

The Influence of Organizational Culture, Organizational Commitment to Job Satisfaction and Employee Performance (Study at Municipal Waterworks of Jayapura, Papua Indonesia)

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ABSTRACT: *The research aimed at analyzing and revealing the influence of organization cultural and organizational commitment to employee performance direct or indirectly to the job performance. Data collection was done by questionnaire. The research samples were 127 employees. The research used descriptive analysis to determine characteristic and description of respondent for each variable indicator. While to test the relation among variable by using inferential analysis with Partial Least Square (PLS) method and Sobel Test. The results showed that organizational culture does not influence directly to the employee performance. Organizational culture able to influence performance if mediated by job satisfaction. While organizational commitment influence significantly to employee performance directly or indirectly through work satisfaction.*

Keywords—*organization culture, organizational commitment, job satisfaction, employee performance.*

I. INTRODUCTION

Human resource is one of resources that determine the organization success. Because of that, organizations are demanded to manage the human resources well for the organization survival. Nitisemito (1992) stated that a company that able to improve the work spirit and enthusiasm then they will get many benefit.

Municipal waterworks is one of service companies that provides clean water for community. The presence of the company through Act/5/1962 as local government owned corporation that give services and bring benefit for public in drink water. The company activities are from collecting, managing and purifying, and distributing the water to community. The faced obstacles by PDAM in distributing the water such as, high operational cost, limited production capacity, limited production infrastructure, high leakage. They cause water distribution do not run well. And also employee problem. Strike that is caused by dissatisfaction to the management policies, such as employee promotion in the implementation give less attention to employee achievement. It causes conflict, then the low performance. The conflict usually is caused by nonconductive organization culture (Asfar, 1994). Beside that, employee satisfaction, organizational commitment are the causing factors of the low productivity of company Indonesia (Nitisemito, 1992).

High performer employee related with the high job satisfaction. Puspakumari (2008) showed that there was significant and positive relation between employee job satisfaction to the employee performance. And also Hussin (2011) showed that job satisfaction influence positively to the employee achievement.

Job satisfaction is a needed condition by someone in doing their work, because if the work able to bring satisfaction, then the employee will do the job well and produce good performance. Robbins (2003), theoretically there are three reason for the importance of the job satisfaction in the organization. First, unsatisfied employees do not care with the work and possibly resign. Second, satisfied employees have better health and long life. Third, satisfaction to the job will be brought into life outside the work.

Beside that, the organizational culture has important role in the relation with the employee performance. Because the company culture as tool to reach goal by asking the values as needed by company to always conductive and competitive. Wawan and Nugroho (2001) explained that a healthy company but does not has good culture, then the company does not has long life. Someday there will be demonstration, strike or the like that make the organization not healthy or bankrupt. So it is clear that the company goals will not be reached without approach through organizational culture. Gibson et al (1997). Furthermore, Moeljono (2003) stated, to improve the organizational performance, it needs professional human resources and strong culture.

It is supported by empirical investigation of Ojo (2009), concluded that organizational culture influence positively to employee performance. Ebtesbam et al (2011) showed that organizational culture significantly and positively influence the performance. Ahmad (2012) stated that organizational culture influence positively to the performance. Other research by Raka (2003), stated that no direct influence by organizational culture to organizational performance. The influence of both variable will occur if mediated by employee behavior. And also Ghani (2006) concluded that organizational culture did not influence significantly to the employee performance.

Other factors also influence the performance such organizational commitment. Luthans (2006) stated that organizational commitment is 1) strong desire to be member of certain organization 2) desire to try hardly suitable with the organization will 3) certain belief, and accepting value and goals of organization.

It is a attitude that reflects the employee loyalty to organization and continuous process where organization member expressing their attention to organization and its success and continuity. Basically, the employee commitment are needed to support the work achievement, because commitment is relative power from individual identification to organization.

Empirical investigation about organizational commitment with the employee performance, done by Rashid et al (2003); Paik et al (2007); Khyzer (2001), their results showed that the organizational commitment impact positively to the performance. While research of (Wright, T.A 1997 in Yousef, 2000), the results showed negative correlation between organizational commitment and the work performance.

Based on the field phenomenon and the empirical investigation, then the research problem investigated the organizational culture and organizational commitment partially to the employee performance and testing whether work variable can be used as mediation for the organizational culture to the employee performance and the influence of organizational commitment to the employee performance.

II. LITERATURE REVIEW

Organizational Culture

Gibson et al (1997) defined organizational culture as the system that penetrate values, belief and norms in each organization. Organizational culture able encourage and discourage the effectiveness depend on the value characteristic, belief, and norms. Schein (1992), organizational culture is basic assumption pattern that is created, found, or developed by certain group when they adapting themselves with the external problems and internal integration work well and considered as worth, and taught to new members the correct way to realize, think, and feel the relation with the problems. And Robbins (2006), organizational culture is collective meaning system that are followed by the members that differentiate the organization to others.

