diversification (Alosani et al., 2020). Careful planning allows companies to adapt to market and technological changes. Challenges refer to various internal and external challenges faced by companies, such as resource limitations, demand fluctuations, or changes in industry policies. These challenges, if not managed properly, can hinder the production process and reduce organizational performance (Sumanti, 2018). Program Performance describes the effectiveness of the implementation of work programs and company policies. In manufacturing, this includes

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quality improvement programs, energy efficiency, occupational safety, and HR development. Optimal program performance will strengthen business processes and create competitive advantage (Kennerley & Neely, 2003).
By considering the importance of these five variables, this study aims to analyze the direct and indirect effects of each variable on Organizational Performance in manufacturing companies in Batam City.

## METHODS

The main method used in research is collecting primary data sources through online questionnaires. According to (Dianna, 2020) Quantitative research methods are a problem solving approach in research that uses numerical data and statistical analysis software. Proficiency in expressing these concepts in research proposals, demographic and sample reporting, research instruments, data collection techniques, and data analysis is essential.

Researchers also use SmartPLS, (Chandra & Rodhiah, 2023) state that Partial Least Square, or PLS, is an alternative model to covariance-based SEM. This tool can be used to confirm theories and determine whether there is a relationship between latent variables, because there are mediating variables to make data processing easier. Researchers (Sebayang, 2022) stated that simple linear regression analysis is another tool that researchers use to evaluate hypotheses. One method for modeling the relationship between the dependent and independent variables is simple linear regression analysis. The independent variable in a regression provides an explanation for the dependent variable. Since the relationships between the variables in simple regression analysis are linear, changes in variable X will always be followed by changes in variable Y. Making a statement that is relevant to the research focus and outlining the research objectives is the first stage. After that, the researchers produced 359 respondents from the population who received the questionnaire via an online platform. The research objective of utilizing online questionnaires is to simplify data processing, speed up the research process, and enable effective and real-time data collection.

### Population

The research population for Organizational Performance at PT Panasonic Industrial Devices Batam and PT EPSON Batam was selected based on 2024 Central Statistics Agency (BPS) data which emphasizes the importance of the Batam manufacturing sector for the Indonesian economy. Batam's manufacturing sector makes a significant contribution to Gross Regional Domestic Product (GRDP) and grows at a stable rate every year, according to BPS. These two companies, PT EPSON Batam and PT Panasonic Industrial Devices Batam, are significant players in the electronics sector and have a significant impact on the country's export performance. Although PT EPSON Batam is famous for its production of printers and high-tech optical devices, PT Panasonic Industrial Devices Batam is famous for its inventiveness and production of electronic components.

These two companies were selected for their economic contribution as well as the fact that they embody a number of significant operational and strategic aspects of the electronics manufacturing sector. According to BPS data for 2024, PT Panasonic Industrial Devices Batam and PT EPSON Batam have effectively combined cutting-edge technology and effective management techniques, resulting in increased productivity and competitiveness in the international market. Researchers can gain a deep understanding of how internal elements such as technological innovation, human resource management, and operational strategy impact company outcomes by analyzing the Organizational Performance of both organizations. It also helps in discovering best practices that can be used by other manufacturing companies to increase productivity and competitiveness.

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**Sample**

Researchers used the method of Hair et al., (2006) as a tool for determining sample size in their research on manufacturing companies, taking into account the uncertainty surrounding the data or the number of people in the company studied. Researchers increased the number of respondents from 290 to 359 because the final results obtained were 359 respondents. By applying the calculation technique of Hair et al., (2006), namely 29 times the number of variables multiplied by a factor of 10. This methodology offers a reliable statistical basis for producing a fairly representative sample, even though the initial data regarding the company's workforce population is insufficient. To ensure the validity and correctness of analytical results, Hair et al., (2006) This technique serves as an important foundation for research design.

