

**THE EFFECT OF ORGANIZATIONAL CHANGE AND THE IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE ON EMPLOYEE PERFORMANCE WITH CREATIVITY AS AN INTERVENING VARIABLE IN THE FIELD OF PLANNING, DISTRIBUTION, AND COMMERCE AND CUSTOMER MANAGEMENT PT PLN (PERSERO) NORTH SUMATRA UID**

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**ABSTRACT**

The purpose of this study is to analyze how organizational change and the implementation of Good Corporate Governance (GCG) affect employee performance, with creativity as an intermediary factor in the aspects of planning, distribution, sales, and customer management at PT PLN (Persero) UID North Sumatra. A quantitative research method was used, with a survey approach. The research sample consisted of 99 employees, selected using a saturated sampling method. Data analysis was conducted using the Partial Least Square (PLS) technique. The results of the study indicate that organizational change and the implementation of Good Corporate Governance have a positive and significant impact on employee performance. In addition, these two factors are also proven to have a positive and significant influence on employee creativity. Creativity positively and significantly affects employee performance and serves as a mediating factor in the relationship between organizational change and the implementation of Good Corporate Governance on employee performance. Consequently, improved employee performance can be achieved by managing organizational change efficiently and implementing Good Corporate Governance, while simultaneously encouraging employee creativity.

## Introduction

In a globalized world shaped by the advancement of the fourth industrial revolution, organizations must be highly adaptive to rapid shifts in the business landscape. Companies, particularly state-owned enterprises like PT PLN (Persero), face strategic challenges in ensuring operational continuity, improving work efficiency, and providing exceptional public services. An organization's ability to overcome these challenges is greatly influenced by how effectively they manage organizational change and consistently implement Good Corporate Governance (GCG), which can improve employee performance by fostering creativity in the workplace.

Organizational change is a continuous process undertaken by companies to meet the needs of the external environment and their own internal demands. Armenakis and Harris (2019) state that organizational change involves modifying a company's structure, processes, strategies, and culture to improve performance. At PT PLN (Persero) UID North Sumatra, shifts are inevitable due to the rapid digitalization of the electricity system, the reorganization of work units, and the improvement of technology-based customer service. However, changes that do not consider human resource readiness can lead to resistance, work stress, and decreased employee performance. Thus, the success of organizational change largely depends on the ability of employees to adapt and innovate in their tasks.

Along with organizational changes, the implementation of Good Corporate Governance (GCG) is crucial in building a transparent, accountable, and integrity-based management system for companies. Effendi (2020) highlights that GCG not only aims to fulfill regulatory obligations but also acts as a tool to foster public trust, strengthen an ethical culture, and improve sustainable organizational performance. As a national electricity service provider, PT PLN (Persero) considers GCG to be a core foundation for achieving professional, efficient, and responsible corporate governance. GCG principles, which include transparency, accountability, responsibility, independence, and fairness, must be evident in all management and operational activities. However, the success of GCG implementation depends not only on existing systems and policies but also on the dedication and innovation of employees in implementing them effectively.

Employee creativity is a vital element linking the impact of organizational change and GCG implementation to employee performance. Amabile and Pratt (2016) describe creativity as an individual's ability to generate new and valuable ideas that solve problems and improve work effectiveness. In the scenario of PT PLN (Persero) UID North Sumatra, creativity is crucial for addressing various operational issues, such as power grid disruptions, customer service innovation, managing new and renewable energy sources, and accelerating the digital transition of business processes. Employees with high levels of creativity tend to manage change more efficiently and implement GCG principles effectively, thereby improving the quality of performance and public service.

Employee performance, seen as a result of the collaboration between organizational change, the implementation of Good Corporate Governance (GCG), and creativity, serves as an important measure of an organization's success. According to Robbins and Judge (2019), employee performance indicates how well individuals fulfill their assigned tasks and roles. High performance is influenced not only by technical skills but also by personal work habits, flexibility, and the ability to innovate. Therefore, improving employee performance at PT PLN (Persero) UID North Sumatra is highly dependent on management's ability to handle organizational transformation and foster a creative work environment that aligns with the principles of good corporate governance .

Field observations indicate that although PT PLN (Persero) has introduced several digital innovations, such as the PLN Mobile application, an automated dispatch system, and digitized customer service, several issues remain. These issues include limited employee adaptability to change, a lack of creative initiative, and irregular implementation of GCG principles at the operational level. These issues have led to decreased work efficiency, delays in energy distribution, and lower levels of customer satisfaction. Therefore, a thorough investigation is needed into how organizational change and GCG implementation affect employee performance, as well as examining the role of creativity as a mediating factor in this relationship.

