

# The Role of Organizational Culture on Employee Satisfaction and Performance

Ahmad Ispik<sup>1</sup> Morris Adidi Yogia<sup>1\*</sup> Zainal<sup>1</sup> Made Devi Wedayanti<sup>1</sup>  
 Astri Ayu Purwati<sup>2</sup>

<sup>1</sup>*Universitas Islam Riau, Indonesia*

<sup>2</sup>*Institut Bisnis dan Teknologi Pelita Indonesia, Indonesia*

*\*Corresponding author. Email: moris.adidiy@soc.uir.ac.id*

## ABSTRACT

Performance is the result of work both in quality and quantity achieved by someone in carrying out the task according to the responsibilities given. This study aims to determine how the role of organizational culture in improving employee satisfaction and performance within the Ministry of Religion in the City of Pekanbaru. This analysis is based on 40 employees of the Ministry of Religion in Pekanbaru City. This research uses structural equation model (SEM) with PLS. The results showed that the work culture variable had a significant effect on employee performance, which means that the better the organizational culture in the Pekanbaru ministry of religion, the employee's performance would increase. Furthermore, work culture variables have a significant effect on job satisfaction, meaning that if the culture of the organization is good, then job satisfaction of employees in the religious ministry of Pekanbaru will also increase. Likewise with the variable job satisfaction has a significant effect on performance, meaning, if job satisfaction is getting better, then the performance of employees of the ministry of religion Pekanbaru will also increase. Through this research also found that a good work culture can increase job satisfaction and have an impact on improving employee performance

**Keywords:** *Work culture, satisfaction, performance.*

## 1. INTRODUCTION

The existence of a company or organization generally has a long-term goal which is based on economic motives for stakeholders which include shareholders, employees, business partners, and society in general. To realize these added values and economic benefits, the company is expected to have a vision, mission, strategy, work program that is planned, focused, and sustainable. Human resources are the driving factor of the overall activities carried out, this shows that without the presence of labor, the company's activities will not be able to run even though the company has other resources.

In the context of efforts to achieve Indonesia's national goals in creating the Indonesian State as stipulated in the 1945 Constitution, paragraph four states that the objectives of the State of Indonesia are: protecting all Indonesians and all spilled Indonesian blood, promoting public welfare, promoting the life of the nation, and participating carry out world order based on Pancasila. There is a need for civil servants who are full of loyalty and obedience to the Pancasila and the 1945 Constitution, the state and government are united, well-thoughtful, authoritative, efficient and effective, of high quality, have high awareness of their responsibilities as state apparatus, state servants, and public servants. To realize the civil service as mentioned above, it is necessary to provide guidance as well as possible on the basis of a career system and performance appraisal system. The career system is a staffing system in

which a first appointment is based on the skills concerned, while in further development that can be considered are the period of work, loyalty, service and other objective conditions.

Performance is the result of work both in quality and quantity achieved by someone in carrying out the task according to the responsibilities given [1]. To have skilled employees, work ability and be loyal to the company, is not an easy thing. Many factors determine which are organizational culture. company (corporate culture). Organizational culture directs behavior to increase employee commitment or loyalty to the organization so as to improve performance and satisfaction to employees. Organizational culture in general is a philosophical statement, by standardizing organizational culture, as a reference to the provisions or regulations that apply, can form attitudes and behavior in accordance with the company's vision and mission and strategy. In essence, every company must have a "corporate culture" that is tailored to the type, vision and mission of the company. Organizational culture can help employee performance, improve employee performance and job satisfaction and maintain competitive advantage [2].

The task of human resource management revolves around efforts to manage the human element with the potential that is owned so that human resources are satisfied (satisfied) and satisfactory (satisfactory) for the organization [3]. One of the goals of work is to get job satisfaction. Job

satisfaction is closely related to employee attitudes toward various factors in work, including: work situation, social influence at work, rewards and leadership as well as other factors [4]. People will feel satisfied if there is no difference (discrepancy) between what they want and their perception of reality. Even though there are differences, if the differences are positive, people or employees will feel satisfied, and vice versa. Employees will feel satisfied if they get something they need. The greater the needs are met the more satisfied, and vice versa.

