

THE INFLUENCE OF ORGANIZATIONAL CULTURE ON EMPLOYEE PERFORMANCE: JOB SATISFACTION AS AN INTERVENING

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Abstract: This study aims to analyze the influence of organizational culture on employee performance through Job Satisfaction on Employees of Digital Agencies. This study used a survey method by distributing questionnaires to the employee's PT X of Digital Agency as the respondents. This study uses Quantitative research methods, the Structural Equation Modeling (SEM) analysis technique with the application of Smart PLS version 3. Samples in this study were 110 respondents. The results showed that Organizational Culture directly had a positive and significant effect on employee performance mediated by job satisfaction. Therefore, job satisfaction is an intervening variable in this study. The variable job satisfaction can strengthen or weaken the relationship between organizational culture and employee performance.

Keywords: *Organizational Culture, Job Satisfaction, Employee Performance*

1. Introduction

A successful organization is an organization that prioritizes human resources to carry out its functions properly and systematically. Human resources are the main component for every company to achieve its goals. Because one of the organization's goals is achieved because of the efforts and performance of employees and the appropriate culture in the organization so that everything goes with direction. (Meutia, Husada 2019:120). The strength of human resources is shaped by the character or behavior possessed by each employee and the environment within the company, one of which is through organizational culture. Organizational culture is the rules or values that direct organizational behavior. Directly or indirectly, organizational culture helps improve performance for employees.

The importance of organizational culture, understanding organizational culture as a mutual agreement on the values that bind all individuals in an organization to determine the normative boundaries of the behavior of organizational members (Andayani, and Tirtayasa, 2019: 46). This organizational culture can be formed by leaders who establish or develop companies or successors of employees. For example, organizational culture can be well-formed if the leader has already implemented positive values or rules and is passed on to the next generation.

According to (Sule & Saefullah, 2019), organizational culture is the values and norms adopted and carried out by an organization related to the organization's environment. The

existence of a match between personal values and company values will improve performance. Organizational culture is what employees perceive and how this perception creates patterns of beliefs, values, and expectations.

Organizational culture is a source of knowledge since it enables employees to create, acquire, share and manage knowledge. Organizational culture has a strong bond with the competitive performance of a company. Organizational culture represents a perception that organization members have. However, this does not mean that subcultures cannot be developed within an organization. Large organizations have one dominant culture together with many subcultures. Dominant culture corresponds to common values shared by the majority of the organizations' members (Yıldız, 2014:54).

As part of the company's organization, employees will perceive the values of the organizational culture that exist in the company, whether the company's values are by individual values. The existence of a match between personal values and company values will lead to performance (Rivai, 2020:124). Performance is the result of the quality and quantity produced by an employee in carrying out his functions and responsibilities. Employee performance appraisal is critical because, with performance appraisal, an organization can see the extent to which employees can support organizational goals, leaders can choose (place) the right employees to occupy certain positions objectively (Hasmin, 2016:42).

In a study conducted by Syaharuddin (2019:151) regarding the effect of leadership and organizational culture on performance by adding employee job satisfaction as an intervening variable for employees at Bank. From the results of his research, it was found that the results showed organizational culture and leadership style had a positive and significant influence on job satisfaction in improving employee performance.

Hasibuan (2017:202) explains that job satisfaction is an emotional attitude that is pleasant and loves his job. This attitude is reflected by work morale, discipline, and work performance. Job satisfaction is enjoyed on the job, outside of work, and a combination of the two. However, in fact, not all factors can have a significant influence because it depends on each company implementing it. In Rijanto and Mukaram's research (2018), they found a significant positive effect between organizational culture variables and employee performance variables at PT Agrodana Futures. While the evidence is different from the findings of other researchers, there is no significant effect of leadership on the job satisfaction of employees of PT. Pelabuhan Indonesia II (Persero) Cirebon Branch (Hartanti, 2016).

