

THE INFLUENCE OF ORGANIZATIONAL CULTURE WITH EMPLOYEE ENGAGEMENT ON PERFORMANCE (A Lesson from PT. Wika Bitumen Jakarta-Buton)

M.R. Hazriansyah*, M Syamsul Maarif, Sadikin Kuswanto****

*) Post Graduate, School of Business, Bogor Agricultural University, Indonesia 16151

***) School of Business, Bogor Agricultural University, Indonesia 16151

ABSTRACT

In the business competition PT. WIKA Bitumen makes each employee a human capital. The human capital concept applies the quality of employees shall be improved through the competence training, knowledge, attributes, and abilities, which is manifested in the ability to work properly so as to generate economic value in development. The objective of this research is to find the influence of organizational culture and employee engagement, and to see the interrelationship of influence between these variables and strategies to improve the employee performance. This study uses primary data obtained from interviews by using questionnaires to employees of PT. Wika Bitumen. The number of respondents is 143 respondents. Employee engagement has a significant positive effect on the performance of PT. Wika Bitumen then The results of organizational culture and employee engagement shows quite well influence. And organizational culture also has a good influence on the performance of employees PT. Wika Bitumen, It becomes an information for the company to find the best solution to create a good organizational culture for employees to be engaged against the company and employee performance will increase.

Keywords: organizational culture, employee engagement, structural equation modeling, performance.

I. INTRODUCTION

In the face of intense competition in the current era of globalization, the company shall maintain the assets it owns to be able to face the competition. One of the assets that did not escape the attention is human resources in a company PT Wijaya Karya Bitumen (WIK A Bitumen) is part of a specialist company expansion in the asphalt industry on the island of Buton known as bitumen buton (asbuton). In business competition WIK A Bitumen makes every employee considered as human capital. The concept of human capital is to apply the quality of employees can be improved through the provision of competence, knowledge, attributes, and abilities, which is manifested in the ability to work properly resulting in economic value in development. Therefore in the management of one of their assets, so as it takes special treatment to maintain. This happens due to a changing work culture since the acquisition of PT Sarana Karya became WIK A Bitumen when the employees who originally came from PT Sarana Karya to Employee of WIK A Bitumen Wijaya Karya Annual Report, (2015).

Employees of PT. WIK A BITUMEN which is an old employee began to feel a significant change after the change of ownership structure. The turmoil began to emerge due to cultural change from before. Cultural changes in this organization that plays a role in employee engagement that will impact on the employee's own performance. Various new cultures are commonly applied seems not to be accepted directly by employees. The old policies change

according to the standard operating procedure (SOP) which has been applied by PT. Wijaya Karya. Tbk (PERSERO). The employees are often contradictory generally derived of such asphalt plant workers. Many of the factory employees went on strike and even acted anarchically against the management team. Obviously this has a significant influence on the continuity of production activities, must be the main task of WIKA Bitumen in managing one of their assets, so as special treatment is required to maintain its loyalty and good performance to the company. Schein (1990), states that organizational culture as a basic foundation by an organization or company to be able to adapt to external and internal challenges. In addition, organizational culture is also related to the financial performance and success of the organization, where the organizational culture is a value system, beliefs, ingrained norms in an organization. Organizational culture shall also encourage or otherwise in organizational effectiveness (Ivancevich, et al., 2006).

The objective of this study are (1) Analyzing the Influence of Organizational Culture on employee engagement at PT. WIKA Bitumen post acquisition. (2) Analyzing the Influence of Organizational Culture on Employee Performance in PT. WIKA Bitumen post acquisition. (3) To know the influence of employee engagement on employee performance of PT. WIKA Bitumen.

II. RESEARCH METHODS

This study is limited to analyzing the influence of organizational culture and employee engagement on the performance of employees of PT. Wika Bitumen, with a population of 195, which was sampled 143. The research design using cross-sectional study. Sampling technique in the distributing of questionnaires and in-depth interviews through simple purposive sampling method. The study was conducted in Jakarta and Buton, with respondents who are still actively working in the company.