This study aims to evaluate how organizational change and the implementation of Good Corporate Governance (GCG) impact employee performance, considering creativity as a mediating factor in the areas of planning, distribution, and customer management at PT PLN (Persero) UID North Sumatra. The findings of this study indicate that This study is expected to provide empirical contributions to the development of human resource management theory and offer practical insights for PT PLN (Persero) management in improving the effectiveness of organizational change and the implementation of good corporate governance by enhancing employee creativity. To gain deeper insight into the research context, the researchers conducted a direct evaluation of 99 employees using data collected from 2023 to 2024 as a basis for initial research observations.

**Table 1. Employee Performance Assessment**

No	Assessment Aspects	Weight	Short Description
1	Discipline	20%	Attendance, punctuality, compliance with rules
2	Performance / Productivity	30%	Work output, targets achieved, efficiency
3	Teamwork	15%	Collaboration, communication, team contribution
4	Innovation & Initiatives	15%	New ideas, solutions, self-development
5	Ethics & Behavior	20%	Professional attitude, service, honesty

Employee performance evaluations are based on five key factors, each of which is assigned a specific level of importance. The first factor is discipline, which is weighted at 20%. This involves evaluating aspects such as attendance, punctuality in completing tasks, and adherence to organizational rules and regulations. The second factor is performance or productivity, with a weighting of 30%. This focuses on the quality of work, target achievement, and effectiveness and efficiency in carrying out tasks. The third factor, teamwork, has a weighting of 15% and examines how well an employee cooperates with others, fosters effective communication, and contributes positively to achieving organizational goals. Furthermore, the innovation and initiative factor, also with a weighting of 15%, evaluates an employee's ability to generate ideas, offer alternative solutions to problems, and demonstrate a desire for personal development. The final factor, ethics and conduct, with a weighting of 20%, emphasizes the importance of professionalism, quality of service, and integrity and honesty in carrying out work. Taken together, these five factors are structured to provide a holistic view of an employee's work quality, accountability, and professionalism in their role. To enhance this study, a preliminary survey will be conducted with 30 employees, using three statements related to each research variable to collect initial data.

**Table 2 . Organizational change (X1)**

No	Related Statements Performance	Yes	Percentage	No	Percentage
1	The organizational structure at my workplace has undergone changes to adapt to current needs.	10	33.3%	20	66.7%
2	The work processes in my organization have become more efficient after the changes.	14	46.7%	16	53.3%
3	Employee work culture adapts to the direction of organizational change.	13	43.3%	17	56.7%

Based on the findings of the preliminary survey, participants expressed mixed opinions regarding the implementation of organizational change. 66.7% of participants disagreed with the notion that the current organizational structure met existing requirements, while 33.3% agreed with this view. Regarding work process efficiency, 53.3% of participants stated that the modifications made had not resulted in increased

efficiency, while 46.7% believed that work processes had indeed become more efficient after the changes. Furthermore, 56.7% of participants felt that the work culture among employees was not fully aligned with the direction of organizational change, while 43.3% of respondents believed that the work culture had undergone some changes. Overall, the preliminary survey results indicate that the majority of employees do not view organizational change positively, particularly regarding adjustments in both organizational structure and work culture.

**Table 3 . Good Corporate Governance (X2)**

No	Related Statements Performance	Yes	Percentage	No	Percentage
1	Information regarding organizational activities is conveyed openly to employees.	7	23.3%	23	76.7%
2	Each employee has clear responsibilities for their duties.	10	33.3%	20	66.7%
3	The organization carries out its obligations responsibly to all related parties.	11	36.7%	19	63.3%

Preliminary survey results indicate that the implementation of transparency, clear division of responsibilities, and accountability within the organization needs to be improved. Specifically, 76.7% of the workforce indicated that details about the organization's activities are not adequately shared, indicating a lack of effective communication between management and staff. Furthermore, 66.7% of respondents reported that the allocation of work responsibilities has not been clearly clarified, which can hinder successful teamwork. Conversely, 63.3% of employees feel that the organization has not fully fulfilled its commitments and responsibilities to all stakeholders. These results highlight the need for increased information transparency, clarification of role divisions, and strengthening accountability practices to achieve comprehensive and sustainable organizational success.

**Table 4 .Creativity (Z)**

No	Related Statements Performance	Yes	Percentage	No	Percentage
1	I am able to generate new ideas to improve work results.	14	46.7%	16	53.3%
2	I can think in different ways in solving problems.	15	50%	15	50%
3	I dare to take risks to try new things in work.	10	33.3%	20	66.7%

The preliminary survey indicates that there is still a need to improve employee innovation levels. Specifically, 46.7% of workers stated their ability to generate new ideas, while 53.3% admitted they had not yet reached that point. Regarding creative thinking for problem-solving, responses were evenly split, with 50% stating they were capable and the remaining 50% indicating they had not yet reached that stage. However, employee willingness to take risks and try new methods remains relatively low, with only 33.3% of respondents willing to experiment, while 66.7% indicated reluctance. These results indicate a continued need to encourage innovation and boldness in creativity to improve sustainable organizational performance.

