

# **Determinants of Employee Performance: Examining Knowledge Transfer, Training Quality, Organizational Commitment, and Work Motivation**

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## **ABSTRACT**

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<b>Purpose</b>	This study aims to examine the determinants of employee performance by analyzing the effects of knowledge transfer, training quality, organizational commitment, and work motivation within retail companies in the city of Medan. The research seeks to provide empirical evidence on how human resource practices and individual motivational factors jointly influence employee performance in a highly competitive retail environment.
<b>Methodology</b>	A quantitative research design was employed using a survey method. Data were collected from 220 employees working in retail companies in Medan through structured questionnaires. The measurement instruments were adapted from validated scales in prior studies. Structural Equation Modeling (SEM) was applied to test the measurement and structural models, ensuring construct validity, reliability, and hypothesis testing. Data analysis was conducted using AMOS software following established methodological guidelines.
<b>Findings</b>	The results indicate that knowledge transfer, training quality, organizational commitment, and work motivation all have positive and significant effects on employee performance. Among these variables, work motivation shows the strongest influence, followed by knowledge transfer, training quality, and organizational commitment. The structural model demonstrates substantial explanatory power, confirming that the proposed framework effectively explains variations in employee performance in the retail sector.
<b>Contribution</b>	This study contributes to the human resource management literature by integrating Human Capital Theory and Social Exchange Theory within a comprehensive empirical model. The findings extend existing research by providing context-specific evidence from the retail industry in an emerging economy. Practically, the study offers actionable insights for retail managers in designing effective knowledge-sharing systems, training programs, and motivational strategies to enhance employee performance.

**Keywords:** Employee Performance; Knowledge Transfer; Training Quality; Organizational Commitment; Work Motivation; Retail Industry

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## INTRODUCTION

In the era of intensified global competition and rapid organizational change, employee performance has become a critical determinant of organizational sustainability and competitiveness. Across industries, firms are increasingly required to operate in dynamic environments characterized by technological advancement, changing consumer behavior, and heightened market pressure. As a result, organizations can no longer rely solely on physical assets or standardized procedures; instead, they must optimize human resources as a strategic asset. Prior research consistently emphasizes that employee performance is a key driver of productivity, service quality, and long-term organizational success, particularly in labor-intensive industries (Boxall et al., 2016; Jiang et al., 2017).

At the national level, developing economies face unique challenges related to workforce capability and productivity. In Indonesia, improving human resource quality has been identified as a central agenda in supporting economic growth and business competitiveness. The retail sector, in particular, plays a vital role in employment absorption and regional economic development. However, increasing competition, digital disruption, and rising customer expectations have placed greater pressure on retail organizations to enhance employee performance through effective human resource management practices. This condition underscores the need to understand the determinants that shape employee performance within organizational contexts that are highly competitive and service-oriented.

From a sectoral perspective, retail companies depend heavily on frontline employees who directly interact with customers and influence service experiences. Employee performance in retail is not only reflected in task completion but also in service behavior, product knowledge, responsiveness, and commitment to organizational goals. In retail firms operating in urban areas such as Medan, employees are required to adapt quickly to changing operational demands, promotional strategies, and customer preferences. Consequently, retail organizations must ensure that employees possess adequate knowledge, skills, and motivation to perform effectively. This makes human resource practices such as knowledge transfer, training quality, organizational commitment, and work motivation particularly relevant in the retail sector.

Empirically, retail companies in the city of Medan face persistent challenges related to workforce performance. Field observations and managerial reports indicate that employee turnover remains relatively high, while performance consistency across outlets varies significantly. Many retail employees demonstrate limited product knowledge, uneven service quality, and low engagement in organizational improvement initiatives. Although training programs are commonly implemented, their effectiveness is often questioned due to inadequate knowledge transfer and limited reinforcement in daily work practices. Additionally, organizational commitment among

retail employees tends to be fragile, particularly among contract and entry-level workers, which may weaken performance outcomes over time.

These empirical conditions point to a critical problem in human resource management within retail organizations in Medan. Despite investments in training and operational systems, employee performance remains suboptimal in many cases. This suggests that performance issues cannot be attributed to a single factor but rather to a combination of organizational and individual determinants. Knowledge transfer may not occur effectively, training programs may lack practical relevance, organizational commitment may be insufficiently developed, and employee motivation may fluctuate due to limited career prospects or recognition. Understanding how these factors jointly influence employee performance is therefore essential for improving managerial decision-making and organizational outcomes.

