

# The Influence of Organizational Culture and Working Environment on Employee Performance at PT. Pusaka Ayu Bahari

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## Abstract

**Purpose:** This research was conducted to determine the relationship between organizational culture and working environment on Employee Performance.

**Research Methodology:** Data analysis utilized in this study consists of; data quality test, classical assumption test, multiple regression analysis and hypothesis testing. The number of participants in this study was 52 (employee) at PT. Pusaka Ayu Bahari (South Jakarta) uses the Incidental method and should experience working in the company.

**Results:** The results of this study indicate that there is a significant positive partial influence of the relationship between the two independent variables, namely Organizational Culture and Working Environment on Employee Performance, result details from this study are seen as follows: that Organizational Culture has an influence towards Employee Performance. and Working Environment has an influence towards Employee Performance.

**Keywords:** *Employee Performance, Organizational Culture, Working Environment*

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## 1. Introduction

According to (Bohlander & Snell, 2010), employee performance has a direct relation to an organization's overall performance and success. Hence, organizations need to ensure that the employees are motivated to perform at their highest potential. (Monsen, 2009) in his research has stated that every individual employee is motivated by a different incentive be it internal or external, monetary or non-monetary by its nature (Bose & Khaimah, 2018). One condition that could affect employee performance is a working environment. A company that has a good environment and high specification of useful tools ease employees to increase their skills and their performance on their job.

The working environment is one of the most crucial factors that influence the level of satisfaction and the motivation of its employees (Kafui Agbozo, 2017). Work environments have numerous properties that may influence both physical and mental well-being. A quality work spot is fundamental to keep workers on their various tasks and work effectively. A good workplace is checked by such characteristics as competitive wages, trusting relationships between the employees and management, equity and fairness for everyone, and a sensible workload with challenging yet achievable goals.

Moreover, another condition that could affect employee performance is organizational culture. Organizational culture is a crucial element due to its direct influence on the performance of an organization (Masa'deh et al., 2017; Mull Akhmetov, Sadriev, Akhmetshin, 2019). It has been confirmed by existing literature that organizational culture creates direct and indirect influences on an organization's performance. There is no such empirical and theoretical development of the relationship between organizational performance and culture irrespective of the potential influences and significance

of organizational culture. Some studies have confirmed that organizational culture significantly relates to employees' performance (Kerdpitak & Boonrattanakittibhumi, 2020).

## **2. Literature Review**

### ***Employee Performance***

Employee Performance is defined as a continuous process of goal setting, evaluation, feedback, and provision of consequences (Cho & Lee, 2011; Kinicki et al., 2013; Ohemeng, 2009). These activities aim to influence individual behavior and performance to improve organizational performance (Aguinis, 2009). According to Mathis & Jackson (2002), performance is what employees do or what employees do not do. Gibson (2009) defines performance as a result of work-related organizational goals such as quality, efficiency, and other effectiveness criteria (Azim, 2019). According to Ali and Jadoon (2012), employee performance within an organization can be defined in various ways, including their behavior, attitude, and motivation to achieve goals (Saleem & Khurshid, 2014).

Based on the theory above, it can be concluded that Employee Performance is a continuous process of employees working in organizations with certain goals to reach a high performance on their job. To reach a high employee's high performance, organizations need to understand their behavior, attitude, and motivation.

### ***Organizational Culture***

The most popular and concise definition is most probably the one that has been formed by Schein (2004), who stated that: "Organizational culture is the pattern of basic assumptions that a group has invented, or discovered in learning to cope with its problems of external adaptation and internal integration, and that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel concerning those problems" (p. 3). According to Schein (2004), culture is a dynamic process, resulting from the interaction among others and promoted by leadership behaviors. It encompasses "a set of structures, routines, rules and norms that guide and constrain behavior" (Belias & Koustelios, 2014). From the theory above, organizational culture is a different group that works at the same organization and has different attitudes and behaviors.