**Table 5 .Employee Performance (Y)**

No	Related Statements Performance	Yes	Percentage	No	Percentage
1	I always try to produce the best quality work.	12	40%	18	60%
2	I am able to complete the work according to the specified target.	11	36.7%	19	63.3%
3	I completed the assignment on time according to the set schedule.	9	30%	21	70%

Initial survey results indicate that there is still a need to focus on the quality of employees' work and the timeliness of their task completion. Four in ten employees reported that they consistently strive to create work that meets the highest standards, while six in ten employees did not demonstrate the same level of dedication. Furthermore, only 36.7% of respondents successfully achieved their work targets, and 30% of employees

were able to complete their tasks by the given deadlines. These results indicate that a large proportion of employees struggle with the quality of their work, meeting deadlines, and achieving their performance targets. Therefore, implementing strategies that improve motivation and time management skills is crucial to encourage better employee performance.

### **Identification of problems**

1. There is still employee reluctance towards changes to the new work framework and systems, which hinders optimal adjustment to the revised operational policies and procedures.
2. The values of transparency and accountability have not been applied uniformly across all work units, resulting in ineffective implementation of corporate governance.
3. Employees continue to show little motivation in generating new ideas and innovation in completing tasks because the work environment does not sufficiently encourage creative growth.
4. The performance of certain employees is not optimal due to a lack of motivation, innovation, and the ability to adapt to changes occurring in the organization.

### **Formulation of the problem**

The problem statement for this research is outlined as follows:

1. Does organizational change have a positive and significant effect on employee performance in the Planning, Distribution, and Customer Service and Management Divisions of PT PLN (Persero) UID North Sumatra?
2. Does Good Corporate Governance have a positive and significant effect on employee performance in the Planning, Distribution, and Customer Service and Management Divisions of PT PLN (Persero) UID North Sumatra?
3. Does organizational change have a positive and significant effect on employee creativity in the Planning, Distribution, and Customer Service and Management Divisions of PT PLN (Persero) UID North Sumatra?
4. Does Good Corporate Governance have a positive and significant effect on employee creativity in the Planning, Distribution, and Customer Service and Management Divisions of PT PLN (Persero) UID North Sumatra?
5. Does creativity have a positive and significant effect on employee performance in the Planning, Distribution, and Customer Service and Management Divisions of PT PLN (Persero) UID North Sumatra?
6. Does organizational change have a positive and significant effect on employee performance with creativity as an intervening variable in the Planning, Distribution, and Customer Service and Management Divisions of PT PLN (Persero) UID North Sumatra?

7. Does Good Corporate Governance have a positive and significant effect on employee performance with creativity as an intervening variable in the Planning, Distribution, and Customer Service and Management Divisions of PT PLN (Persero) UID North Sumatra?

### **Research objective**

The objectives of this research are as follows:

1. To test and analyze the effect of organizational change on employee performance in the Planning, Distribution, and Customer Service and Management Divisions of PT PLN (Persero) UID North Sumatra.
2. To test and analyze the effect of Good Corporate Governance on employee performance in the Planning, Distribution, and Customer Service and Management Divisions of PT PLN (Persero) UID North Sumatra.
3. To test and analyze the effect of organizational change on employee creativity in the Planning, Distribution, and Customer Service and Management Divisions of PT PLN (Persero) UID North Sumatra.
4. To test and analyze the effect of Good Corporate Governance on employee creativity in the Planning, Distribution, and Customer Service and Management Divisions of PT PLN (Persero) UID North Sumatra.
5. To test and analyze the effect of creativity on employee performance in the Planning, Distribution, and Customer Service and Management Divisions of PT PLN (Persero) UID North Sumatra.
6. To test and analyze the effect of organizational change on employee performance with creativity as an intervening variable in the Planning, Distribution, and Customer Service and Management Divisions of PT PLN (Persero) UID North Sumatra.
7. To test and analyze the effect of Good Corporate Governance on employee performance with creativity as an intervening variable in the Planning, Distribution, and Customer Service and Management Divisions of PT PLN (Persero) UID North Sumatra.

### **Benefits of research**

This study is expected to provide contributions from theoretical and practical perspectives, as described below:

#### **Theoretical Benefits**

1. This study aims to improve and expand academic knowledge in human resource management and organizational management, particularly regarding the influence of organizational change and implementation of Good Corporate Governance on employee performance with creativity as a moderating factor.
2. Provide practical evidence to support the theoretical framework of organizational behavior, particularly in clarifying how creativity serves as a link between organizational change and corporate governance to improve individual performance.

3. Act as a scientific reference for future researchers who are interested in exploring the relationship between organizational change, Good Corporate Governance, creativity, and employee performance, in public organizations and other State-Owned Enterprises (BUMN).