This can also happen with companies engaged in Digital agencies. Digital Agency is a company engaged in Marketing and Branding that focuses on social media consultants. With deep experience in the digital industry that helps Startup companies and well-known Companies to take advantage of the potential of digital developments in today's era and digital marketing strategies. The purpose of this study is to build a conceptual model to describe and prove the influence of Organizational Culture on Employee Performance: Job Satisfaction as an Intervening empirically.

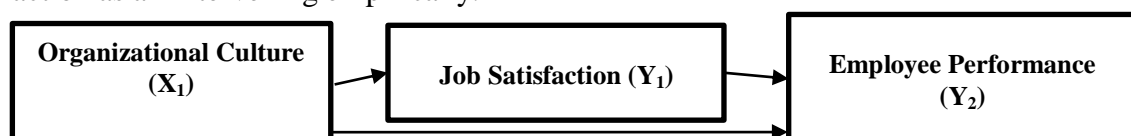


Figure 1. Framework

Based on the description above, the following hypotheses and research models can be formulated:

- H₁ = There is an influence of Organizational Culture on Employee Performance.
H₂ = There is an influence of Organizational Culture on Job Satisfaction
H₃ = There is an influence of Job Satisfaction on Employee Performance.
H₄ = There is an influence of Organizational Culture on Employee Performance through Job Satisfaction.

2. Research Method

This study is quantitative (Pardanawati,2021:511) . This study used Structural Equation Modeling (SEM) with SmartPLS 3 software. The method used by researchers is the method of collecting data the researcher uses a questionnaire and a questionnaire that requires assessment. In this study, researchers used quantitative descriptive methods. The reason the writer uses this method is that the writer tries to solve the current problem based on the analysis of the data or facts and looks for the influence of Organizational Culture on Employee Performance: Job Satisfaction as an Intervening.

3. Results and Discussion

3.1. Results

Structural Model

The testing of the structural model consists of collinearity, R-Square measurement and testing the causal relationship hypothesis as follows :

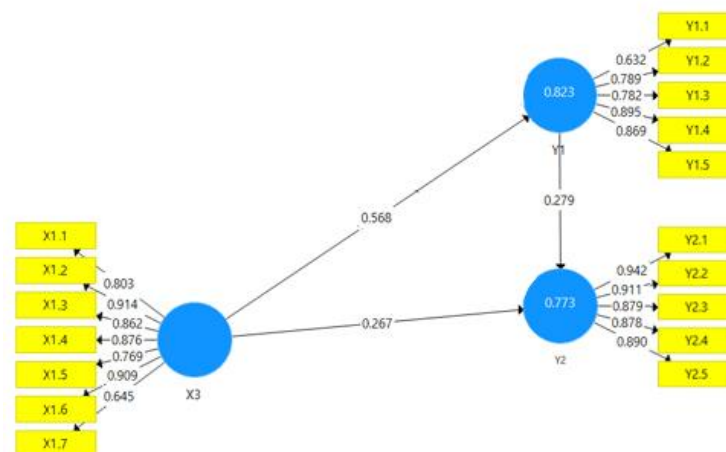


Figure 2. Output of Structural Model

Collinearity

Analysis of collinearity was carried out to ensure there was no intercorrelation or collinearity between variables (Hair, Joseph F. Jr., G. Tomas M. Hult & Ketchen, 2017). Collinearity is the presence of two or more same indicators in one indicator block. A model has an indication of collinearity if it has an Inner Variance Inflation

Factor (VIF) value of < 0.2 or > 5 . Based on table 1. the value of each construct reflects that there is no collinearity in the model.

Table 1. Variance Inflation Factor (VIF)

Indicator	VIF
X _{1.1}	2.429
X _{1.2}	4.332
X _{1.3}	3.329
X _{1.4}	4.322
X _{1.5}	2.363
X _{1.6}	4.077
X _{1.7}	1.948
Y _{1.1}	1.870
Y _{1.2}	2.062
Y _{1.3}	2.043
Y _{1.4}	3.152
Y _{1.5}	3.012
Y _{2.1}	4.131
Y _{2.2}	4.469
Y _{2.3}	3.627
Y _{2.4}	3.166
Y _{2.5}	3.883

R² (R square)

R² analysis is used to determine how much variability of endogenous variables can be explained by exogenous variables. The greater the value of R², the more precisely the exogenous variable describes the endogenous variable. According to Hair (2014), there are three divisions of R² criteria, namely the value of 0.19 for weak, 0.33 for moderate, and 0.67 for strong. The closer the value to 1, the accuracy of the prediction is said to be perfect (Hair Jr., J.F., Ringle, C., Sarstedt, 2011).