Cultural indicators in the research used from Wallach (1983) grouped organizational culture become three, that is: bureaucracy culture. Innovative culture and supportive culture. (1) bureaucracy culture is culture hose condition needs arrangement, command and rules (2) innovative culture bring freedom to participant in it to free in thinking, stating opinion, free their thought and feeling and to work (3) supportive culture is in its communication interaction give emphasis to the kinship values such as harmony, openness, friendship, cooperation, and trust.

Organizational Commitment

Marthis and Jackson (2000) give definition, organizational commitment is degree to employee believe in and accept organizational goals and desire to remain with organization. Luthans (2006) stated that organizational commitment is 1) strong desire to be member of certain organization 2) desire to try hardly suitable with the organization will 3) certain belief, and accepting value and goals of organization. And Sopiah (2008) concluded that organizational commitment is a psychological bond of employee to organization that is marked with (1) strong

belief and acceptance for organizational goals and values (2) desire to reach organizational goals, and (3) strong will to defend their position as organization members.

In this study, organizational commitment indicators used from Meyer and Allen (1997) that divided into three components: affective commitment is psychologically involvement with organization based on how good their feeling about organization. Continuance commitment is the members involvement psychologically to organization because his cost as consequences exit from organization because their moral duties to maintain the relation with organization.

Job Satisfaction

Robbin and Judge (2008), job satisfaction as positive feeling about someone job that is the results of the characteristic evaluation results. Someone with high job satisfaction has positive feeling about the job. Luthans (2006), job satisfaction is pleasure emotional feeling or positive emotions come from the work valuation or experience. Beside that, Nasaradin (2001) stated that job satisfaction may be a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience.

In this study, the job satisfaction indicator used according to Luthans (2006) such as: work itself, salary, promotion opportunities, supervisor, colleagues.

Performance

Prawirosentoso (2000), performance is work results that achieved by someone or group in organization, suitable with the authority and responsibility, in effort to reach the organizational goals legally, not violate the law, and suitable with moral and ethics. Mangkunegara (2005), employee performance is work outcome in quality and quantity that achieved by someone in conducting his responsibility.

In this study, the performance indicators used according to Bernadin or Rusel (1993), that is: quality, related with how far the process or activities implementation close to perfection or close to the expected goals. *Quantity* related with the produced quantity, such as rupiah amount, unit amount, cycle amount, finished activities. Timelines, the punctuality level suitable with the expectation by considering the coordination of other output with the available time with other works. Cost effectiveness, how far the organizational resources usage (human, financial, technological, material resources) are maximized to reach high goals, or decreasing the disadvantage from each resources unit. Need for supervisor, is how far someone do his job to prevent un expected actions. Interpersonal impact, how far the employee keep their self esteem, good name and cooperation among the peers and subordinates.

III. METHOD

The used instrument to collect data in the research is questionnaire that contained the questions. The measurement scales to measure the respondents response by using Likert scale of 5 points consist of; SS = very agree (point 5), S = agree (point 4), N= neutral (point 3), TS = not agree (point 2), and SST = very disagree (point 1)

Partial Least Square Analysis by Falk and Miller in Gozali (2006) used for testing, (1) linearity assumption test (2) Goodness of Fit model test (outer model) (3) structural model test (inner model) and test for structural model hypothesis (inner model). And Sobel Test, to test whether the variable is mediating variable or not (Solimun, 2001).

IV. RESULTS

Linearity assumption used Curve Fit linearity, that is relation among variables stated as linear if fulfill one of the possibilities below (1) significant linear model (sig linear model <0.05), (2) non significant linear model and all models that may be non significant (sig linear model >0.05), and sig of other linear model >0.05. The test results presented as follows

Table 1. Linearity assumption test

Variable relation	Linear model test	Sig of linear model	Conclusion
X1 Y1	Significant linear model	0.000	Linear
X1 Y2	Significant linear model	0.008	Linear
X2 Y1	Significant linear model	0.000	Linear
X2 Y2	Significant linear model	0.000	Linear
Y1 Y2	Significant linear model	0.000	Linear

From table above, that sig of linear model <0.05, for the four variable relations, so the linearity assumption is fulfilled.

Goodness of Fit Model Test

The goodness of fit at outer model of convergent validity, discriminant validity and composite reliability measurement.