#### Practical Benefits

1. For PT PLN (Persero) UID North Sumatra, the findings of this study are expected to guide the development of
2. Develop strategies for organizational change and improve the implementation of Good Corporate Governance principles to more effectively promote creativity and improve employee performance.
3. Provide insight to management in Planning, Distribution and Trading as well as Customer Management to identify internal factors that influence employee performance, thus enabling the development of appropriate policies for human resource management and development.
4. For employees, this research is expected to increase awareness of the importance of creativity in responding to organizational change and implementing effective governance practices, thereby supporting continuous performance improvement.
5. For the government and stakeholders in the energy sector, the results of this study can serve as a guideline for strengthening the transformation policy of state-owned companies, making them more adaptive, innovative, and focused on improving the quality of public services.

### Literature Review

#### Employee Performance

According to Mangkunegara (2017), employee performance is the work results achieved by employees, both in quality and quantity, in carrying out responsibilities according to the tasks assigned by the organization. According to Armstrong (2017), employee performance is the work results achieved by a person based on certain standards that reflect effectiveness and efficiency in carrying out tasks.

#### Indicators of Employee Performance

According to Mangkunegara (2017), the indicators are as follows:

1. Quality of work results.
2. Quantity of work results.
3. Timeliness in completing tasks.
4. Initiative and responsibility in work.
5. Cooperation with colleagues.
6. Compliance with work rules and procedures.

## **Factors Affecting Performance**

According to Mangkunegara (2017), employee performance is the work result achieved based on ability, motivation, and organizational support. Employee performance is influenced by several important factors, including:

1. Organizational Change.
2. Good Corporate Governance (GCG).
3. Employee Creativity.

## **Organizational Change**

According to Cummings and Worley (2017), organizational change is a planned effort made to enhance an organization's ability to adapt to external environmental changes and to develop the behavior and performance of individuals and groups within it. According to Lunenburg (2017), organizational change is the process by which an organization transitions from its current state to a desired future state to improve organizational effectiveness and competitiveness. This process involves adjustments to strategy, structure, and work culture.

## **Indicators of Organizational Change**

According to Cummings & Worley (2017), the indicators are as follows:

1. Changes in organizational structure.
2. Changes in work processes and systems.
3. Changes in organizational culture.
4. Changes in business and operational strategy.
5. Changes in employee behavior and attitudes.
6. Organizational readiness to face change.

## **Good Corporate Governance (GCG)**

According to Tricker (2017), Good Corporate Governance is a set of relationships between management, the board of directors, shareholders, and other stakeholders to ensure the organization runs effectively, ethically, and in accordance with the principles of accountability and integrity. According to IFC (International Finance Corporation, 2017), Good Corporate Governance is a system that directs and controls an organization to be managed transparently, accountably, responsibly, independently, and fairly to achieve organizational objectives.

## **Indicators of Good Corporate Governance (GCG)**

According to Tricker (2017), the indicators are as follows:

1. Transparency
2. Accountability.
3. Responsibility
4. Independence
5. Fairness

## Creativity

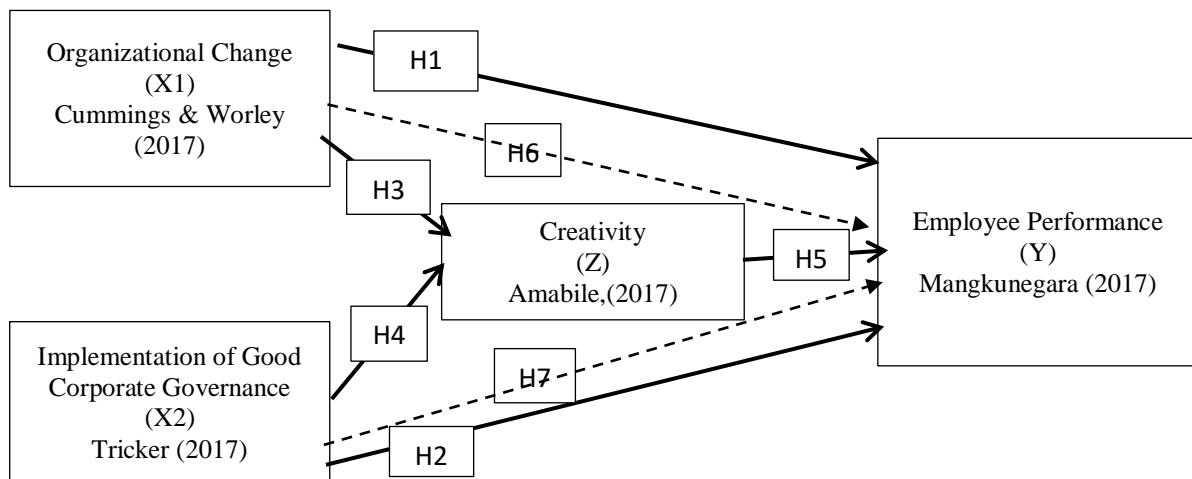
According to Amabile (2017), creativity is the result of the interaction between an individual and their environment that produces new and valuable ideas or products that can be applied in an organizational context. According to Runco and Jaeger (2017), creativity is an individual's ability to generate new and useful ideas, showing originality, flexibility, and relevance in solving problems.