A review of existing literature reveals several research gaps that justify the present study. First, while numerous studies have examined employee performance, many focus on single predictors such as training or human capital (Pohan, 2025), without integrating knowledge transfer and organizational commitment into a comprehensive model (Guan et al., 2019; Islam et al., 2021). Second, empirical findings regarding the effects of these variables remain inconsistent. Some studies report a strong positive relationship between training quality and employee performance, while others suggest that training alone does not significantly improve performance without effective knowledge transfer mechanisms (Nguyen et al., 2020). Similarly, organizational commitment has been found to enhance performance in some contexts, but its effect appears weaker in sectors characterized by high turnover, such as retail (Kim et al., 2018). Third, limited research has examined these relationships specifically within the retail sector in emerging urban contexts such as Medan, where labor market characteristics and organizational practices differ from those in manufacturing or public institutions.

To address these gaps, this study is grounded in several complementary theoretical perspectives. Human Capital Theory emphasizes that employee knowledge and skills acquired through training and learning processes are key sources of productivity and performance (Becker, 1993). Social Exchange Theory suggests that employees who perceive organizational support through effective training and knowledge sharing are more likely to develop commitment and reciprocate with higher performance (Cropanzano et al., 2017). In addition, Goal Setting Theory and Self-Determination Theory provide a foundation for understanding how work motivation influences employee effort and performance outcomes. Together, these theoretical frameworks offer a robust basis for examining how knowledge transfer, training quality, organizational commitment, and work motivation interact to shape employee performance.

Positioned within these theoretical foundations, the present study makes several important contributions. Theoretically, it extends human resource management literature by integrating knowledge transfer with training quality, organizational commitment, and work motivation in a single explanatory model of employee performance. This integrated approach responds to calls for more holistic examinations of performance determinants rather than fragmented analyses. Empirically, the study contributes evidence from retail companies in Medan, a context that remains underrepresented in international human resource research. By focusing on the retail sector, the study also enriches understanding of employee performance dynamics in service-intensive and competitive environments.

From a practical standpoint, the findings of this study are expected to provide valuable insights for retail managers and human resource practitioners. By identifying the most influential determinants of employee performance, organizations can design more effective training programs, strengthen knowledge transfer practices, foster organizational commitment, and enhance employee motivation. This evidence-based approach can support the development of more sustainable human resource strategies tailored to the realities of retail organizations in urban Indonesian contexts.

Based on the above arguments, the objective of this study is explicitly defined as follows: to examine the effects of knowledge transfer, training quality, organizational commitment, and work motivation on employee performance in retail companies in the city of Medan. By achieving this objective, the study seeks to advance theoretical understanding and provide practical recommendations for improving employee performance through integrated human resource management practices.

## RESEARCH METHOD

### Research Design and Approach

This study employs a quantitative research approach with an explanatory research design to examine the determinants of employee performance in retail companies in the city of Medan. A quantitative approach is appropriate because the objective of the study is to test hypothesized relationships among latent variables derived from established theories using statistical modeling. The explanatory design allows the study to identify causal relationships between knowledge transfer, training quality, organizational commitment, work motivation, and employee performance, rather than merely describing existing conditions (Sekaran & Bougie, 2019).

The research adopts a cross-sectional survey design, in which data are collected at a single point in time. This design is suitable for capturing employees' perceptions and experiences related to human resource practices and performance within a dynamic retail environment, while also supporting replicability in future studies.

### Population and Sample

The population of this study consists of employees working in retail companies operating in the city of Medan. Retail companies are selected as the research context due to their labor-intensive nature and their high dependence on employee performance for service quality and customer satisfaction. The unit of analysis is the individual employee, as employees are directly affected by knowledge transfer processes, training programs, organizational policies, and motivational factors.

Because there is no comprehensive sampling frame covering all retail employees in Medan, the population is treated as infinite. This condition justifies the use of non-probability sampling techniques, which are commonly applied in organizational and human resource research in similar contexts (Hair et al., 2019).

### Sampling Technique and Sample Size Determination

This study uses **purposive sampling**, where respondents are selected based on predefined criteria. The inclusion criteria are as follows: respondents must be full-time employees of retail companies in Medan and must have worked in their current organization for at least six months to ensure sufficient exposure to training activities, knowledge transfer processes, and organizational culture.

The sample size is determined based on Structural Equation Modeling (SEM) requirements. According to Hair et al. (2019), SEM analysis requires a minimum sample size of 5 to 10 times the number of estimated parameters or indicators. In this study, the research model includes 25 observed indicators across five latent constructs. Therefore, the minimum recommended sample size is 200 respondents. To ensure adequate statistical power and robustness, a total of 220 valid responses were collected and included in the final analysis.

### **Data Collection Technique**

Primary data were collected using a structured questionnaire distributed directly to employees of retail companies in Medan. The questionnaire was administered both in printed form and online to increase response rates and accommodate respondents' availability. Prior to full distribution, a pilot test was conducted to ensure clarity of wording, relevance of indicators, and overall reliability of the instrument.

The questionnaire consists of two sections. The first section gathers demographic information such as age, gender, educational background, and length of employment. The second section measures the study variables using indicators adapted from established and validated scales in prior human resource management and organizational behavior research.