## RESULTS AND DISCUSSION

### Respondent Characteristics

**Table 1. Respondent Demographics**

| Variable | Category | Amount | Percentage |
|---|---|---|---|
| **Gender** | Male | 209 | 58% |
| | Female | 150 | 42% |
| **Age** | 20 - 30 Years | 237 | 66% |
| | 31 - 40 Years | 70 | 19% |
| | 41 - 50 Years | 52 | 14% |
| | Over 50 Years | 0 | 0% |
| **Education** | SMA | 247 | 69% |
| | Sarjana | 107 | 30% |
| | Magister | 5 | 1% |
| **Type of Company** | Manufacturing | 359 | 100% |
| **Long Time Working** | 6 Month - 1 Years | 133 | 37% |
| | 1 Years – 3 Years | 204 | 57% |
| | 3 Years - 6 Years | 22 | 6% |

Source: data processed by researchers

Based on the response statistics above, there are 150 female employees and 209 male employees (58%) in manufacturing companies. The results from employee responses have been extraordinary. Additionally, the average of workers in the last 20 to 30 years is higher than 237 by percentage level (66%). The highest education data for high school respondents was 247 respondents with a percentage (69%), and the results for Bachelor respondents were also high, namely 107 respondents with a percentage (30%) compared to Masters respondents and other employees who worked longer from 1 year to 3 years, 204 respondents. more (57%), and 133 fewer respondents from 6 Months to 1 Year, by 37%.

To enable a more accurate generalization of the findings to the entire population, this sample is considered to accurately reflect the various traits and dynamics that may exist in the entire manufacturing workforce in Batam City. As a result, the number of workers in the manufacturing sector of Batam City is very relevant to the research objective, namely to evaluate organizational performance in an industrial environment.

### Measurement Model Testing (Outer Model)

Based on research from (Oktavia et al., 2021) The measurement model, also known as an external link or measurement model, defines each indicator block based on its latent variables. The measurement model is used to evaluate the validity and reliability of the model. To specifically

verify the relationship between latent variables and indicators, the measurement model (outer model) was tested for discriminant validity, convergent validity and reliability. SmartPLS software facilitates measurement model computation.

The extent to which each indicator reflects the variable being measured is determined by convergent validity. To achieve this, verify the loading value of each indicator on the variable being measured. In general, convergent validity is considered quite good, meaning that the indicator reflects the variable accurately, if the indicator loading value on the variable is 0.50 or higher. Validity is said to be high if the loading value is 0.70 or higher, which indicates that the indicator consistently and strongly reflects the variable being assessed. A loading value of 0.60 or less indicates moderate validity (Revaliana, 2019)**.** Research theory states that when evaluating discriminant validity in the context of validity testing constructs in social research using the Partial Least Squares structural equation modeling (PLS-SEM) method, the square root value of each variable's Average Variance Extracted (AVE) is compared with the relationship between that variable and other variables in the model (Henseler et al., 2022)**.**

Research on the application of the Partial Least Squares Structural Equation Modeling (PLS-SEM) method in measuring construct validity and reliability in business and management research (Magno et al., 2022) identifies two methods to measure construct reliability: composite reliability and Cronbach's Alpha. The construct is deemed reliable if both Cronbach's Alpha and Composite Reliability values are higher than 0.70. Researchers have tested the results of respondents' questionnaire variable data processed in the SmartPLS application. The data consists of outer loadings, AVE, Cronbach's Alpha and Composite Reliability values which can be seen in table 2. below:

**Table 2. Outer Loading, AVE, Cronnbach's Alpha and Composite Reliability**

| Variabel | Indikator | Outer Loading | AVE | Cronbach's Alpha | Composite Realibility |
|---|---|---|---|---|---|
| **Organizational Culture** | OC1 | **0,715** | **0,569** | **0,810** | **0,868** |
| | OC2 | **0,698** | | | |
| | OC3 | **0,791** | | | |
| | OC4 | **0,733** | | | |
| | OC5 | **0,827** | | | |
| **Motivation** | M1 | **0,623** | **0,645** | **0,853** | **0,899** |
| | M2 | **0,664** | | | |
| | M3 | **0,895** | | | |
| | M4 | **0,885** | | | |
| | M5 | **0,900** | | | |
| **Startegic Planning** | SP1 | **0,687** | **0,547** | **0,791** | **0,857** |
| | SP2 | **0,673** | | | |
| | SP3 | **0,763** | | | |
| | SP4 | **0,807** | | | |
| | SP5 | **0,758** | | | |
| **Challenges** | C1 | **0,640** | **0,546** | **0,789** | **0,857** |
| | C2 | **0,751** | | | |
| | C3 | **0,774** | | | |
| | C4 | **0,689** | | | |
| | C5 | **0,826** | | | |
| **Program Performance** | PP1 | **0,781** | **0,575** | **0,814** | **0,871** |
| | PP2 | **0,714** | | | |
| | PP3 | **0,687** | | | |
| | PP4 | **0,794** | | | |
| | PP5 | **0,806** | | | |