## Indicators of Creativity

According to Amabile (2017), the indicators are as follows:

1. Ability to generate new ideas.
2. Ability to solve problems innovatively.
3. Flexibility in thinking and acting.
4. Courage to take risks in trying new things.
5. Ability to combine ideas effectively.
6. High curiosity about new ways of working.

## Conceptual Framework



**Figure I : Conceptual Framework**

## Research Hypotheses

- H1** Organizational change has a positive and significant effect on employee performance in the Planning, Distribution, and Customer Service and Management Divisions of PT PLN (Persero) UID North Sumatra.
- H2** Good Corporate Governance has a positive and significant effect on employee performance in the Planning, Distribution, and Customer Service and Management Divisions of PT PLN (Persero) UID North Sumatra.
- H3** Organizational change has a positive and significant effect on employee creativity in the Planning, Distribution, and Customer Service and Management Divisions of PT PLN (Persero) UID North Sumatra.

- H4 Good Corporate Governance has a positive and significant effect on employee creativity in the Planning, Distribution, and Customer Service and Management Divisions of PT PLN (Persero) UID North Sumatra.
- H5 Creativity has a positive and significant effect on employee performance in the Planning, Distribution, and Customer Service and Management Divisions of PT PLN (Persero) UID North Sumatra.
- H6 Organizational change has a positive and significant effect on employee performance with creativity as an intervening variable in the Planning, Distribution, and Customer Service and Management Divisions of PT PLN (Persero) UID North Sumatra.
- H7 Good Corporate Governance has a positive and significant effect on employee performance with creativity as an intervening variable in the Planning, Distribution, and Customer Service and Management Divisions of PT PLN (Persero) UID North Sumatra.

### **Research Type Method**

A quantitative approach is used to test the relationships between variables formulated in the hypotheses through the measurement of numerical data and statistical analysis (Creswell, 2018). The purpose of explanatory research is to explain the influence between independent, intervening, and dependent variables systematically (Sekaran & Bougie, 2018).

### **Research Location and Time**

This research was conducted in the Planning, Distribution, and Customer Service and Management Divisions of PT PLN (Persero) Unit Induk Distribusi (UID) North Sumatra located at Jl. KL. Yos Sudarso No.284, Glugur Kota, Kecamatan Medan Barat, Kota Medan, Sumatera Utara 20238 (PLN UID North Sumatra Office). The research was carried out from October to December 2025, starting from data collection, data processing, to analysis of research results.

### **Research Population and Sample**

The population in this study were all employees in the Planning, Distribution, and Customer Service and Management Divisions of PT PLN (Persero) UID North Sumatra, totaling 99 employees. According to Hair et al. (2018), in research using the Partial Least Squares Structural Equation Modeling (PLS-SEM) method, the sample used was 100 employees, employing a saturated sampling technique. According to Sekaran and Bougie (2018), saturated or census sampling is a sampling method where all population members are used as research respondents.

### **Data Types and Sources**

This study used two types of data: primary and secondary data. Primary data was collected directly from participants through questionnaires sent to employees involved in the study. Secondary data, on the other hand, was sourced from various additional

materials, including internal company documentation, literature, scientific articles, and official documents from PT PLN (Persero) UID North Sumatra related to the study area. Both primary and secondary data were used together to increase the reliability and validity of the findings (Cooper & Schindler, 2018).

### **Data collection technique**

The data collection technique in this study involved a closed-ended questionnaire, in which participants were asked to respond using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The use of closed-ended questionnaires is considered an effective way to collect substantial data efficiently and is helpful in assessing participants' attitudes and perceptions regarding the research variables (Sekaran & Bougie, 2018).

### **Data Analysis Techniques**

#### **Research Instrument Testing**

Before evaluating the structural model, the quality of the research instrument underwent validity and reliability assessments. Convergent validity was examined by measuring the Average Variance Extracted (AVE) value, declaring a construct valid if its AVE value is  $\geq 0.50$ . Furthermore, instrument reliability was assessed using the Composite Reliability Value and Cronbach's Alpha, with a value  $\geq 0.70$  indicating a satisfactory level of internal consistency (Hair et al., 2018).

#### **Data Analysis Using SmartPLS 3.0**

Data analysis for this study was conducted using the Partial Least Squares Structural Equation Modeling (PLS-SEM) method, implemented with SmartPLS software version 3.0. The PLS-SEM approach was chosen because it offers advantages for analyzing predictive and exploratory models, can be applied to relatively small sample sizes, does not rely on standard data distributions, and is suitable for models involving mediating or intervening factors (Hair et al., 2018).

