

The Effect of Organizational Culture, Organizational Learning and Creativity on Employee's Performance

Halid Hasan, Farika Nikmah*

State Polytechnic of Malang

Malang, East Java, Indonesia

*farikanikmah@gmail.com

Abstract—This research is conducted to see the direct and indirect relationship among organizational culture, organizational learning and creativity as well as employee's performance. With the assumption is that employee's performance can be affected by a conducive organizational culture, a sustainable learning process, and creativity awareness of the employees. This study applied the quantitative method with the total samples are 96 employees consisting of BNI's employees in 14 branch offices, East Java, Indonesia. The data was analyzed by using PLS method in order to measure both the indirect and direct relationship between organizational culture, learning organization, creativity, and the employee's performance. The result shows that there is relationships between the organizational culture, organizational learning, and creativity with the employee's performance. The relationship among the tested variables shows that the indirect relationship between organizational cultures with the employee's performance through organizational learning and creativity is stronger than the direct relationship among them. It is important to measure employee's performance in order to know the organizational performance. Organizational culture, organizational learning and creativity are some variables among other variables that affect the employee's performance. Employee's performance itself is important in order to anticipate the fast changing of the society both related to the habit and technology. The further study is needed to know that other variables affect the employee's performance in relation with the changing demand.

Keywords: *organizational culture, organizational learning, creativity, employee's performance*

I. INTRODUCTION

Based on the previous study that examine the relationship between organizational culture, organizational learning, creativity and employees performance [1-10]. Organizational culture defines as a group's pattern of values and belief that help the individual understands the function of the organization and guide them about how to behave in it [11]. Organizational culture is directly connected with individuals' behaviour and their interaction in the organization [12]. Research on organizational culture explains that organizational culture influences posture strategically related to innovation and this relationship not the same according to each national cultural background [13]. Organizational culture are seen as the positive impact for the future organization growth [1-3].

Employee's performance is influenced by organizational learning that is strengthened by the organizational culture. Based on Argote, organizational learning has three sub-process: creating, maintaining and knowledge transferring [14]. It gives opportunity for the employees to learn about organization and how to show a good performance [4-6] and during the learning process they can stimulate the creativity [15]. Creativity is transformation new knowledge on products, processes, services and actions using something new [16]. Creativity can be reached if the atmosphere is conducive [17]. What is meant by conducive is the atmosphere provides a freedom, autonomy, clear rules and also free access to information resources [18]. Besides, creativity is an important role to encourage competitiveness in increasing performance [7,19] and the contribution has been proved [8-10].

The researcher conducted this research in banking business area, namely Bank Negara Indonesia (BNI) with some reasons, first, bank is a company that directly involves the people's activities both in formal or informal and at all levels that occur in the community use this service. Second, BNI applies some elements related to the human resources management including organizational culture, organizational learning and creativity. **Culture phenomenon**, BNI applies the 46 principals in the working culture (professionalism, integrity, orientation and continuous improvement). **Organizational learning phenomenon** where it is hoped that by the implementation of organizational culture, it can help the learning process that is done by creating and holding some trainings such as: 1) creating modules for the training related to credit area and the banking operational in BNI Corporate University, 2) designing a training development program using competency based approach and managing the training based on the suggestions of all units in the company in order to support the target achievement. **Creativity phenomenon** means that the employees are given a change to freely and healthy compete with each other based on their given job division. Moreover, with the status of most of the employees are temporary worker, it gives broader authority for the company to make the policy in human resource management and in evaluating the performance. Those above factors are the main reason for the researcher to conduct a study to see what efforts are done by each employee in maintaining his/her good performance.

The sample of this study is the representative of employees, 96 employees which consist of BNI's employees, East Java,

Indonesia. The expected result from this study is that there is a significant role of the implementation of organizational culture, organizational learning, and creativity toward the employees' working performance.

This research consists of three main parts; the first is an explanation of the literature review and the hypothesis development, the second is about the methodology, and the third is the finding and discussion.

II. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

A. Organizational Culture, Organizational Learning, Employee's Performance

Kotter and Heskett mentioned in their research that organizational culture has a significant long term effects toward employee's performance [20]. Another study by Riani stated that the existing of organizational culture eases the employees to adapt with the working environment, helps them knowing how they should behave related to the values applied in the office, and the employees will highly respect the culture and make it as the behavioural basis in performing their job [21]. Saeed et al stated that if there is a decrease in the organizational culture, the working performance of the employees will also decline since the culture is a root that attached in the employee's mindset as their value and their model in doing the correct and proper job, to support the good performance [3]. Another result that support the importance of organizational culture was done by Nikpour in which he emphasized that if the organizational culture is not in line with the employers'- the ones who had the internal/ external authority- dynamic concern, the organization will decrease the succeed in the performance, like what happened in some organizations [1]. Similar result is also found in Syafii et al about the relationship between organizational culture an employee's performance [2]. Referring to the above literature studies, the hypothesis that is proposed is:

H1= Organizational culture has significant effect on the employee's performance.

Researches done by Abdi [22] and Alsabbagh [23] mentioned that there is a relationship between organizational culture and organizational learning in creating the good working performance of the employee. Organizational learning is assumed as the dynamic process based on the knowledge that forces the all level of employees to keep on moving, started with the personal level, then group level until the organizational level. By having the above fact, the proposed hypothesis is:

H2= Organizational culture has significant effect toward organizational learning.

Flowers in Ariani described that organizational culture has a role in the learning process, in which it is used as one of the ways to develop [24]. It is comprehended as a process instead of aim, so it needs to change and have a continuous improvement, not simply a quick jump or a quantum. Organizational learning requires culture to support and

facilitate the learning process [12]. It can grows properly in the atmosphere where communication is done openly and highly supported [25]. Sathe in Azadi et al mentioned that culture in an organization influences all aspect of the life and behaviour in the organization in five basic process: communication, teamwork, commitment, decision making and implementation [26]. Based on those experts opinion, organizational learning can run effectively if the organizational culture is exist, properly applied and it effectively supports the learning process, thus, the proposed hypothesis is:

H3= Organizational culture significantly affects the working performance through organizational learning.

B. Organizational Culture, Creativity and Employee's Performance

Taha and Sirkova mentioned in their study that some organizational cultures have: high standards for their new employee recruitment, high demands on creating new ideas, and force the their management to create a good atmosphere to encourage and stimulate the employees in creating new ideas, and also facilitate an accessible communication in the ideas creation, where all those things are able to create a great creative atmosphere [27]. Creativity is defined as somebody's ability to think, make and develop ideas and new ways that can be used to see both the problems and opportunities that leads to creative solutions [28], thus the proposed hypothesis is:

H4= Organizational culture significantly affect creativity.

Organizational culture that can generate employee's creativity is a working atmosphere which contains: freedom, autonomous, clear rules and also the availability of accessible resources [18]. The supportive organizational culture will encourage the employee's intrinsic motivation that improve their creativity so that the employees are able to face the complex working condition independently. The relation between organizational culture and employee's creativity lies in how far the company will let their employees to improve themselves [29], thus, the proposed hypothesis is:

H5= Organizational culture have a significant effect on the employees' working performance through creativity

Based on the above empirical study, the hypothesis framework of this study is shown in figure 1.

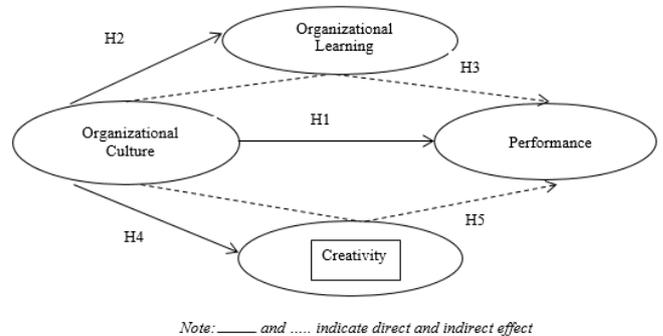


Fig. 1. Research's hypothesis framework.

III. RESEARCH METHOD

The population was all of BNI’s employees, East Java, Indonesia. The research was started in July up to September 2019 and the total of questionnaires that were approved to be analysed were 96.