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| | | | | | |
|---|---|---|---|---|---|
| **Organizational Performance** | OP1 | **0,842** | **0,636** | **0,804** | **0,873** |
| | OP2 | **0,869** | | | |
| | OP3 | **0,815** | | | |
| | OP4 | **0,644** | | | |

Source: data processed by researchers

All indicator statements have an Outer Loading value, as shown in table 2 above. This means that all indicator statements are valid if the value is more than 0.6. However, if the Outer Loading value is between 0.5 and 0.6, then it is sufficient. Several indicators in the table above have an external load of 0.6. Then the discriminative validity test stage can be continued for indicators that are already valid. Apart from that, from the table above, it can be seen that all indicators have AVE values above 0.5, which means they are valid. Furthermore, the Cronbach's Alpha, Composite Reliability and Composite Realibility indicators have almost the same final values. And it is said to be valid because it has values of 0.7 and 0.8.

**Table 3. Discriminant Validity of AVE**

| | C | M | OC | OP | PP | SP |
|---|---|---|---|---|---|---|
| **Challenges** | 0,739 | | | | | |
| **Motivation** | 0,779 | 0,803 | | | | |
| **Organizational Culture** | 0,784 | 0,660 | 0,754 | | | |
| **Organizational Performance** | 0,695 | 0,663 | 0,700 | 0,797 | | |
| **Program Performance** | 0,809 | 0,740 | 0,796 | 0,905 | 0,758 | |
| **Strategic Planning** | 0,825 | 0,618 | 0,817 | 0,683 | 0,760 | 0,739 |

Source: data processed by researchers

In table 3 above, it can be shown that the AVE root value for each variable in the form of Organizational Culture, Motivation, Strategic Planning, Challenges, Program Performance, and Organizational Performance has its own correlation value. There are two variables that do not meet the criteria, namely Program Performance. This is proven by the high AVE Program Performance value (0.809) and negative correlation with Organizational Performance (0.700).

**Structural Model Testing**

The structural assessment model uses the R square and t and significance tests. The ability of the independent variable to explain the dependent variable is determined using the R Square value. The estimated R Square value can be seen in Table 4 below:

**Table 4. R Square**

| | R Square | |
|---|---|---|
| **Organizational Performance** | 0,826 | 0,823 |
| **Program Performance** | 0,747 | 0,744 |

Source: data processed by researchers

The results of R Square data processing show that only two variables, namely Organizational Performance and Program Performance, were included. Program Performance has an R Square value of 0.826 and 0.823, while Organizational Performance has a value of 0.747 and 0.744. The choice to only include these two variables may stem from an emphasis on the key variables that are seen to have the greatest influence on how well an organization performs. The high R Square value offers a better understanding of the relationship between the two in the context of the analysis carried out, indicating that the variables Organizational Performance and Program Performance probably explain most of the variation in Organizational Performance.

**Analysis of Direct Influence and Indirect Influence (Mediation)**

The goal of the research methodology known as "analysis of direct and indirect influences," or "mediation," is to comprehend the relationship between independent and dependent variables by looking at mediator factors. In the meantime, indirect influence, also known as mediation, refers to

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the impact of the independent variable on the dependent variable that is explained by the mediator variable. When there is a direct correlation between the independent and dependent variables, direct influence takes place.

In research conducted (Fitria & Linda, 2020), the relationship between employee performance (dependent variable), organizational commitment (mediator variable), and job satisfaction (independent variable) was examined within a banking framework using mediation analysis. The findings of their analysis indicate that organizational commitment plays an important role in influencing employee outcomes in organizations by mediating the relationship between job satisfaction and employee performance.