The stages of data analysis with SmartPLS include several main steps, namely as follows:

1. Assessment of the Measurement Model (Outer Model), aims to check the level of validity and reliability of indicators that measure latent constructs
2. Structural Model Evaluation (Internal Model), used to examine the relationship between latent variables and to evaluate the size of the coefficient of determination (R-Square).
3. Path Coefficient Significance Testing, carried out using the bootstrapping method to obtain t-statistic results and p-values which serve as a basis for making hypothesis decisions.
4. Examination of the Mediation Effect, aims to identify the role of creativity as an intermediary factor in the relationship between organizational change and the implementation of Good Corporate Governance on employee performance.

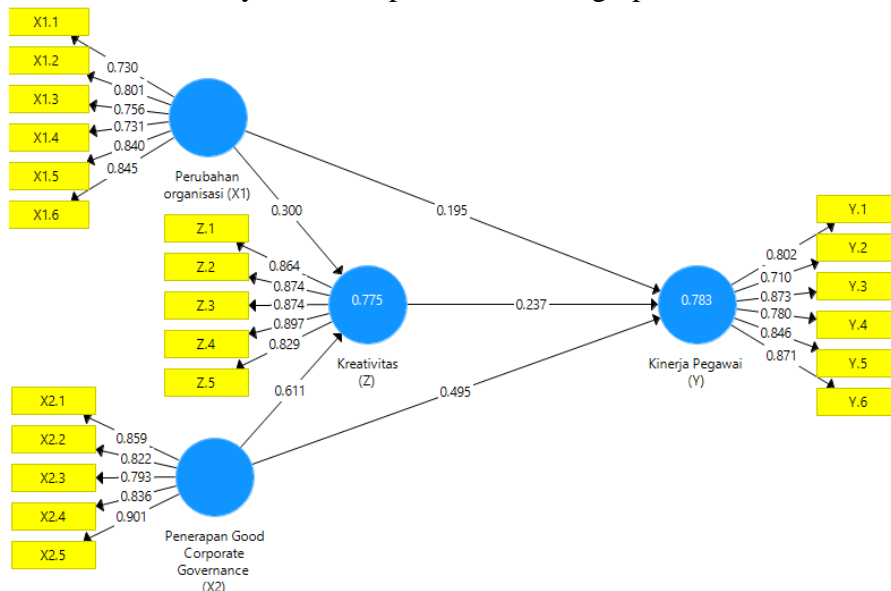
**Results and Discussion**

**Analysis Outer Model**

External model testing is conducted to assess how latent variables relate to their measurement indicators. This assessment involves reviewing the convergent validity, discriminant validity, and reliability of the research instrument.

**Convergent Validity**

The purpose of convergent validity is to determine how well each indicator successfully represents the underlying latent construct. The findings from the convergent validity assessment are displayed in the external loadings table generated by SmartPLS software. This table contains numbers indicating the strength of the relationship between each indicator and its related construct variable. An indicator is considered valid and reliable if its external loadings exceed 0.70 in describing the construct it measures. A summary of the structural model for this study is further provided in the graph shown in the next section.



**Figure 1. Outer Model**

Source : Smart PLS 3.3.3.

The Smart PLS output for loading factors gives the results in the following table: Outer Loadings

In this research there is an equation and the equation consists of two substructures for substructure 1

$$Z = b1X1 + b2X2 + e1$$

$$Z = 0.300 + 0.611 + e1$$

For substructure 2

$$Y = b3X1 + b4X2 + b5Z + e2$$

$$Y = 0.195 + 0.495 + 0.237 + e2$$

Table 6. Outer Loadings

	Employee Performance _(Y)	Creativity_(Z)	Implementation of Good Corporate Governance _(X2)	Organizational change (X1)
X1.1				0.730
X1.2				0.801
X1.3				0.756
X1.4				0.731
X1.5				0.840
X1.6				0.845
X2.1			0.859	
X2.2			0.822	
X2.3			0.793	
X2.4			0.836	
X2.5			0.901	
Y.1	0.802			
Y.2	0.710			
Y.3	0.873			
Y.4	0.780			
Y.5	0.846			
Y.6	0.871			
Z.1		0.864		
Z.2		0.874		
Z.3		0.874		
Z.4		0.897		
Z.5		0.829		

Source : Smart PLS 3.3.3.

According to Table 6, Outer Loadings, each indicator across all variables has an outer loading value that exceeds the threshold of 0.70, allowing the indicator to be recognized as a valid representation of the construct being measured. Indicators related to the Organizational Change variable (X1) show a strong influence, with outer loading values ranging between 0.730 and 0.845. Similarly, the Implementation of Good Corporate Governance variable (X2) reflects excellent indicator quality, with values ranging between 0.793 and 0.901. Furthermore, the Employee Performance indicator (Y) shows a range between 0.710 and 0.873, indicating satisfactory measurement ability. On the other hand, the Creativity variable (Z) maintains the highest outer loading value, which ranges between 0.829 and 0.897. Therefore, all indicators are considered suitable for the next phase of analysis, as they meet the requirements for convergent validity.