Table 2. R² (R square)

	R Square	R Square Adjusted
Y ₁	0.823	0.818
Y ₂	0.773	0.764

The value of R² (R square) is used to determine the effect of exogenous variables on endogenous variables. It can be seen from Table 4.7 that Y₁ can be explained by the exogenous variable X₁ of 82.3%, where this number is included in the strong category. Meanwhile, Y₂ can be explained by exogenous variables X₁ of 77.3%, where this number is included in the strong category.

Mediation Effect Testing

According to Hair et al. (2013) if the value of VAF (Variance Accounted For) is above 80%, it shows the role of the mediating variable as full mediation. If the VAF is between 20%-80%, it can be categorized as partial mediation. However, if the VAF is less than 20%, it can be concluded that there is almost no mediating effect.

Table 3. Variance Accounted For (VAF)

Influence Description	Results
Indirect Effect	0.159
Organizational Culture-> Job Satisfaction -> Employee Performance	
Direct Effect	0.267
Organizational Culture -> Employee Performance	
Total of Influence	0.426
Organizational Culture, Job Satisfaction dan Employee Performance (0.159+0.267)	
VAF = Indirect Effect / Total of Influence	0.373
Organizational Culture	

The analysis of this calculation shows the VAF value of 0.373 or 37.3%. Thus the results of this study are included in the category of partial mediation, meaning that job satisfaction on the influence of leadership on employee performance is not the only influential variable, whether mediated or not mediated (all significant avenues including mediation).

The results of these tests, there is sufficient evidence to accept hypothesis H₄ that organizational culture has a positive and significant influence on employee performance is mediated by Job satisfaction. This means that increasing employee performance can be done through improving the company's organizational culture directly but and through improving organizational culture if it is followed by job satisfaction. It can be concluded that the improvement of employee performance can be done through the indirect effect of increasing organizational culture and is supported by increasing job satisfaction.

Hypothesis Testing

1. Direct Effect Testing

Evaluation of the path coefficient structural model can be seen from the results of each relationship between variables :

Table 4. Output of Direct Effect Testing

	Original Sample (O)	P Values	Results
X ₁ -> Y ₁	0.568	0.000	Positive
X ₁ -> Y ₂	0.267	0.033	Positive
Y ₁ -> Y ₂	0.279	0.019	Positive

Table 4. Shows that the relationship between the biggest direct effect latent variables is the influence of organizational culture on employee performance with a weight of 0.568;

2. Indirect Effect Testing

Evaluation of the path coefficient structural model can be seen from the results of each relationship between variables :

Table 5. Output of Indirect Effect Testing

	Specific Indirect Effects	P Values	Results
X₁ -> Y₁ -> Y₂	0.159	0.031	Positive

Table 5. shows that the relationship between the biggest indirect effect latent variables is the influence of organizational culture on employee performance through job satisfaction with a weight of 0.159;

3.2. Discussion

This research was conducted at Digital Agency in Jakarta with a total of 110 employees and was taken by means of Proportionate Stratified Random Sampling from various divisions. Data were collected by distributing questionnaires, and then the data from the questionnaires were analyzed. Based on the results of the data analysis that has been done, it can be explained the results of the study of the relationship between research variables. The explanation of the results of this study is as follows:

1. The influence of Organizational Culture on Job Satisfaction.

The results of this data analysis show that the path coefficient shows that the number is not equal to zero, which is 0.267. The path coefficient value shows a positive number which means that culture has an influence on job satisfaction of Digital Agency. This shows that the better the organizational culture perceived by the employees of Digital Agency, the employee's work performance will increase or vice versa. The worse the organizational culture, the lower the employee's work performance.