The research was conducted by qualitative and quantitative method using Structural Equation Modeling (SEM) method, Data source is primary data obtained from the result of questionnaire processing.

Processing Technique and Data Analysis

Data analysis is part of the data testing process which results are used as sufficient evidence to draw research conclusions (Indriantoro and Supomo, 2002). The data obtained, processed qualitatively and quantitatively in the form of tables, drawings and matrix, data processing performed in several processes, namely:

1. Distribution of Questionnaires to samples or the specified sample by using purposive sampling technique.
2. Processing and analyzing the results data from the distribution of questionnaires use SEM by using Lisrel software.
3. Formulation of sales promotion strategy from SEM analysis result.

III. RESEARCH RESULT

Respienden Characteristics

Gender

Observations performed through the questionnaires obtained the results that the majority of male were percentages (95.8%) and female (4.2%), the number is shown by the following table:

Table 1 Number of respondents by gender

Gender	Frequency	Percentage (%)
Male	137	95.8
Female	6	4.2
Total	143	100

From the Table 1 it is mentioned that male are more than female, according to Sunar (2012) stated that gender affects employee productivity. So as the gender becomes an important measure for the organization. It makes the organization should place an employees on the basis of gender in order to corresponding the employee's gender skills so as to achieve the expected output.

Age

After the Gender, then the identity of the respondent is explained through age, following figure 6 for comparison of age characteristics after the distribution of questionnaires:

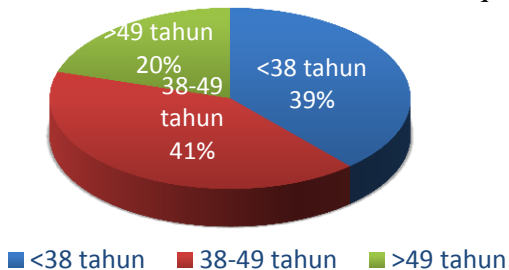


Figure 6 Percentage of respondents by age

Length of work

Characteristics of respondents then seen from how long the employee worked in the organization or institution, the following table 9 shows the comparison of respondent identity through long employment of employees:

Table 2 Length of work

Long Work	Number	%
< 10 year	49	34,27%
10 - 20 year	40	27,97%
>20 year	54	37,76%
Total	143	100

The Table 2 shows that majority employees work more than 10 years (34,27%), due to the longer a person works in a company shall give more commitment to the organization and ready to perform more challenging tasks and occupy a higher position (Robbins 2006).

Level of education

Characteristics of respondents seen from the level of education, where the level of education in general becomes the basis of organization or management to be an important factor recruiting prospective employees in this case is the employee of PT. Wika Bitumen The following table 10 shows the composition of employees based on education level after the distribution of questionnaires.

Table 3 Level of Education

Education	Number	%
SD	0	0
SMP	6	4,20%
SMA	97	67,83%
D3	19	13,29%
S1	15	10,49%
S2	6	4,20%
Total	143	100

From Table 3 shows that the majority of employees of PT. Wika Bitumen at the Head Office as well as at the factory have senior high school education (SMA) equal to (67,83%), Bachelor degree (10,49%) but an employee with Magister or S2 degree who has a percentage of (4,20%). The most influential thing to improve the competitiveness of enterprises is the level of education (Hariandja 2002).

Test of Conformity of SEM Model

This suitability test is performed by comparing the sample covariance matrix and the SEC model estimation covariance matrix. According to Wijanto (2008) in terms of methodology, SEM plays a variety roles, including as a system of simultaneous equations, linear causal analysis, path analysis, analysis of covariance structure, and structural equation model. Can be seen Table 4 to display the results of the conformity criteria SEM model based on Goodness Of Fit table.

From the results of table 4 can be seen the results of the overall fit test SEM model. The results of these tests are Chi-Square value of 64,67 in the category of good fit, a significant requirement on chi-square test if the smaller and P-Values ≥ 0.05 then the better. The value of GFI (goodness of fit index) is 0.85 in the marginal fit category. The RMSEA value of 0.025 in the good fit category, RMSEA illustrates the chi-square trend of rejecting the models with a large sample sizes. According to Ramadiani (2010), if the model does not match the data then it is necessary to find the cause of the model, and sought to modify the model in order to obtain better data match.