### ***Working Environment***

Kohun (1992) defines the working environment as an entirety of the totality of forces, actions, and other influential factors currently and potentially contending with the employee's activities and performance. Working in the environment is the sum of the interrelationship that exists within the employees and the environment in which the employees work. Brenner (2004) believed that "the ability to share knowledge throughout organizations depends on how the work environment is designed to enable organizations to utilize the work environment as if it were an asset. This helps organizations to improve effectiveness and allow employees to benefit from collective knowledge". He also argued that a working environment designed to suit employee's satisfaction and free flow of exchange of ideas is a better medium of motivating employees towards higher productivity.

This environment is designed to encourage informal interaction in the workplace so that the opportunity to share knowledge and exchange ideas could be enhanced. This is a basis to attain maximum productivity. The organizational environment includes systems, procedures, practices, values, and philosophies. Management has control over the organizational environment. Measurement system where people are rewarded on quantity, hence workers will have little interest in helping those who are trying to improve quality. Thus, issues of organizational environment influence employee's productivity (Bushiri, 2014).

The conclusion of the theory above is that the working environment can impact the effectiveness of employees to perform their respective responsibilities and activities. Also, the excellent environment of the workplace and the human environment can motivate employees towards their productivity.

### **Conceptual Framework**

After research some model, the author suggested the theoretical framework as follows :

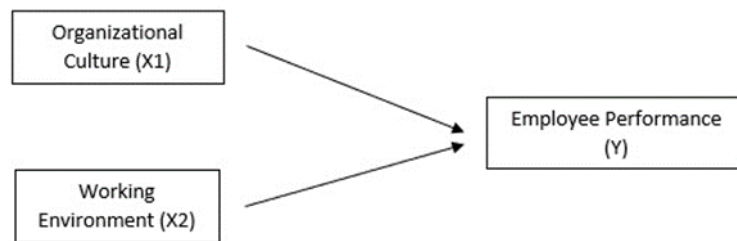


Figure 1. Conceptual Framework

### **Hypothesis**

From the theoretical review and research framework above, hypotheses is concluded below :

H1: Work Environment gives positive effects in influencing Employee Performance in PT. Pusaka Ayu Bahari.

H2: Organizational Culture gives positive effects in influencing Employee Performance in PT. Pusaka Ayu Bahari.

## **3. Research Methodology**

### **Research Design**

In accordance with the study's objectives and refers to the formulation of problems that have been determined, this research uses the quantitative approach method. According to (Sekaran & Bougie, 2016, pp. 2- 43), the method of quantitative approach is the deductive-inductive approach based on the theoretical framework, the expert's ideas, the researcher's understanding based on his experience, which then developed into propositions and solutions done to obtain justification (verification) in the form of empirical data support from the field. Quantitative data are data in the form of numbers as generally gathered through structured questions.

### **Data Collection and Sampling**

#### **Questionnaire**

The questionnaire contains a series of questions design to gather particular information. The questionnaire is based on employees who work at PT. Pusaka Ayu Bahari Kalibata, South Jakarta. The researcher asked the respondent to indicate the level of agreement for each item of the data instrument based on five point Likert scale ranging from 1 to 5 (1 = strongly disagree; 2= disagree; 3 = neutral; 4 = agree; 5 = strongly agree). The questionnaire will be distributed via the internet and the outcomes will be processed through the Statistical Package for the Social Sciences (SPSS 20).

#### **Target Population**

Population refers to employees who work at PT. Pusaka Ayu Bahari Kalibata, South Jakarta. This research discussed the influence of Organizational Culture and Working Environment on Employee Performance study in PT. Pusaka Ayu Bahari Kalibata, South Jakarta. This research took 52 employees, who are employees who work at PT. Pusaka Ayu Bahari Kalibata, South Jakarta. The information of respondents included age, gender, and working period.

The author using a sample formula of sampling from Ellen (2014) then the formula for sampling method as:

$$n = \frac{N}{1 + NE^2}$$

Source: (Ellen, 2014).