Several studies have examined how organizational culture can improve employee performance and obtained results where a good organizational culture in a company makes employees can produce maximum performance [5],[3]. Other studies have also examined the effect of organizational culture on employee job satisfaction and obtained results in which organizational culture affects employee job satisfaction [6],[7]by looking at the theory and some previous research that supports the relationship of organizational culture to employee satisfaction and performance, this research focuses on how organizational culture plays a role in influencing employee satisfaction and performance in the Ministry of Religion in the City of Pekanbaru.

## 2. LITERATURE REVIEW

### 2.1 Organizational Culture on Employee Performance

Relationship between Organizational Culture and Employee Performance Organizational culture refers to a system of shared meanings shared by members of an organization that distinguishes the organization from other organizations [8]. Furthermore, Robbins said a cultural value system that grew to be strong was able to spur the organization towards better development. The better the work culture, the higher the performance and vice versa. This means that any improvement in work culture towards being more conducive will contribute significantly to improving employee performance, and vice versa. The results showed that the organizational culture indicated by the culture required employees to look for ways to be more effective and dare to bear the risks, be careful in carrying out work, attention to employee welfare, demands for concentration achieved, high morale at work, and obligations in realizing targets and agency tasks have a positive influence on employee performance [9]. From the description above, the hypothesis can be drawn as follows: H4: Company culture has a positive and significant effect on employee performance.

### 2.2 Relationship between Organizational Culture and Job Satisfaction

Organizational culture is a system of values obtained and developed by the organization and the pattern of habits and basic philosophies of its founders, which are formed into rules that are used as guidelines in thinking and acting in achieving organizational goals [8]. A culture that grows to be strong can spur an organization towards better

development. Whereas job satisfaction is the general attitude of an individual towards his work. The more aspects that are in accordance with individual desires, the higher the job satisfaction. From this description it can be said that job satisfaction is one's feeling towards his work by considering aspects that exist in his work so that arises in him a feeling of pleasure or displeasure with the work situation and co-workers [10]. It can be concluded here that the more aspects that exist in individuals who are in accordance with the culture of the organization where they work, the higher the job satisfaction. The results of the study stated that organizational culture has an impact of 69% on job satisfaction [11]. From the description of above the following hypotheses can be drawn:

H2: Organizational culture has a positive and significant effect on job satisfaction

### 2.3. Relationship between Job Satisfaction and Employee Performance

Job satisfaction has a significant relationship with performance, then employees who feel satisfied with work usually work harder and better than employees who experience stress and are not satisfied with their work [12]. Employee satisfaction and attitude are important in determining behavior and response to their work. Through this an effective organization can be achieved. Furthermore employees who are satisfied, committed and able to adjust well to be more at risk of working to meet organizational goals and provide services wholeheartedly to the organization by increasing performance that will support the effectiveness of the organization compared to dissatisfied work. Job satisfaction is also thought to affect employee performance, but various studies have shown a low relationship between job satisfaction and performance [13]. The various reasons include: measurement problems, research design, job characteristics and employee characteristics. From the description above can be drawn a hypothesis:

H3: Job satisfaction has a positive and significant effect on employee performance

The framework of this research is as follows:

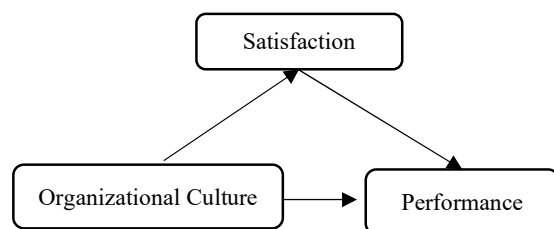


Figure 1. Research Framework

## 3. METHOD

### 3.1 Population and Sample

The population in this study were all employees in the Ministry of Religion in Pekanbaru, which numbered 40 people. In this study, sampling used the census method. This means that from the existing population, the whole will be used as a research sample of 40 employees.

### 3.2 Research Instrument

To measure the value of the variable under study, a research instrument was used. The research instrument used aims to be able to produce accurate quantitative data. In this study, the instrument that researchers used was a questionnaire. In each statement listed in the questionnaire, the researcher provides a measurement scale. The scale of measurement of variables that researchers use is the Likert scale. Likert scale is a scale that distinguishes certain categories with certain distances and the distance between the same categories. The Likert scale has no absolute zero.