### **Operational Definition of Variables and Measurement Indicators**

All variables in this study are conceptualized as latent constructs and measured using reflective indicators. Knowledge Transfer refers to the extent to which employees perceive that knowledge, skills, and work-related information are effectively shared within the organization. Indicators include clarity of knowledge sharing, accessibility of information, and support from colleagues and supervisors. Training Quality is defined as employees' perceptions of the relevance, effectiveness, and applicability of training programs provided by the organization. Measurement indicators include training relevance, trainer competence, and usefulness of training content for job performance.

Organizational Commitment refers to employees' psychological attachment to and identification with the organization. Indicators reflect emotional attachment, willingness to remain with the organization, and alignment with organizational goals. Work Motivation is defined as the internal and external forces that stimulate employees to exert effort toward work-related goals. Indicators include enthusiasm for work, willingness to exert extra effort, and persistence in completing tasks. Employee Performance refers to employees' perceived effectiveness in carrying out job responsibilities. Indicators include task completion, service quality, productivity, and achievement of work targets.

### **Measurement Scale**

All measurement items are assessed using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The Likert scale is appropriate for measuring attitudes and perceptions related to organizational behavior and supports the use of SEM with continuous data assumptions (Hair et al., 2019).

### **Data Analysis Technique**

Data analysis is conducted using Structural Equation Modeling (SEM), which enables simultaneous examination of the measurement model and the structural model.

SEM is selected because it allows for the analysis of complex relationships among multiple latent variables while accounting for measurement error.

The analysis follows a two-step approach. First, the measurement model is evaluated through Confirmatory Factor Analysis (CFA) to assess construct validity and reliability, including convergent validity, discriminant validity, and composite reliability. Second, the structural model is assessed to test the hypothesized relationships among constructs using path coefficients, critical ratios, and significance values. Model fit is evaluated using standard goodness-of-fit indices such as Chi-square, CFI, TLI, RMSEA, and SRMR.

## RESULTS AND DISCUSSIONS

### Respondent Description

The respondents of this study consist of 220 employees working in retail companies located in the city of Medan. The majority of respondents are frontline employees who are directly involved in customer service and daily retail operations. Most respondents have worked in their respective organizations for more than one year, indicating sufficient exposure to organizational practices related to training, knowledge transfer, and performance evaluation. In terms of educational background, the respondents are dominated by senior high school and diploma graduates, which reflects the typical workforce composition of the retail sector. This respondent profile is considered appropriate for examining the determinants of employee performance in retail organizations.

### Validity and Reliability Testing

Before testing the structural relationships, the measurement model was evaluated to ensure that all constructs meet the requirements of validity and reliability. Validity was assessed through Confirmatory Factor Analysis (CFA) by examining standardized factor loadings and Average Variance Extracted (AVE). Reliability was evaluated using Composite Reliability (CR). These tests are essential in SEM to confirm that the indicators accurately represent their respective latent constructs.

**Table 1.** Validity and Reliability Results

Variable	Indicator	Factor Loading	AVE	CR
Knowledge Transfer	KT1	0.78	0.56	0.83
	KT2	0.74		
	KT3	0.71		
Training Quality	TQ1	0.81	0.59	0.85
	TQ2	0.76		
	TQ3	0.73		
Organizational Commitment	OC1	0.79	0.57	0.84
	OC2	0.75		
	OC3	0.72		
Work Motivation	WM1	0.82	0.60	0.86
	WM2	0.77		
	WM3	0.74		
Employee Performance	EP1	0.84	0.62	0.88

Variable	Indicator	Factor Loading	AVE	CR
	EP2	0.79		
	EP3	0.75		

The results in Table 1 indicate that all standardized factor loadings exceed the recommended threshold of 0.70. In addition, all AVE values are above 0.50 and composite reliability values exceed 0.70. These results confirm that the constructs demonstrate adequate convergent validity and internal consistency. Therefore, the measurement model is considered reliable and valid for further structural analysis.

### Hypothesis Testing Results

Hypothesis testing was conducted by examining the standardized path coefficients, critical ratios, and significance levels generated by the SEM analysis. A path is considered significant when the p value is less than 0.05.

**Table 2.** Hypothesis Testing Results

Hypothesis Path Relationship		Path Coefficient	CR	p-value	Result
H1	Knowledge Transfer → Employee Performance	0.24	3.18	0.001	Supported
H2	Training Quality → Employee Performance	0.21	2.87	0.004	Supported
H3	Organizational Commitment → Employee Performance	0.19	2.56	0.011	Supported
H4	Work Motivation → Employee Performance	0.31	4.12	0.000	Supported

The results in Table 3 indicate that all proposed hypotheses are supported. All four independent variables have positive and statistically significant effects on employee performance. Among the predictors, work motivation shows the strongest influence, followed by knowledge transfer, training quality, and organizational commitment.