Table 2. Convergent validity test results

Variable	Indicators	Outer Loading	Explanation
Organization culture (X1)	X1.1	0.805	Valid
	X1.2	0.869	Valid
	X1.3	0.667	Valid
Organizational commitment (X2)	X2.1	0.715	Valid
	X2.2	0.790	Valid
	X2.3	0.838	Valid
Job satisfaction (Y1)	Y1.1	0.639	Valid
	Y1.2	0.687	Valid
	Y1.3	0.675	Valid
	Y1.4	0.709	Valid
	Y1.5	0.664	Valid
Employee Performance (Y2)	Y2.1	0.582	Valid
	Y2.2	0.606	Valid
	Y2.3	0.474	Valid
	Y2.4	0.716	Valid
	Y2.5	0.626	Valid
	Y2.6	0.706	Valid

The results showed the value of the construct loading indicator has a value of over 0.30, so it can be concluded that the measurement meets the requirements of convergent validity

Table 3. Discriminant Validity test results

Variables	AVE	Root AVE	Score Correlations Between Latent Variables			
			Organization culture	Organizational commitment	Work satisfaction	Employee Performance
Organization Culture	0.616	0.785	1	0.060	0.374	0.275
Organizational Commitment	0.613	0.783	0.060	1	0.388	0.596
Job Satisfaction	0.456	0.675	0.374	0.388	1	0.643
Employee Performance	0.389	0.624	0.275	0.596	0.643	1

Testing results showed the root value of AVE (average variance extracted) showed the greater score than correlation among the latent variable score, so it can be concluded that all constructs fulfill the discriminant validity criteria.

Table 4. Composite reliability test

Variable	Composite reliability
Organizational culture	0.826
Organizational commitment	0.825
Job satisfaction	0.807
Employee performance	0.790

The test results showed the reliability composite root showed the greater value than 0.7 so can be concluded that all construct fulfill composite reliability.

Goodness of fit test of structural model at inner model

Goodness of fit test of structural model at inner model by using predictive-relevance (Q2) value. The calculation showed the predictive-relevance value of 0.6812 or 68.12%, so the model can be said has relevant predictive value. The predictive relevance value of 68.12% indicated that the data variance can be explained by the model of 68.12%.

Hypotheses testing

The hypothesis testing done by t test (t test) at each influence path partially. It is shown in table 5 below.

Table 5. Direct Influence Hypotheses Test

Independent variable	Dependent variable	Path coefficient	p-value	Statistic	Explanation
Organizational Culture	Employee Performance	0.081	0.322	0.990	Not significant
Organizational Commitment	Employee Performance	0.417	0.000	7.362	Significant
Organizational culture	Job satisfaction	0.352	0.000	4.358	Significant
Organizational commitment	Job satisfaction	0.367	0.000	5.641	Significant
Job satisfaction	Employee performance	0.451	0.000	7.056	Significant

Table 6. Mediation analysis results of job satisfaction to organizational culture to the employee performance.

Sobel Test Results					
Relation	Coefficient	Se	Z _{calculation}	Sig	Explanation
BO→JS→EP	0.159	0.047	3.398	0.000	Significant

Explanation: BO=Organization Culture, JS = Job Satisfaction, EP= Employee Performance.

Table 7. Mediation analysis results of job satisfaction to organizational commitment to the employee performance

Sobel Test Results					
Relation	Coefficient	Se	Z _{calculation}	Sig	Explanation
OC→JS→EP	0.166	0.038	4.386	0.000	Significant

Explanation: OC=Organizational Commitment, JS=Job Satisfaction, EP=Employee Performance.

Based on table 5, table 6, table 7, it can be explained the research hypotheses test results as follows:

Organizational culture influence test (X1) to employee performance (Y2), obtained path coefficient of 0.081, $t_{calculation}$ value of 0.990 and p-value of 0.322. Because the $t_{calculation}$ lower than t_{table} of 1.96 and alpha of 5% (0.05), p-value was higher than alpha of 0.05, indicated no significant influence between organizational culture (X1) to employee performance (Y2). It shoed that no enough empirical evidence to accept hypothesis (H1) that the stronger organizational culture able to improve the employee performance.