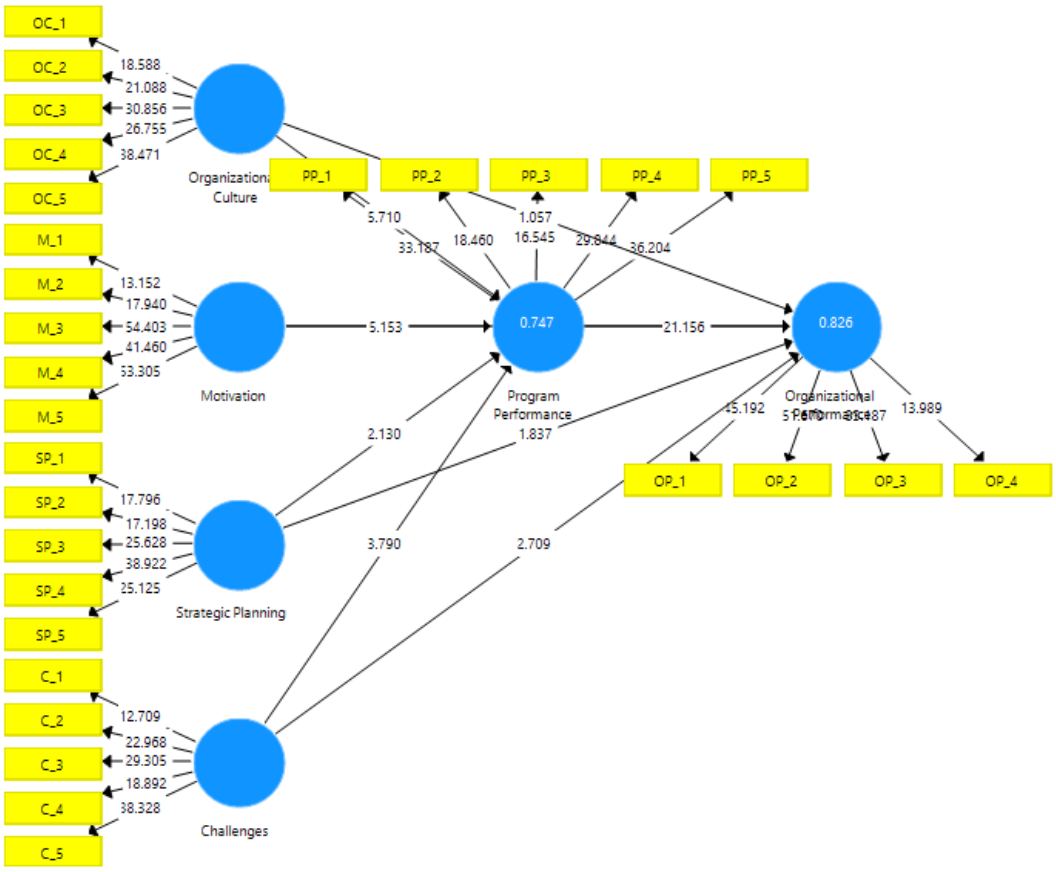


**Figure 4. 1 Structural Model**
Source: data processed by researchers

**Table 5. Result of Path Coefficient and Indirect Effect**

| | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (\|O/STDEV\|) | P Values | Results | |
|---|---|---|---|---|---|---|---|
| **C -> OP** | -0,167 | -0,170 | 0,062 | 2,709 | **0,007** | **Accepted** | **C -> OP** |
| **M -> OP** | 0,049 | 0,048 | 0,042 | 1,173 | **0,241** | **Unaccepted** | **M -> OP** |

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| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **OC -> OP** | -0,053 | -0,055 | 0,050 | 1,057 | **0,291** | **Unaccepted** | **OC -> OP** |
| **PP -> OP** | 0,977 | 0,981 | 0,046 | 21,156 | **0,000** | **Accepted** | **PP -> OP** |
| **SP -> OP** | 0,091 | 0,092 | 0,050 | 1,837 | **0,067** | **Unaccepted** | **SP -> OP** |
| **C -> PP -> OP** | 0,243 | 0,250 | 0,068 | 3,595 | **0,000** | **Accepted** | **C -> PP -> OP** |
| **M -> PP -> OP** | 0,240 | 0,238 | 0,047 | 5,100 | **0,000** | **Accepted** | **M -> PP -> OP** |
| **OC -> PP -> OP** | 0,322 | 0,322 | 0,059 | 5,487 | **0,000** | **Accepted** | **OC -> PP -> OP** |
| **SP -> PP -> OP** | 0,131 | 0,130 | 0,062 | 2,132 | **0,033** | **Accepted** | **SP -> PP -> OP** |