The questionnaire applied the Likert Scale with the respond range was 1-5 and the indicator which was used were theoretical and empirical based. The analysis on organizational culture is based on Nikpour’s [1] opinion, while the indicator used to measure the organizational learning was based on and Abdi’s [22] research result. The analysis instrument applied Partial Least Square (PLS) to measure: validity and reliability, the relationship between variables both directly and indirectly.

IV. RESULTS

A. Descriptions of Respondents

This research analysed the data taken from 96 respondents who answered the questionnaire. Most of the respondents are woman (72%) with the range age is 36-46 year-old (63%) and 60% of their education backgrounds are Bachelor and Master Degree. The approximate working length is 10-15 years (64%).

B. Analysis

1) *Validity and reliability analysis:* The PLS outer analysis was used to test the validity and reliability to make sure the reflective model applied has already fulfilled the requirements. The test applied the correlation among the indicators with the construct score which was shown by the leading factor. Indicator with high construct score means that it has higher contribution to explain the latent construct. The indicators which reflected the consistent and stable construct have requirements of the loading factor > 0,7 with the Cronbach’s Alpha is more than 0,7. The validity test was seen by the number of AVE which is more than 0,5 that means the cross loading value or the construct latent indicator correlation is higher, compared to the value of the correlation among other construct indicators. This condition means the validity model measurement was fulfilled.

Based on the output, the following table displayed the result of the validity and reliability test in the study:

TABLE I. VALIDITY AND RELIABILITY RESULTS

No	Criteria	Standard	Results of the Research			
			OC	OL	Cre	EP
1	Cronbach’s Alpha	>0,7	0,93	0,95	0,93	0,93
2	Composite Reliability	>0,7	0,94	0,96	0,94	0,94
3	AVE	>0,5	0,62	0,69	0,66	0,58

Note: OC (Organizational Culture); OL (Organizational Learning); Cre (Creativity); EP (Employee’s Performance)

Table 1 showed that all variables tested in the study are already accomplished all the requirements, so they are all valid and reliable.

2) *Path analysis:* This research applied inner model in PLS analysis to test the relationship between the exogenous and endogenous constructs that were hypothesized previously. The result was:

TABLE II. DIRECT AND INDIRECT RESULTS

No	Relationship	R ² (>0,67)	t _{stat} (>1,96)
1	OC→EP	0,82	2,006
2	OC→OL	0,75	2,861
3	OC→EP through OL	0,87	3,274
4	OC→Cre	0,69	10,147
5	OC→EP through Cre	0,85	3,274

Note: OC (Organizational Culture); OL (Organizational Learning); Cre (Creativity); EP (Employee Performance)

The result in Table 2 showed the value of R² in all relationship that both the direct and the indirect have completed the requirements and stated as having significant influence. The result was strengthened with the result of the t_{statistic} that had higher value than the t_{table}, so it can be stated that the coefficient estimation value of the track is significant.

In brief, the results of path analysis are shown in figure 2.