Note:

n = Number of elements / sample members

N = Number of elements / members of the population

E = Error level ( rate)

Based on the survey and statements letter that the researcher conducts with 110 Employees at PT. Pusaka Ayu Bahari Kalibata, South Jakarta as population in this research. Thus, the minimum amount of sample as follows:

$$n = \frac{110}{1 + 110(10\%)^2} n = 52$$

Based on the formula above, the result is 52. Thus the minimum number of the respondent of the questionnaire is 52.

#### 4. Discussion

Primary data was collected from questionnaires as tools to the employees who work at PT. Pusaka Ayu Bahari Kalibata, South Jakarta. Data's gathered from 2nd June 2020 – 22nd June 2020 with 52 respondents, including age and working period as a respondent profile. The researcher uses statistical Package of Social Science (SPSS 20) to analyze the data.

##### *The Influence of Organizational Culture (X1) on Employee Performance*

On T test, show Organizational Culture has a significant and positive effect partially on employee performance in PT. Pusaka Ayu Bahari Kalibata, South Jakarta. T count > T Table, 7.111 > 2.3139. The table is also show sig 0.000 < 0.005, then it can be concluded that the greater Organizational Culture of the employees then the level of performance will increase as well.

##### *The Influence of Working Environment (X2) on Employee Performance*

On T test results show Working Environment has a significant and positive effect partially on employee performance in PT. Pusaka Ayu Bahari Kalibata, South Jakarta. T count > T Table, 2.824 > 2.3139. The table also shows sig 0.000 < 0.005, then it can be concluded that the greater Working Environment, hence the level of performance will also increase.

Table 1. Multiple Regression

Coefficients <sup>a</sup>								
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Toleranc e	VIF	
1 (Constant)	.606	1.710		3.545	.001			
OC	.928	.131	.774	7.111	.000	.130	7.703	
WE	.182	.100	.198	2.824	.044	.130	7.703	

a. Dependent Variable: EP

The multiple regression result shows that as follows:

$$\text{Employee Performance} = 0.606 + 0.928 \text{ Organizational Culture} + 0.182 \text{ Working Environment} + e$$

The multiple regression equation can be explained as follows:

A = 0.606 indicates that if Y (Employee Performance) is influenced by T (X1), (X2), R will increase by 0.606.

b1 = 0.928 indicates that any changes in Organizational Culture will increase Employee Performance by 0.928

b2 = 0.182 indicates that any changes in Working Environment will increase Employee Performance by 0.182

Table 2. The Coefficient of Determination Result

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.944 <sup>a</sup>	.891	.886	1.59401	1.797

a. Predictors: (Constant), WE, OC

b. Dependent Variable: EP

The data processing results by using SPSS program version 20 show that the value of determination coefficient ( $R^2$ ) = 0.891. This shows that 89.1% of Employee Performance can be achieved through Organizational Culture and Working Environment, where the rest 11.8% described other factors that are not being examined in this study.

**Organizational Culture (X1) T count** = 7.111, where T count > T Table; 7.111 > 2.3139, then the Organizational Culture has a significant effect on employee performance with the employees who

**Working Environment (X2) T count** = 2.824, where T count > T Table; 2.824 > 2.3139, then the Working Environment significantly affects employee performance with employees working at PT. Pusaka Ayu Bahari, South Jakarta.

Table 3. T Count Result

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.606	1.710		3.545	.001
	OC	.928	.131	.774	7.111	.000
	WE	.182	.100	.198	2.824	.044

a. Dependent Variable: EP

## 5. Conclusion

Based on the results of data analysis and discussion that has been described in the previous chapter, it can be concluded as follows:

- Organizational Culture has a significant and positive effect partially on Employee Performance in PT. Pusaka Ayu Bahari in Kalibata, South Jakarta. Which has the understanding that the higher Organizational Culture of the employees then the level of performance will increase as well.
- Working Environment has a significant and positive effect partially on Employee Performance in PT. Pusaka Ayu Bahari in Kalibata, South Jakarta. This indicates that the greater Working

Environment provides by organization to the employees, hence the level of performance will also increase.

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