

Effect of Organizational Culture and Competency on Company Performance PT. TLK Branch Bandung

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ABSTRACT

This study aims to determine the effect of organizational culture and competence on the performance of employees of PT. TLK Bandung branch. This research is a quantitative study using a descriptive verification approach. Data analysis used multiple regression analysis with the help of SPSS 20 software in the processing. Primary data was obtained by distributing questionnaires to company employees, as well as conducting observations and interviews. The samples taken were 107 respondents. While, secondary data were obtained through literature and textbook studies. From the result of data analysis show that the "competence" variable simultaneously has an influence on performance by 76.8%. Meanwhile the rest of the data shows that employee performance is influenced by other factors that are not included in the variables studied. In the end, these result indicate that building an organizational culture is one of the factors that can improve employee performance for the better.

Keywords

Organizational culture, competency, company performance

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Introduction

Every company is achieving its goals, of course, take the role of human resources (HR), as important in influencing the efficiency and effectiveness of the organization. Without HR in the company, improving performance is difficult to do, whereas according to Rabindra and Lalatendu (2017), organizational performance depends on employee performance. The ability of employees will be reflected in their performance. According to Gupta (2004), good performance is optimal performance which can be seen from two indicators (financial and non-financial). Performance is generally defined as a person's success in carrying out a job that is achieved by the company through its resources (Donatus, 2018). For that, employees must get the attention of managers or company leaders to achieve the goals set. To realize performance through human resources, organizational culture factors and employee competence are factors that can affect the result of company productivity. According to Tri Heryanto (2018), organizational culture is often associated with organizational success factors. The characters formed by a good organizational culture are abilities, knowledge, and other personal attributes that can differentiate an organization from other organizations. According to Sunil Mirsa (2018), this character is

a competency that employees in the organization must have. Competence must be inherent in a leader and employee to assist in improving company performance.

Another opinion, Bohlander (2018) states that competence is one of the assets that measures organizational capabilities. Bernard (2017), shows that employee competence has a strong correlation with the achievement of organizational goals. According to Dyahrini, Wien (2019), a strong organizational culture will have a positive influence on employee performance. Furthermore, when the organizational culture is well formed and the competencies possessed by company employees will be able to form an environment that makes employees feel comfortable. A good work environment has a role in improving employee and company performance. This is as Ashish mentioned (2018), that the work environment is one of the things that can motivate employees to work better. Kuivalainen et al. (2010) state that the work environment can be seen from the work atmosphere which includes (sufficient lighting, good air circulation, the availability of safety devices, and well-established communication).

According to Decius (2017), the work environment is a factor that can indirectly affect organizational performance. If employees feel comfortable with the work environment in which they work, then employees will feel at home in their workplace. This study attempts to examine the influence of organizational culture and competence on employee performance at PT. TLK. According to Flavia and Joyce (2017), there are several factors that can be affect employee performance, including facilities and infrastructure, work environment, mode of communication, and leadership style.

In this study, the authors try to select organizational culture and competencies associated with employee performance, which this study feels are still small, especially in the service sector. Based on the background that has been described, the problem to be discussed in this study are:

1. Does organizational culture affect the performance of the employees of the company PT. TLK.
2. Does competency affect the performance of the employees of the company PPT. TLK.
3. Do organizational culture and competence simultaneously influence the performance of PT. TLK employees.

Literature Review

Organizational Culture

Organizational culture is a system adopted by its members and differentiates it from other organizations (Braid, 2018). According to Robbins and Coulter (2010), organizational culture is a set of values, principles, traditions and ways of working shared by members of the organization and influencing the way they act. According to Damci (2016), the functions among organization culture include identity, collective commitment, social system stability and identity. Meanwhile, according to Muzakki (2019), the dimensions of organizational culture are innovation and courage, attention to detail. Results-oriented, and human-oriented.

According to Imran (2019), there are three characteristics or types of organizational culture that are applied in organizations, namely

regularity of behavior, norms and values. Every organizational culture shows certain traits or characteristics and the scale of the organization is homogeneous. According to Imran (2019), there are five dimensions that can explain organizational culture namely innovation and risk, attention to detail, outcome orientation, people orientation and team orientation. So, based on the above theories, it can be concluded that a strong culture will be associated with a decrease in the turnover rate of employees. Organizational culture has an important role in providing identifications and principles that direct organizational behavior in making decisions, developing a method so that individuals can receive feedback on achievements made, maintain the reward and reinforcement system that is enforced in the organization. Thus it can be understood how culture is able to provide an identity and direction for the survival of the organization. Muazakki (2019) states that if the organization culture is good it will be able to improve employee performance in an organization.