The results of this study are in accordance with the results of previous studies. The results of the analysis in research conducted by Trang (2013:215) prove that organizational culture has a positive and significant effect on employee performance. Organizational culture is the values held by people in the organization. Organizational culture has been ingrained, even ingrained in employees, although there has been the emergence of a culture that can be called a new culture, namely a culture of transparency or image enhancement. Although they focus on a culture of transparency, they still maintain their competitive advantage through existence with an old culture. Organizational culture is able to move conscience and thoughts to do something better. This result is also in accordance with the research of Wirawan (in Wijaya, 2018), which states that a good organizational culture will have a great influence on the behavior of its members because of the high level of togetherness and intensity to create an internal climate. Organizational culture also creates, enhances, and maintains high performance.

2. The Influence of Organizational Culture on Job satisfaction

The results of this data analysis show that the path coefficient shows that the number is not equal to zero, which is 0.568. The path coefficient value shows a positive number which means that Organizational Culture has an influence on the Employee Performance of Digital Agency, Jakarta. This shows that the better the Organizational Culture is created. The results of this study prove that the results of research conducted by Tumbelaka, Alhabsji, and Nimran (2016: 100) show that the influence of organizational culture on job satisfaction is positive, this can be seen from the path coefficient of 0.726, so the stronger the organizational culture within the company, the stronger the organizational culture. employee job satisfaction will increase. Employees feel that the company always emphasizes being careful and paying attention to details when doing work. The results of this study strengthen the results of research from Khan, et al (2011), Sabri, et al (2011), and Emami, et al (2012), which show evidence of a significant positive relationship between organizational culture and job satisfaction.

Supported by Organizational Culture Theory According to Robbins and Judge describes how organizational culture is built within the organization and understood by employees. This means that in maintaining an organizational culture within the organization, top management plays a very important role so that organizational culture can be maintained and make employees have the same experience.

3. The Influence of Job Satisfaction on Employee Performance.

The results of this data analysis show that the path coefficient shows the number is not equal to zero, which is 0.279. The path coefficient value shows a positive number which means that job satisfaction has an influence on employee performance at Digital Agency. This shows that the better the job satisfaction felt by the employees of Digital Agency, the employee's work performance will increase or vice versa, the worse the satisfaction, the lower the employee's work performance.

The results of this study are in accordance with the results of previous studies. From the results of tests and analyzes that have been carried out by Wijaya (2018), it can be seen that the job satisfaction used has an effect on employee performance. It can be concluded that job satisfaction has an influence on employee performance. Likewise with Wirawan (in Wijaya, 2018) states that people's positive or negative feelings and attitudes towards their work have implications for their influence on themselves and the organization. If people are satisfied with their work, they like and are motivated to carry out their work, and their performance is high. Otherwise, if they are not satisfied with their work, they are not motivated to carry out their work, and their performance is low.

4. The influence of Organizational Culture on Employee Performance through Job Satisfaction

The results of this data analysis show that the path coefficient shows that the number is not equal to zero, which is 0.159. The path coefficient value shows a positive number which means that organizational culture has an indirect influence on employee performance through cross-image job satisfaction. This shows that more

organizational culture can be influenced by work performance without having to go through employee job satisfaction.

This proves that the results of testing and analysis that have been carried out by Suratman and Supriyantiningih (2019:56) show a greater influence than the direct influence of organizational culture on employee performance. So that job satisfaction can be an intervening variable of the relationship between organizational culture and employee performance.

4. Conclusion

A successful organization is an organization that prioritizes human resources to carry out its functions properly and systematically. One of the organization's goals is achieved because of the efforts and performance of employees and appropriate organizational culture in the organization so that everything goes well and generously. The findings of this study indicate that organizational culture are critical factors that can predict the desire of employees to improve the quality of work for the company. Based on the results of this study, it can be concluded that: Organizational culture has a positive and significant influence on work performance and indirectly has a positive effect on job satisfaction. It means that companies with organizational cultures will increase employee performance and job satisfaction. And for further researchers, this research can be used to compare and reference the latest research by testing using leadership and compensation variables as independent variables.

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