Source: data processed by researchers

**Influence Organizational Culture on Organizational Performance**

The original sample path coefficient is -0.053, the sample mean is -0.055, the standard deviation is 0.050, the t statistic is 1.057, and the p value is 0.291, indicating that the effect of OC on OP is not significant. These findings suggest that OC does not directly influence OP significantly in the context of this investigation. This is consistent with research by (Akpa et al., 2021) which shows that other factors, such as organizational strategy and external market conditions, often impact the relationship between OC and performance. They emphasize that although OC is important, performance may not always reflect its direct influence if mediating or moderating elements are not considered.

Additionally, OC can function more as a contributing element than a direct predictor of organizational success, according to research conducted (Joseph & Kibera, 2019) that further validates this conclusion. They found that although a strong culture can increase the effectiveness of management methods and help an organization adapt to changes in the business environment, its impact on performance may not be immediately felt. To achieve optimal performance, the business world must adopt a comprehensive approach that includes management strategy, environmental adaptation and culture.

**Influence Motivation on Organizational Performance**

In table 4.5, the original sample path coefficient is 0.049, the sample mean is 0.048, the standard deviation is 0.042, the t-statistic is 1.173, and the p-values are 0.241, if analyzed to test the influence of the variable M on OP, it shows that the influence of M on OP in this research is not significant. A low route coefficient value indicates that M has very little influence on OP. In addition, this relationship is not statistically significant according to the t-statistic which is smaller than 1.96 and the p value is greater than 0.05. This shows that in the context of this research, M is not the main factor influencing organizational effectiveness.

Supervisors need to ensure changes in the way employees behave at work and conduct a thorough review of employee motivation. The degree of job satisfaction among employees will decrease if work motivation is ignored (Asri & Moderin, 2024). The importance of other variables in influencing OP according to research by (Kroon et al., 2017) shows that the impact of transformational leadership on OP is greater than individual motivation. Furthermore, research by (OBENG et al., 2020) shows how other factors, such as organizational climate and management

support, often change the relationship between motivation and organizational success. According to their research, environments that encourage employee engagement and receive strong support from management may have a greater impact on improving organizational performance. Consequently, managers must adopt comprehensive strategies that consider elements other than employee motivation, such as management support, organizational culture, and leadership, to improve OP.

**Influence Strategic Planning on Organizational Performance**

With the original sample path coefficient of 0.091, sample mean of 0.092, standard deviation of 0.050, t-statistic of 1.837, and p-values of 0.067, the analysis of the influence of the SP variable on OP in table 4.5 shows that the effect is getting closer to significance but not yet statistically significant at the 95% confidence level. A T-statistic value of 1.96 indicates the possibility of a significant effect, but a p value slightly above 0.05 indicates that the finding is not significant at conventional levels of confidence. This suggests that although there are suggestions that SP can help improve organizational performance, the statistical support for this claim in this study is inadequate.

Research studies by (Alosani et al., 2020) found that, compared to companies that did not implement SP, companies that successfully implemented SP showed greater performance benefits. Organizations can allocate resources more effectively, set long-term goals, and adapt to changes in the external environment with the help of SP. These findings suggest that although this study lacks substantial statistical significance, the literature as a whole continues to emphasize the value of SP to OP. The structure provided by SP helps businesses recognize opportunities and risks and develop superior responses to changing market conditions (George et al., 2019) Another study by (Zhang et al., 2023) shows that, especially in the face of technological progress and economic instability, good implementation of SP is positively related to organizational success. Consequently, recent research emphasizes the importance of SP as a tool that has great potential to increase OP, although research results show that its effect is not yet statistically significant.

**Influence Challenges on Organizational Performance**

Using the original sample path coefficient of -0.167, sample mean of -0.170, standard deviation of 0.062, t-statistic of 2.709, and p value of 0.007, analysis of the impact of the challenge variable on OP shows that there is a significant negative relationship between the challenges faced by the organization and its performance. Based on the negative coefficient value (-0.167), OP decreases as resistance increases. This effect is statistically significant at the 95% confidence level, as indicated by the high t-statistic value (greater than 1.96) and very small p value (less than 0.05).