H1. Organizational Culture Affects Employee Performance

Competence

According to Rivai and Sagala (2009), the individual competence of human resources has a huge influence on company performance. This is because competence is a valuable thing. However, measuring the competence of human resources is very difficult. Without competent human resources, the company will not produce a product that can provide financial benefits for the company. Etymologically competence comes from the word competence which means skill or ability, while according to Wibowo (2011), "Competence is the ability to carry out or perform a job or task which is based on skills and knowledge and is supported by the work attitude demanded by the job". The definition of competence according to Spencer and Spencer in (Sudarmanto, 2013) namely: "Competence is a basic characteristic of individual behavior related to effective reference criteria and or superior performance in a job or situation (Sutrisno, 2013).

From the above understanding, it can be concluded that competence is an ability that comes from humans that reflect the human

strengths to carry out a task based on the skills and knowledge they have, so it is natural that the level of competence of each person will be different. according to Agil, Dyahrini in his research stated that competence has an effect on employee performance. According to Dyahrini, et al. (2019), the concept of human resource competence is used for various reason, namely, clarifying work standards, employee selection tools, maximizing productivity, and the basis for developing a remuneration system. Research by Thomas and Matin (2018) states that competence affect employee performance in an organization.

H2. Competence affect employee performance

Employee Performance

Employee performance is an individual thing, because every employee has a different level of qualification and different performance in relation to their duties (Gupta, 2014). Management can measure employee performance based on the performance of each of these employees. Performance is action, not event. That is, the performance action itself consist of many components and is not a direct result. Basically, performance is something that is individual, because every employee has different abilities to their job (Mone, 2009). Performance depends on the combination of skills, effort and opportunities acquired. This means that the performance is the result of the employee's work during a certain period and the focus is on the employee's job in that particular period. The performance comes from the word work performance or actual performance which means that someone has done an actual job performance or performance.

Performance means the qualitative and quantitative work that an employee performs when he performs his duties according to the responsibilities assigned to him. Performance is the result of a process. According to the behavioral approach management, performance is the quantity or quality of something that is produced or done by someone who does the job. Every company carries out all of its operational activities to achieve the goals it has set. Employees in the institution greatly affect the performance of the institutions, this is because these employees are the main drivers for every activity that exists and play an active role in

achieving its goals (Muazakki, 2019). In other words, the achievement of the goals of an institution is only possible because of the effort of employees as actors in the institution.

Discussing performance issues cannot be separated from the process, results and efficiency. In this case the performance (work performance) is the result of work in quality and quantity achieved by an employee in carrying out this duty in accordance with the responsibilities assigned to him. Good employee performance is necessary for the organization, because the success of an organization depends on the creativity, innovation and commitment of employees. According to Imran (2019), among the factors that can affect performance are leadership, culture, competence and motivation. According to Gupta (2019), there are four dimensions in measuring performance.

H3. Organization Culture and competence simultaneously affect employee performance.

Framework

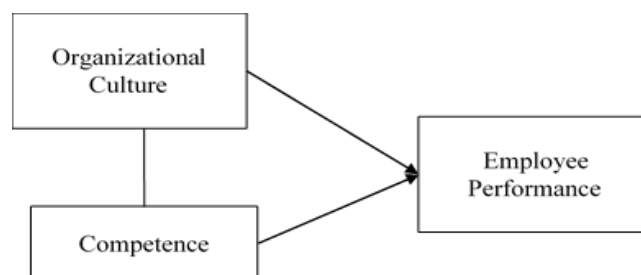


Figure 1. Framework

Methodology

This Study uses a quantitative method approach using regression analysis techniques. Primary data in this study is questionnaire given directly to 107 respondents using the overall sampling technique, in this case the respondents are employees of PT. TLK. Meanwhile, secondary data were collected from several publications both through journals and books. The technique used in measuring variable uses a five-point Likert scale from 1 (strongly disagree) to 5 (strongly agree).

The data collected from the questionnaire were analyzed using analysis using SPSS 20 with the regression equation formula: $Y = a + b_1 X_1 + b_2 X_2 + \epsilon$

Results and Discussion

Data from the responses of 107 respondents showed that 46% were male, and the female gender was 54%. The two respondents in this study were employees with an average age of 31 years to 40 years who had a percentage gain of 53%.