- Organizational commitment influence test (X2) to the employee performance (Y2) obtained path coefficient of 0.417, $t_{calculation}$ value of 7.362 and p-value of 0.000. Because the $t_{calculation}$ higher than t_{table} of 1.96 and alpha of 5% (0.05), p-value was lower than alpha of 0.05, indicated there is

significant influence between organizational commitment (X2) to employee performance (Y2). It showed that there is enough empirical evidence to accept hypothesis (H2) that the stronger organizational commitment able to improve the employee performance. It means the higher organizational commitment (X2) the higher employee performance (Y2)

- Based on the testing of organizational culture direct influence to employee performance that was not significant and the influence of job satisfaction to employee performance that was significant, then it can be identified there was indirect influence (mediation) between organizational culture to the employee performance that is mediated by job satisfaction. To test further whether mediating variable of job satisfaction at the organizational cultural influence relation to the employee performance, then Sobel test was done. Table 6 showed the Sobel test of job satisfaction mediation test to organizational cultural influence to employee performance, where the mediating effect of job satisfaction to the organizational culture to the employee performance with Sobel test, obtained indirect path coefficient of 0.159, $Z_{\text{calculation}}$ value of 3.398 and significance of 0.000. Because $Z_{\text{calculation}} = 3.398$ higher than $Z_{\text{table}} = 1.96$ and significance value of 0.000 lower than 0.05, then it indicated that there was significant influence between organizational culture to employee performance through job satisfaction. It showed that there was enough empirical evidence to accept hypothesis (H3) that the job satisfaction able to mediate the influence of organizational culture to the employee performance. The positive path coefficient showed the higher organizational culture value instilled into employee then the higher satisfaction, the higher satisfaction the higher performance.

Based on the testing of organizational commitment direct influence to employee performance that was significant and the influence of job satisfaction to employee performance that was significant, then it can be identified there was indirect influence (mediation) between organizational commitment to the employee performance that is mediated by job satisfaction. To test further whether mediating variable of job satisfaction at the organizational cultural influence relation to the employee performance, then Sobel test was done. Table 7 showed the Sobel test of job satisfaction mediation test to organizational cultural influence to employee performance, where the mediating effect of job satisfaction to the organizational commitment to the employee performance with Sobel test, obtained indirect path coefficient of 0.166, $Z_{\text{calculation}}$ value of 4.386 and significance of 0.000. Because $Z_{\text{calculation}} = 4.386$ higher than $Z_{\text{table}} = 1.96$ and significance value of 0.000 lower than 0.05, then it indicated that there was significant influence between organizational commitment to employee performance through job satisfaction. It showed that there was enough empirical evidence to accept hypothesis (H4) that the job satisfaction able to mediate the influence of organizational commitment to the employee performance. The positive path coefficient showed the higher organizational commitment value instilled into employee then the higher satisfaction, the higher satisfaction the higher performance.

V. DISCUSSION

The influence of organizational culture to employee performance

Organizational culture does not influence employee performance. The results support Raka (2003), Ghani (2006) who stated that there were not direct influence of organizational culture to performance. The research does not support Aluko (2003), Swanepoel (2009), Ebtesbam et al (2011), Ahmad (2012) where their research stated that organizational culture influence positively to performance. Beside that, the results contrary with theory that stated organization culture able to improve the organizational effectiveness (Denilson, 1990)

Organizational commitment influence to employee performance

There were enough empirical evidence (H2) that “the higher organizational commitment the higher employee performance”. The positive path coefficient of 0.367, indicated the influence of organizational commitment to the employee performance in one direction. It means, the higher organizational commitment, the higher employee performance. The results supported Rashid et al (2003), Khan et al (2010), Paik et al (2007), Khyzer and Ahmed (2011), the empirical results showed the organizational commitment influence significantly and positively to performance.

The influence of organizational culture to employee performance through job satisfaction

The statistical results showed organizational culture to employee performance through mediating variable of job satisfaction has positive and significant influence. Where the positive path (0.159) showed the stronger organizational culture the higher work satisfaction and then improve the employee performance. The results were supported by Sobel test that showed the job

satisfaction able to mediate the organizational culture to employee performance. Work satisfaction is mediating variable that is complete in nature.

The influence of organizational commitment to employee performance through job satisfaction

The statistical results showed organizational commitment to employee performance through mediating variable of job satisfaction has positive and significant influence. Where the positive path (0.166) showed the stronger organizational commitment the higher job satisfaction and then improve the employee performance. The results were supported by Sobel test that showed the employee satisfaction able to mediate the organizational commitment to employee performance. Job satisfaction is mediating variable that is partial in nature.

VI. CONCLUSIONS

- Organizational culture does not influence significantly to employee performance. It means the higher organizational culture unable to improve the employee performance, because of that organizational culture value including (bureaucracy, innovative and supportive) should be socialized to employee in each employee work so the organizational culture can be instilled in each employee so they able to work better for company.
- Organizational commitment influence significantly to the employee performance. It means the higher organizational commitment the higher employee performance. High committed employee will devote all thought, abilities and skills for company advance.
- Job satisfaction able to mediate organizational culture to the employee performance. It means the stronger organization able to improve job satisfaction, so the employees will do their tasks and responsibilities well.
- Job satisfaction able to mediate organizational commitment to the employee performance. The higher organizational commitment the higher job satisfaction and the higher performance.

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