Employee Engagement is essential for organizations to remain active and contribute to their success. Actively engaged workers usually place more importance on their own achievements than on the progress of the group. The implementation of knowledge management in organizations is also predicted to have a positive effect on employee engagement, so that it will positively improve organizational performance (Asri & Anggraini, 2022). Organizations that face tough obstacles, including rapid market changes, technology issues, and stringent laws, are likely to perform worse. These difficulties can disrupt daily operations, delay decision making, and drain resources, all of which have a detrimental impact on organizational effectiveness. To overcome this problem, this research highlights the importance of efficient risk mitigation and adaptation measures, study by (Vashishth et al., 2024).

**Influence Performance Programs on Organizational Performance**

With an original sample path coefficient of 0.977, a sample mean of 0.981, a standard deviation of 0.046, a t-statistic of 21.156, and a p value of 0.000, analysis of the influence of the PP variable on OP shows a very strong and significant influence. relationship between PP and OP The increase in PP is almost proportional to the increase in OP, this is shown by the coefficient value of 0.977 which is very close to 1. This effect is statistically significant at the 95% confidence level as

indicated by the high t-statistical value (much greater than 1.96) and a very small p value (less than 0.05).

According to theory (Brown et al., 2019) found a direct correlation between increased OP and well-managed PP, which includes thorough planning, effective implementation, and continuous review. In addition to achieving its specific objectives, successful programs improve an organization's general operations by increasing stakeholder satisfaction, effectiveness, and efficiency. High PP can improve OP's fundamental competence, enabling him to respond more quickly and effectively to market demands and adapt to changes in the external environment. The importance of efficient program management as an important component of a more comprehensive organizational strategy is emphasized in this research (Salisu & Abu Bakar, 2020) In addition, research by (Yuniati et al., 2021) shows how successful programs can increase employee engagement and motivation, thereby improving overall company performance. Therefore, management that prioritizes improving PP can have a large positive effect on overall business performance.

**Influence Motivation on Organizational Performance is mediated by the Performance Program**

In table 4.5, the results of the indirect effect show that M, PP, and ultimately OP have a significant positive relationship. These results are supported by an original sample value of 0.240, a sample mean of 0.238, a standard deviation of 0.047, a t-statistic of 5.100, and a p-value of 0.000. Through OP, M has a large indirect influence on OP as indicated by a significant indirect influence value.

Theoretical research from (Akerele, 2023) found that PP is positively influenced by employee motivation, and that increasing PP ultimately leads to increasing OP. This study emphasizes how important it is to manage employee motivation effectively to achieve the best results for the success of programs and organizations. Other research such as that conducted by (KALOGIANNIDIS, 2021) found that high motivation can increase worker commitment to company goals, productivity and output quality, all of which have a direct impact on the success of programs and organizations. The importance of mediating elements in the relationship between OP and M, such as PP. They found that the effectiveness of a program can serve as a strong link between employee motivation and the company's general goals. Therefore, to improve overall OP, companies must consider not only employee M levels but also how this M can be channeled efficiently through supporting programs.

**Influence Organizational Culture on Organizational Performance is mediated by the Performance Program**

In table 4.5, significance is found in investigating the relationship between OC and OP, which is mediated by PP. The results of the indirect effect show that OC, PP, and ultimately OP have a strong positive relationship. These results are supported by an original sample value of 0.322, a sample mean of 0.322, a standard deviation of 0.059, a t-statistic of 5.487, and a p-value of 0.000. OC has a large indirect influence on OP through PP as indicated by a significant indirect influence value.

Research from (Abawa & Obse, 2024) found that OC that supports collaboration, innovation and diversity has a significant positive impact on PP and OP as a whole. This research emphasizes the importance of strengthening OC in line with organizational goals and values to achieve optimal results. According to (Akpa et al., 2021) cultivating an inclusive workplace culture and encouraging staff development can increase the overall effectiveness of programs and OPs. As a mediator between OC and OP, PP plays an important role. They found that in bridging OC and desired goals such as customer satisfaction, operational efficiency, and organizational sustainability, program performance can be a powerful mediator. Therefore, apart from focusing

on OC development, companies also need to consider how the culture is reflected in and influences program performance, which ultimately affects OC as a whole.