Table 1. Profile of respondents

Profile of Respondents		Percentage
Gender	Male	46%

	Female	54%
Age	20-30 years	32%
	31-40 years	53%
	> 40 years	15%

Source: Research data processed in 2020

Validity Test

The validity test on the variables of organizational culture, competence, and employee performance is shown in Table 2:

Table 2. Validity test

Variable	Question	R Count	R Table	Description
Organization Culture	1	0,613	0,3	Valid
	2	0,657		
	3	0,617		
	4	0,601		
	5	0,514		
Competency	6	0,718	0,3	Valid
	7	0,627		
	8	0,525		
	9	0,582		
Employee Performance	11	0,651	0,3	Valid
	12	0,687		
	13	0,714		
	14	0,571		

Source: Research data processed

Reliability Test

Reliability tests on the variables of organizational culture, competence, and employee performance are shown in Table 3:

Table 3. Reliability test

Variable	Cronbach Alpha (>0,70)	Information
Organizational Culture	0,736	Reliable
Competence	0,873	Reliable
Employee Performance	0,845	Reliable

Source: research data processed in 2020

Goodness of Fit Test

The Goodness of fit test uses the F statistical test in the research model $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$ using the help of the SPSS 20.0 for Windows application, the results are shown in the table. From the results of the F table test obtained F count of 0.712 with a significance level of 0.000. Because the significance level obtained is $0.000 < 0.05$, it can be concluded that the model has met the requirements of Goodness of fit. Thus, it means that the model is ready for use.

Table 4. Goodness of fit test results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5,817	2	2,928	,712	,000b
	Residual	212,463	85	4,308		
	Total	238,320	87			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Corporate Culture, Competency

Multi Regression Analysis Test

Table 5. Multiple regression analysis

		Coefficients					Correlations		
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Zero-Order	Partial	Part
		B	Std. Error	Beta					
1	(Constant)	2.817	2.527		1.091	.278			
	Organizational Culture (X1)	.378	.110	.179	2.499	.14	.487	.222	.154
	Competency (X2)	.357	.122	.379	5.098	.000	.629	.422	.315

a. Dependent Variable: Employee Performance (Y)

Source: Research data

Based on the result of the calculation, the constant value (a) is 2.817 and the organizational culture variable value is 0.378 and the competency variable value is 0.357. The way, the regression equation is obtained as follows:

$$Y = 2.8170 + 0.378X_1 + 0.357X_2$$

This shows that there is a positive value which indicates that the better organizational culture and

competence, the more employee performance increases.

The Influence of Organization Culture and Competence on Employee Performance

To see in more details, the influence of organization culture and competence on employee performance is stated in Table 6:

Table 6. The influence of organization culture and competence on employee performance

		Coefficients			T	Sig.
Model		Unstandardized Coefficients		Unstandardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	-.141	.473		-.299	.765
	Organization Culture	.441	.112	.245	3.931	.000
	Competence	.068	.102	.275	3.587	.004

Dependent variable: Employee performance

Source: 2020 processed research data

Results Analysis Multiple regressions in table above show that organizational culture is an important element that has a significant effect on employee performance ($\beta_1 = 0.245$; t-value = 3.931; $p < 0.05$), H1 accepted. Therefore, organizational culture variables greatly affect employee performance. Furthermore, the competency variable as an element that greatly

influences employee performance is obtained ($\beta_2 = 0.275$; t-value = 3.587; $p < 0.05$) then the second hypothesis can be accepted. Based on this, that organizational culture and competence have an effect on employee performance.

Determination Coefficient Test

Table 7. Determination coefficient

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.876	.768	.753	.956

Source: Data Processed in 2020

By the coefficient of determination (R^2) obtained in the above table is 0.768. These results indicate that simultaneously this value has an influence between the variables of organizational culture and competence on employee performance by 76,8%. While the rest is influence by other factors that are not included in the variables studied.

Conclusion

Conclusion

1. Based on the result of the F test, it can be seen that the two independent variables, Organizational Culture and Competence simultaneously have a significant effect on Employee Performance variables.
2. Based on the result of multiple regression test, it is known that the independent variables consisting of organizational culture and competence have an influence on employee performance by 76.8%.

Suggestions

For employee of PT. TLK, building organizational culture is the one of the factors that can improve employee performance to be good. According to Wibowo (2013) states that an organization culture is able to improve its performance very significantly compare to organizations that do not make organizational changes. Likewise, with the competencies possessed, this is in line with research Gilang and Soetrisno (2018) that competencies can have an influence on employee performance. Therefore, employees are expected to continue to provide positive feedback to the company.

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