### 3.3 Partial Least Square (SEM-PLS) Analysis with Structural Equation Model

This study used the SmartPLS software version 3.2.8 to analyze the data. The PLS or Partial Least Square test is a variant-based structural equation approach (Structural Equation Modeling/SEM). The PLS test has two main testing models, namely the measurement model and the structural model. The measurement model is to test the validity and reliability, while the structural model is to examine causality (hypothesis testing with predictive models).

#### 3.3.1 Measurement Model Analysis (Outer Model)

This analysis contained 1) Convergent Validity assessed based on the correlation between item score or component score; individual reflexive measures were high if they correlated more than 0.70 compared to the measured variable, and 2) Discriminant Validity Test calculated according to the cross-loading value of the manifest variable against each latent variable. If the correlation between latent variables and each indicator (manifest variable) was greater than the correlation with other latent variables, the indicator was better than other latent variables. The other was 3) construction Reliability Test. It was to see the value of AVE with composite reliability. AVE in reliability testing is the tool to measure the true value of the reliability of a construct [17].

#### 3.3.2 Structural Model Analysis (Inner Model)

Coefficient of Determination ( $R^2$ )

The coefficient of determination or R Square was useful to predict and see how much the contribution of the influence given by variable X simultaneously (together) to the variable Y.

Predictive Relevance ( $Q^2$ )

Q-square measures the observed values generated from the model and the estimated parameters if the values were 0.02 (small), 0.15 (medium) and 0.35 (large).

The Q-Square value can be determined using the formula:  
 $Q^2 = 1 - (1 - R1^2)(1 - R2^2) \dots (1 - RP^2)$

$R_1^2, R_2^2 \dots R_p^2$  is R square endogenous variable in the model Interpretation of  $Q^2$  is to the coefficient of total determination in the path analysis (similar to  $R^2$  in the regression)

*Effect Size (f<sup>2</sup>)*

The analysis was to discover the goodness of the model. The  $f^2$  value of 0.02 was categorized as a weak influence of latent variables. The  $f^2$  value of 0.15 was classified as sufficient influence. The  $f^2$  value of 0.35 was a strong attraction [17]

Hypothesis testing

The testing utilized t-test. If p-value  $\leq 0.05$  (alpha 5%),  $\leq 0.1$  (alpha 10%), and  $\leq 0.01$  (alpha 1%), it considered significant, and vice versa.

## 4. RESULT AND DISCUSSION

### 4.1 Convergent Validity

Convergent Validity is a measurement model with reflexive indicators based on the correlation between item scores and component scores with PLS. The factor loading value only looks at the relationship between indicators and exogenous constructs. A factor loading value  $< 0.5$  must be removed from the model and re-estimating the factor loading value. By issuing some factor loading values  $< 0.5$ , an estimated loading factor value has been obtained. Based on the calculation results, it is found that the research indicators have fulfilled convergent validity because all loading factors  $> 0.5$ . Thus, it can be concluded that the convergent validity of all exogenous and endogenous construct groups is valid.

### 4.2 Discriminant Validity

The model is said to have a good discriminant validity if each loading indicator value of a latent variable is greater correlated with the latent variable than when correlated with other latent variables. Based on the loading factor value for each indicator of each latent variable has the biggest loading factor value compared to the loading factor value if it is associated with other latent variables. This means that each latent variable has good discriminant validity.

### 4.3 Reliability Test

The next stage is testing the consistency of measurement (reliability) with Average Variance Extract (AVE) and Composite Reliability (CR). High reliability indicates that indicators have high consistency in measuring latent constructs (Wijayanto, 2008). Reliability can be known through the value of Composite Reliability (CR) and Average Variance Extracted (AVE). Composite reliability is said to be good if it has a value of  $\geq 0.7$ . AVE value is said to be good if it has a value of  $\geq 0.5$  (Ghazali, 2009). The data for the AVE and CR test results are shown in table 2 below.

**Table 2** Constructive Reliability

Variable	Cronbach's Alpha	Composite Reliability	AVE
Organizational Culture	0.881	0.900	0.515
Satisfaction	0.735	0.814	0.688
Loyalty	0.896	0.912	0.547

Based on the results of the validity and reliability test of the measurement model, it can be concluded that all variables were observed to be valid in measuring latent variables, and

the reliability of the measurement model was good. This shows that the indicators are reliable in compiling exogenous constructs.