Table 4 Results of SEM Model Conformity Criteria

Goodness-of-Fit	Cut-off-Value	Result	Explanation
RMR(Root Mean Square Residual)	$\leq 0,05$ atau $\leq 0,1$	0.076	Good Fit
RMSEA(Root Mean square Error of Approximation)	$\leq 0,08$	0.075	Good Fit
GFI(Goodness of Fit)	$\geq 0,90$	0.98	Good Fit
Adjusted Goodness of Fit Index (AGFI)	$\geq 0,90$	0.96	Good Fit
CFI (Comparative Fit Index)	$\geq 0,90$	1.00	Good Fit
Normed Fit Index (NFI)	$\geq 0,90$	1.00	Good Fit
Relative Fit Index (RFI)	$\geq 0,90$	1.00	Good Fit

Based on Table 4 Goodness Of Fit (GOF) shows that most indicators indicate that the SEM model is fit or is good.

The Influence of Organizational Culture and Employee Engagement To Employee Performance

This study uses SEM due to the statistical techniques assessed by the researcher shall answer the question of this dimensional research objective (Ferdinand, 2002). This research uses SEM analysis tool to know the influence of construct, in this case marketing mix and purchasing decision. With the aid of such analysis tool it is know the value of influence between constructs. Sub indicators of the marketing mix and purchasing decisions. Here *t* arithmetic is shown in Figure 1.