### Discriminant Validity

Discriminant validity was assessed by examining the cross-loading values associated with each indicator. The purpose of this analysis was to verify that each indicator correlated

more strongly with the latent construct it assessed than with other latent constructs from different groups. The findings from this evaluation can be found in the following table.

**Table 7 . Discriminant Validity**

	Employee Performance _(Y)	Creativity _(Z)	Implementation of Good Corporate Governance _(X2)	Organizational change (X1)
X1.1	0.539	0.563	0.550	0.730
X1.2	0.642	0.680	0.624	0.801
X1.3	0.625	0.641	0.655	0.756
X1.4	0.616	0.632	0.694	0.731
X1.5	0.695	0.669	0.760	0.840
X1.6	0.695	0.674	0.724	0.845
X2.1	0.819	0.834	0.859	0.794
X2.2	0.689	0.681	0.822	0.626
X2.3	0.626	0.647	0.793	0.668
X2.4	0.728	0.637	0.836	0.721
X2.5	0.770	0.821	0.901	0.773
Y.1	0.802	0.714	0.671	0.648
Y.2	0.710	0.519	0.584	0.589
Y.3	0.873	0.630	0.696	0.707
Y.4	0.780	0.693	0.715	0.619
Y.5	0.846	0.788	0.818	0.735
Y.6	0.871	0.664	0.729	0.662
Z.1	0.644	0.864	0.753	0.674
Z.2	0.730	0.874	0.769	0.726
Z.3	0.675	0.874	0.722	0.719
Z.4	0.776	0.897	0.836	0.774
Z.5	0.750	0.829	0.670	0.661

Source : Smart PLS 3.3.3.

In accordance with Table 7 on Discriminant Validity, each indicator shows the highest loading value on the construct it indicates when compared to other constructs. This can be seen in the Organizational Change indicator (X1), which records the highest value in column X1, the Good Corporate Governance Implementation indicator (X2) in column X2, the Employee Performance indicator (Y) in column Y, and the Creativity indicator (Z) in column Z. Therefore, all constructs in this study meet the criteria for discriminant validity, which indicates that each latent variable can be clearly identified without any overlap in measurement between indicators.

### Composite Reliability

The next evaluation step involves examining the construct's reliability through Composite Reliability. A construct is considered reliable if its composite reliability score is 0.60 or higher. Furthermore, a Cronbach's Alpha score above 0.70 indicates that all indicators within a construct maintain good internal consistency. Furthermore, if the Average

Variance Extracted (AVE) score is above 0.50, the construct is considered valid. The table below displays the results of the reliability and construct validity assessment of the study obtained from data analysis using SmartPLS software.

**Table 8. Construct Reliability and Validity**

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Employee Performance _(Y)	0.898	0.922	0.665
Creativity_(Z)	0.918	0.938	0.753
Implementation of Good Corporate Governance _(X2)	0.898	0.925	0.711
Organizational change (X1)	0.875	0.906	0.617

Source : Smart PLS 3.3.3.

In accordance with Table 8 regarding Reliability and Construct Validity, all constructs examined in this study showed Cronbach's Alpha and Composite Reliability values that exceeded the minimum threshold of 0.70. Therefore, it can be concluded that each variable exhibits a satisfactory level of reliability. In addition, the Average Variance Extracted (AVE) for each construct was recorded above 0.50, indicating that all variables meet convergent validity standards. Consequently, the constructs related to Employee Performance, Creativity, Good Corporate Governance Implementation, and Organizational Change are considered adequate and suitable for use in the next phase of analysis because they meet the criteria for reliability and measurement validity.

### Internal Model Evaluation

An internal model review was conducted to evaluate the consistency and accuracy of the structural connections outlined in the research framework. This structural model evaluation was conducted using several test indicators relevant to the subsequent analysis phase.

### Coefficient of Determination (R<sup>2</sup>)

The SmartPLS 3.0 software produces R Squared values for each endogenous variable as shown below:

**Table 9. R Square Results**

	R Square	Adjusted R Square
Employee Performance _(Y)	0.783	0.776
Creativity_(Z)	0.775	0.770

Source : Smart PLS 3.3.3.

Based on the results shown in Table 9 of the R Square test, the R Square value for the Employee Performance (Y) variable is 0.783. This indicates that 78.3% of changes in employee performance are caused by the independent variables found in the research model, while the remaining 21.7% are influenced by other variables not included in this study. The adjusted R Square value of 0.776 strengthens that the model's ability to explain changes in employee performance is considered strong. On the other hand, the R Square value for the Creativity (Z) variable is 0.775, which indicates that 77.5% of fluctuations in creativity are explained by the variables in the research model. The adjusted R Square

value of 0.770 indicates that this model offers considerable explanatory power for the creativity variable. In short, these findings imply that the research model is very effective in predicting both endogenous variables.