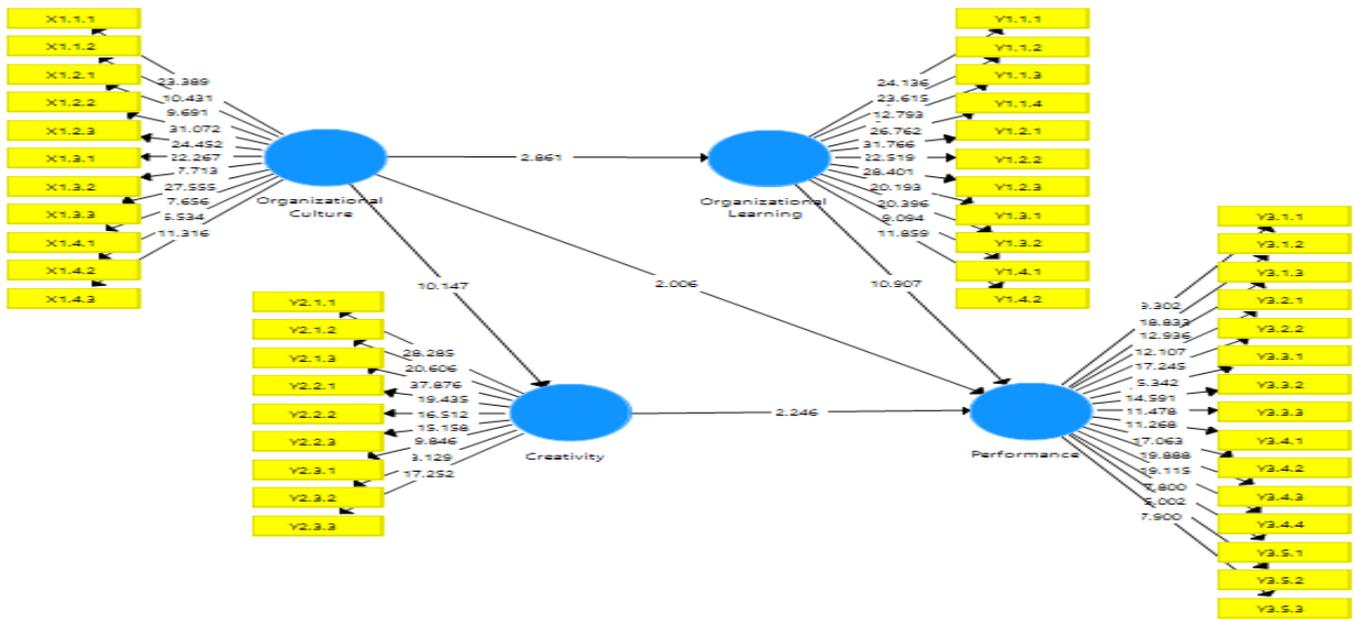


Fig. 2. Results of path analysis.

V. DISCUSSION

This research found that the organizational culture have significant positive effects toward the employee’s performance. It means that if the conducive organizational culture can be created, then the good employee’s performance will follow. This result supports the result of the previous research done by Nikpour [1], Syafii et al [2], and Saeed et al [3]. Thus, employee’s performance can be improved through well-created organizational culture.

Based on the result that organizational culture positively affects the organizational learning, it can be said that there are many aspects which are in line in the organizational culture such as involvement, consistency, adaptability, and mission [1]. Another finding form the recent collaborative studies done by Abdi [22] and Alsabbagh [23] mentioned that organizational culture has a positive and significant relationship with the organizational learning.

The role of organizational learning is to put a bridge between the organizational culture and the employee’s performance in which the organizational culture indicators are able to encourage the existence of employee’s performance created by the organizational learning. With result of 28% indirect effect of organizational culture toward employee’s performance through organizational learning and 26% of the direct effect. The result means that the indirect effect of organizational culture plays more on the employee’s performance than the direct one. The argumentation about the above fact is that employees supported with opportunity in learning can create better conducive organizational culture and automatically increase the performance. The same opinion stated by Schein [12], where it is mentioned that organizational learning needs culture both to support and to facilitate learning. Another similar opinion mentioned by Singh that learning

process easily grow in the culture in which there is the existence of open communication and motivated [25].

This research has found that organizational culture positively and significantly affects creativity. It means that when the good organizational culture is well built, the employees will have greater awareness and better motivation to create creativity. Similar finding was found by Taha and Sirkova [27], Zhang [28]. Thus, we might suggest that good organizational culture would improve the employee’s performance.

Based on the data analysis, the researcher finds that creativity statistically associates the relationship between organizational culture and employee’s performance. The percentage of the direct effect of organizational culture toward employee’s performance reaches 20%, while the indirect effect- though creativity- reaches up to 22%. Those fact shows that the indirect effect of organizational culture has bigger effect than the indirect one with the unavailability of creativity. In contrary, it can be said that creativity has creativity has the capability in connecting organizational culture with employee’s performance. Similarly, Runco [18] and Tika [29] also found that the interconnection between organizational culture and creativity, in which the creativity here give greater space for the employees to develop and finally improve their performance.

VI. CONCLUSION

The purpose of this study is examining the influential factors that affect the employee’s performance. The study had 96 respondents who are the employees of bank that represented by the employees of the BNI Branch offices in East Java Region - to answer the questionnaire. The path analysis found that organizational learning and creativity are important in the

relationship between organizational culture and employee's performance. Independently, organizational culture positively affects employee's performance.

It should be noted that the limitation of this study is particularly focus on the banking field which makes the result is specific and unable to be generalized for all business. Accordingly, future study may be carried out by making comparison between the other field such as governmental institution or other public business.

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