**Influence Strategic Planning on Organizational Performance is mediated by Program Performance**

For this indicator, in table 4.5, the indirect effect value in the original sample is 0.048, indicating that PP, one of the SP components, has a significant impact on OP. Research found from theory (KORNELIUS et al., 2021) about how PP acts as a bridge between SP and OP. These results provide a strong basis for the development of more effective program strategies to increase the impact of SP on OP, although the route coefficient value is rather low. Emphasizing how program success strengthens the link between projected outcomes and organizational strategy is critical.

In addition, research (George et al., 2019) provides a more holistic perspective on the importance of realizing how PP and SP interact to achieve company goals. The results of the analysis, which show a nearly high T statistical value (2.132) and a relatively low P value (0.033), indicate a trend towards significance in this relationship, but it is not very strong. This prompted deeper investigation and the development of a more robust program approach. The research results show that the sample mean value is in the range of indirect impact values (0.130) and the standard deviation is low (0.062). These results illustrate the consistency and stability of the data, thereby strengthening the validity of the analysis conclusions. Therefore, although the analysis results show very small impacts, a better understanding of the relationship between PP, OP, and SP can help companies modify their strategies to more successfully achieve their desired goals. The business world is asked to increase PP as a mediator and increase synergy between SP and program implementation to achieve more optimal results.

**Influence Challenges on Organizational Performance is mediated by Program Performance**

The indirect effect value in table 4.5 shows that the original sample is 0.243, providing an important picture of how PP acts as a mediating factor between obstacles and OP. These results suggest that OPs are highly impacted by the problems they face, and that PPs are critical to mitigating the negative impact of these challenges and improving overall performance. The importance of PP as a useful mediator in resolving organizational problems and improving overall performance is highlighted by research conducted by (Hussainy, 2020) The findings of this research serve as a foundation for creating program strategies that can better address and overcome the various obstacles organizations face.

The results of the indirect effect show that there is a significant positive relationship between PP, the challenges faced, and ultimately OP. These parameters include the original sample value of 0.243, the sample mean of 0.250, the standard deviation of 0.068, the t-statistic of 3.595, and the p-value of 0.000. The significant t-statistic value (more than 1.96) and very small p-value (less than 0.05) indicate that this effect is statistically significant at the 95% confidence level, although the indirect effect value is somewhat below average. These results provide a strong indication that challenges do have a significant influence on OP through PP, this is in line with related research findings which highlight the important role of PP as a mediator in facing organizational challenges and significantly improving performance results.

## CONCLUSION

The findings of studies on Batam City's manufacturing enterprises suggest that not every aspect directly affects organizational performance in a meaningful way. According to the hypothesis test results, Organizational Culture and Motivation do not significantly affect Organizational Performance directly, as evidenced by their respective values of $p>0.05$ (OC: $p = 0.291$ and M: $p = 0.241$). Similar to this, Strategic Planning is nearly significant ($p = 0.067$) but has not yet crossed the 0.05 cutoff at the 95% CI level. Conversely, the Challenges variable exhibits a significant

inverse association with Organizational Performance (p = 0.007), suggesting that the more obstacles encountered, the worse the performance of the organization. In the meantime, the Program Performance variable is a crucial component in raising organizational performance since it has a very strong and significant impact on Organizational Performance (p = 0.000).

The Program Performance variable also serves as a significant mediator between a number of parameters and Organizational Performance, according to the indirect path analysis results. Program performance-mediated motivation affects organizational performance positively and significantly (p = 0.000), as do organizational culture (OC → PP → OP) and strategic planning (SP → PP → OP), all of which have noteworthy effects (OC: p = 0.000; SP: p = 0.033). Program performance actually mediated the negative effects of difficulties on organizational performance, resulting in a significant beneficial impact on performance (p = 0.000). This result demonstrates how program performance management can shift the initial unfavorable and weak influence of other elements toward a more positive and constructive one on organizational performance. Therefore, the main strategy for organizations to achieve total organizational success is to improve the quality and efficacy of programs.

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