**4.4 Test for Inner Model**

**Table 3** R Square test

Variable	R Square	R Square Adjusted
Satisfaction	0.565	0.554
Loyalty	0.692	0.669

Based on the table, the adjusted R-square value for the Performance variable is 0.669. This means that the Performance variable is explained by the cultural and Satisfaction variables at 66.9%. While the R square value

for the Satisfaction variable is 0.554 which means that the Job Satisfaction variable is explained by the Competency variable by 55.4%.

**4.5 Hypothesis test**

**Table 4** Path coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV)	P Values	Conclusion
Organizational Culture -> Performance	0.250	0.263	0.145	1.732	0.084*	sig
Organizational Culture -> Satisfaction	0.515	0.558	0.103	4.991	0.000***	sig
Satisfaction -> Performance	0.367	0.390	0.141	2.597	0.010**	sig

**4.6 The influence of work culture on the performance of employees of the Ministry of Religion in Pekanbaru**

From the results of the statistical analysis the T test results show a figure of 1,732 > T table 1.67 and the P Value value indicates the acquisition of 0.084 < α 0.1, it can be concluded that H1 is accepted and means that there is a direct influence between work culture on the performance of employees of the Ministry of Religion in Pekanbaru. Denison (1990) concluded that organizational culture turned out to be an important effective strategy for management in encouraging employee performance [14]. Corporate culture can have a significant impact on long-term economic performance. And corporate culture will be an even more important factor in determining organizational success. Organizational performance requires a unified organizational strategy, technology environment and culture [8]. Successful or high-performance organizations or companies because they have a strong culture. The results of this study are in line with

previous studies which also found that organizational culture influences employee performance [5].

**4.7 The influence of work culture on employee job satisfaction of the Ministry of Religion in Pekanbaru**

From the results of statistical analysis the T test results show a figure of 4,991 > T table 2.65 and the P Value value indicates the acquisition of 0,000 < α 0.01, it can be concluded that H2 is accepted and there is a direct influence between work culture on Employee Job Satisfaction of the Ministry of Religion in Pekanbaru. The results of this study are in line with previous studies where the results of the study prove the positive influence between organizational culture and job satisfaction [2],[8]. Someone's job satisfaction and work results depend on the compatibility between the characteristics of the person with organizational culture. Which means here when the work culture in the Ministry of Religion in the City of Pekanbaru

is good and in accordance with the characteristics of its employees, it will be able to increase job satisfaction.

#### **4.8 The effect of satisfaction on the performance of employees of the Ministry of Religion Pekanbaru City**

From the results of statistical analysis the T test results show a figure of  $2,957 > T$  table 1,997 and the value of P Value shows the acquisition of  $0.010 < \alpha 0.05$ , it can be concluded that H3 is accepted and There is a direct influence between satisfaction on the performance of employees of the Ministry of Religion in Pekanbaru. At the organizational level, job satisfaction affects productivity and profitability compared to employees whose satisfaction is small [15]. Job satisfaction is very closely related to employee attitudes towards various factors at work, including work situations, social influence at work, rewards and leadership as well as other factors. Job satisfaction is an individual's general attitude towards his job [16]. Job satisfaction depends on suitability or balance between the expected and reality. Job satisfaction indications are usually associated with absenteeism, labor turnover, work discipline, loyalty and conflict in the work environment. These things affect employee performance and organizational effectiveness.

### **5. CONCLUSION**

The conclusions that can be drawn from the results of research that have been carried out include:

The work culture variable has a significant influence on employee performance, which means the better the

organizational culture in the Pekanbaru city ministry of religion, the employee's performance will increase. Furthermore, work culture variables have a significant effect on job satisfaction, meaning that if the culture of the organization is good, then job satisfaction of employees in the religious ministry of Pekanbaru will also increase. Likewise with the variable job satisfaction has a significant effect on performance, meaning, if job satisfaction is getting better, then the performance of employees of the ministry of religion Pekanbaru will also increase. Through this research also found that a good work culture can increase job satisfaction and have an impact on improving employee performance.

Based on the conclusions obtained in this study, suggestions were made as follows: The ministry of religion in Pekanbaru should pay attention to the work cultures created by the organization whether it has brought into conformity with the characteristics of the ministry of religion which tends to be more religious. And some motivation is also given to employees in order to bring job satisfaction and indirectly improve employee performance.

### **ACKNOWLEDGEMENTS**

This study is Research Grants by The Ministry of Research and Technology/the National Agency for Research and Innovation of the Republic of Indonesia year 2020

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