### Hypothesis Testing

After the structural model (internal model) is assessed, the next phase involves reviewing the relationships between latent constructs based on the formulated hypotheses. In this study, hypothesis testing was conducted by examining the T-statistic and P-value obtained from bootstrapping results. A hypothesis is considered accepted if the T-statistic exceeds 1.96 and the P-value is below 0.05. The following details the findings of the Path Coefficients, which describe the direct impact between variables in the research model.

**Table 10. Path Coefficients (Direct Effect)**

	Original Sample (O)	T Statistics ( O/STDEV )	P Values	Results
Creativity_(Z) -> Employee Performance_(Y)	0.237	2,206	0.014	Accepted
Implementation of Good Corporate Governance_(X2) -> Employee Performance_(Y)	0.495	4,580	0,000	Accepted
Implementation of Good Corporate Governance_(X2) -> Creativity_(Z)	0.611	7,003	0,000	Accepted
Organizational change (X1) -> Employee Performance_(Y)	0.195	2,131	0.017	Accepted
Organizational change (X1) -> Creativity_(Z)	0.300	3,295	0.001	Accepted

Source : Smart PLS 3.3.3.

#### 1. The Influence of Creativity on Employee Performance

The findings indicate that creativity has a positive effect on employee performance, as indicated by a coefficient of 0.237, a t-statistic of 2.206, and a p-value of 0.014. This indicates that as employee creativity increases, their performance also improves. Therefore, this hypothesis is supported.

#### 2. The Influence of Good Corporate Governance on Employee Performance

Evidence shows that the implementation of Good Corporate Governance significantly and positively affects employee performance, as indicated by a coefficient of 0.495, a t-statistic of 4.580, and a p-value of 0.000. These results imply that the implementation of good corporate governance can significantly improve employee performance. Thus, this hypothesis is supported.

#### 3. The Influence of Good Corporate Governance on Creativity

The analysis shows that Good Corporate Governance has a positive impact on creativity, as evidenced by a coefficient of 0.611, a t-statistic of 7.003, and a p-value of 0.000. This indicates that stronger implementation of Good Corporate Governance leads to increased creativity among employees. Thus, this hypothesis is accepted.

#### 4. The Impact of Organizational Change on Employee Performance

Organizational change has a positive impact on employee performance, as indicated by a coefficient of 0.195, a t-statistic of 2.131, and a p-value of 0.017. These results indicate that effectively managed organizational change can lead to improved employee performance. Therefore, this hypothesis is accepted.

### 5. The Influence of Organizational Change on Creativity

The findings indicate that organizational change has a significant and positive impact on creativity, with a coefficient of 0.300, a t-statistic of 3.295, and a p-value of 0.001. This indicates that organizational change can enhance employee creativity. Thus, this hypothesis is accepted.

**Table 11. Path Coefficients (Indirect Effect)**

	Original Sample (O)	T Statistics (  O/STDEV  )	P Values	Results
Implementation of Good Corporate Governance (X2) -> Creativity (Z) -> Employee Performance (Y)	0.145	2,029	0.022	Accepted
Organizational change (X1) -> Creativity (Z) -> Employee Performance (Y)	0.071	1,821	0.035	Accepted

Source : Smart PLS 3.3.3.

### 6. The Impact of Implementing Appropriate Corporate Governance on Employee Productivity through Creativity

The analysis shows that the implementation of proper Corporate Governance positively and significantly affects employee productivity through creativity, with a coefficient value of 0.145, a t-statistic of 2.029, and a p-value of 0.022. These results imply that creativity plays a mediating role in the relationship between Corporate Governance implementation and employee productivity. Therefore, this mediation hypothesis is confirmed.

### 7. Impact of Organizational Change on Employee Productivity through Creativity

The results show that organizational transformation positively and significantly influences employee productivity through creativity, as reflected by a coefficient value of 0.071, a t-statistic of 1.821, and a p-value of 0.035. This indicates that creativity plays a significant role in linking the impact of organizational change to employee productivity. Consequently, this hypothesis is confirmed.

## Conclusion

After examining the results of the study by separating direct and indirect influences, the conclusions that can be drawn from this study are as follows:

1. Creativity has a positive and significant effect on employee productivity, so the hypothesis is proven true.
2. The implementation of Corporate Governance has a positive and significant effect on employee productivity, so the hypothesis is proven correct.
3. The implementation of Corporate Governance has a positive and significant effect on creativity, so the hypothesis is proven true.
4. Organizational change has a positive and significant impact on employee productivity, so the hypothesis is proven correct.
5. Organizational change has a positive and significant effect on creativity, so the hypothesis is proven correct.
6. The implementation of Corporate Governance positively and significantly affects employee productivity through creativity, so the hypothesis is proven true.
7. The Influence of Organizational Change on Employee Productivity through Creativity

Organizational change positively and significantly affects employee productivity through creativity, so the hypothesis is proven true.

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