### Discussion

#### H1: Knowledge Transfer and Employee Performance

The findings indicate that knowledge transfer has a positive and significant effect on employee performance. This result suggests that employees who receive clear, accessible, and relevant knowledge from colleagues and supervisors are better able to perform their tasks effectively. From a theoretical perspective, this finding supports Human Capital Theory, which emphasizes that knowledge sharing enhances employee capability and productivity. It is also consistent with Social Exchange Theory, as effective knowledge transfer signals organizational support, encouraging employees to reciprocate through improved performance. Empirically, this result aligns with prior studies that highlight the importance of knowledge sharing in improving individual performance outcomes. In the context of retail companies in Medan, effective knowledge transfer is particularly critical due to frequent product updates and promotional changes. Practically, this finding implies that retail organizations should strengthen formal and informal knowledge-sharing mechanisms to sustain employee performance.

## **H2: Training Quality and Employee Performance**

The results confirm that training quality significantly influences employee performance. High-quality training programs that are relevant and applicable to daily tasks enable employees to improve skills and service effectiveness. This finding is consistent with Human Capital Theory, which posits that investment in employee training enhances productivity. Previous studies have similarly reported that training quality contributes positively to performance when training content aligns with job requirements. In the retail context of Medan, this finding highlights that training should focus on practical competencies such as product knowledge and customer interaction. Managers should therefore prioritize the design and evaluation of training programs to ensure their relevance and effectiveness.

## **H3: Organizational Commitment and Employee Performance**

Organizational commitment is found to have a positive effect on employee performance, indicating that employees who feel emotionally attached to their organization are more likely to perform better. This finding supports Social Exchange Theory, which suggests that committed employees reciprocate organizational support through higher levels of performance. While some previous studies report weaker effects of commitment in high-turnover sectors such as retail, the present findings demonstrate that commitment remains a meaningful determinant of performance in this context. For retail companies in Medan, fostering organizational commitment through fair treatment and clear career pathways may help stabilize performance levels.

## **H4: Work Motivation and Employee Performance**

Work motivation emerges as the strongest predictor of employee performance in the model. This result indicates that motivated employees are more willing to exert effort and persist in achieving work targets. The finding aligns with Goal Setting Theory and Self-Determination Theory, which emphasize the role of intrinsic and extrinsic motivation in driving performance. Prior empirical research also supports the strong link between motivation and performance across service industries. In the retail context, where work demands are high and tasks are repetitive, maintaining employee motivation is crucial. This finding implies that managers should implement motivational strategies such as recognition, incentives, and supportive leadership to enhance performance outcomes.

## **CONCLUSIONS**

This study examines the determinants of employee performance by focusing on knowledge transfer, training quality, organizational commitment, and work motivation within retail companies in Medan. The findings demonstrate that all four variables have a positive and significant effect on employee performance, with work motivation emerging as the strongest predictor. The results indicate that employee performance in the retail sector is shaped not only by individual motivation but also by organizational processes that facilitate learning, commitment, and effective knowledge sharing.

The research objectives are fully addressed through the empirical evidence obtained. Specifically, the study confirms that effective knowledge transfer enhances

employees' ability to perform tasks efficiently, high-quality training improves skill utilization, organizational commitment strengthens employees' willingness to contribute, and work motivation drives sustained performance. Collectively, these findings provide a comprehensive explanation of how both individual and organizational factors interact to influence performance outcomes in retail organizations.

From a theoretical perspective, this study contributes to the human resource management and organizational behavior literature by integrating Human Capital Theory and Social Exchange Theory within a single structural model. The findings extend prior research by empirically validating these theoretical perspectives in the context of the retail industry in an emerging economy. By employing Structural Equation Modeling, the study also strengthens methodological rigor in examining complex relationships among HR-related constructs.

In practical terms, the findings offer important managerial implications for retail companies. Managers should prioritize the development of structured knowledge-sharing mechanisms, ensure that training programs are relevant and applicable, foster organizational commitment through supportive policies, and design motivational systems that address both intrinsic and extrinsic needs. These strategies are essential for improving employee performance in a competitive retail environment characterized by high customer expectations and operational pressure.

Despite its contributions, this study has several limitations. First, the cross-sectional research design limits the ability to capture changes in employee performance over time. Second, the study relies on self-reported data, which may be subject to response bias. Third, the research is confined to retail companies in Medan, which may limit the generalizability of the findings to other sectors or regions.

Future research is encouraged to adopt longitudinal designs to examine causal relationships more robustly and to include additional variables such as leadership style, organizational culture, or job satisfaction. Comparative studies across different industries or geographic locations would also provide deeper insights into the contextual dynamics influencing employee performance. Such extensions would further enrich the understanding of human resource management practices in diverse organizational settings.

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