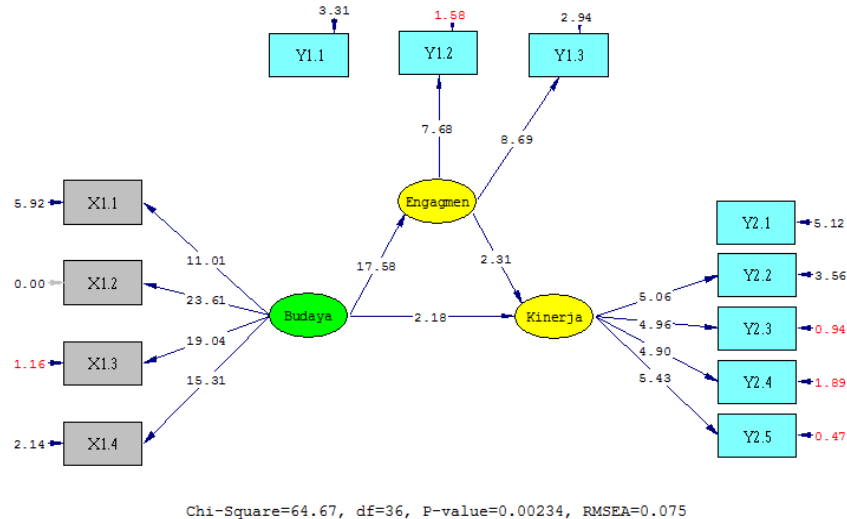


Figure 1. *t* arithmetic

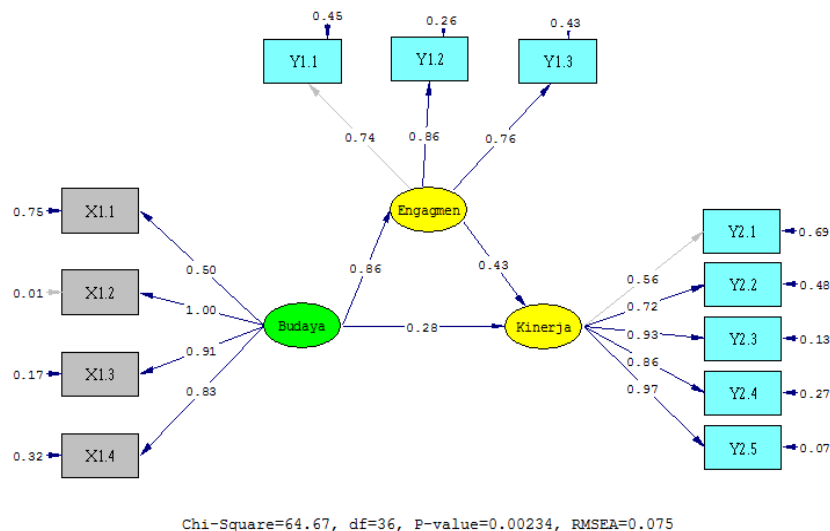


Figure 2. Standardized Loading Factor

Figure 2 shows that the value of t arithmetic is known value of each construct. The picture is explained that the organizational culture has a t value of 17.58 which means significant and positive to Employee Engagement, for organizational culture affect Employee Performance got value of 2.18 means significant and positive, then Employee Engagement affecting employee performance got the value of 2, 31 which means a significant positive effect on the performance. Indicators Organization culture symbolized $X_{1.1}$, $X_{1.2}$, and $X_{1.3}$, $X_{1.4}$ symbol $X_{1.1}$ is Impovement, $X_{1.2}$ is Adaptibility, $X_{1.3}$ is Mission and $X_{1.4}$ is Consistency. For the indicators of the Employee Enggagement construct symbolized by $Y_{2.1}$, $Y_{2.2}$, and $Y_{2.3}$, that is the meaning of $Y_{.21}$ is Vigor, $Y_{2.2}$ is Dedication, and $X_{2.3}$ is Absorbtion. The employee performance indicators symbolized by the symbol $Y_{2.1}$, $Y_{2.2}$, $Y_{2.3}$, $Y_{2.4}$, $Y_{2.5}$ as if $Y_{2.1}$ to symbolize the indicator Quantity of work, $Y_{2.2}$ for indicators of work quality, $Y_{2.3}$ for indicator Timeliness, $Y_{2.4}$ for Attendance indicator, $Y_{2.5}$ for the Working Capability indicator. The Linkages between dimension $X_{1.2}$ and Organizational Culture is the most powerful of its significance between $X_{1.1}$ and $X_{1.3}$ and $X_{1.4}$ in a score of 23.61.

Chi Square obtained for 64.67 which means the smaller the value of chi square then the better the model, then the Root Mean Square Error of Approximation (RMSEA) value is 0.075 which means with the terms of value 0.08 or less than 0.08 means the model is accepted. Here Figure 8 to find out how big the contribution of each dimension against construct that has been made in the model. The numbers in red indicate that the relationship is not significant, whereas the relationship between the missing line variables signifies that the observed variables are invalid against latent variables.

After being processed into Lisrel software obtained the contribution value of each construct to dimension factor, such as dimension $X_{1.2}$ has the greatest contribution to the organizational culture that is equal to 1.0. Then for the construct of the largest dimension of contribution employee engagement found in the statement $Y_{1.2}$ that is equal to 0.86. For Construct performance as Y_2 variable the biggest dimension contribution is at $Y_{2.5}$ that is equal to 0.97. The following Table 24 for description of Hypothesis analysis.

Table 5 Description of Marketing Mix Influence Analysis of Purchase Decision

Relationship between variables	Path coefficient	t-hit	Conclusion
Organizational Culture to Employee Engagement	0.86	17.58	significant
Organizational Culture to Employee Performance	0.28	2.18	significant
Employee Engagment to Employee Performance	0.43	2.31	significant

Note: if $t \text{ arithmetic} > 1.96$ then significant and if $t \text{ arithmetic} < 1.96$ then not significant

Employee Engagement Relationship Against Employee Performance

Based on the results when viewed from the influence of Organizational Culture on employee performance is significant that is getting a t-hit result of 2.31. This shows that Robbins, who stated that organizational culture will be able to improve employee performance, P. Stephen (2002). Especially if the factors that constitute an organizational culture are accepted as values to be embraced, believed and implemented with all the heart, so as will give confine to organizational culture that will impact on improving employee performance. Therefore, organizational culture either directly and indirectly will affect the performance of employees and organizations. However, at least the implementation of all organizational activities will be affected by the performance of the employees themselves.

Organization Cultural Relationship to Employee Engagement

Based on the results when viewed from the influence of Organizational Culture on Employee Engagement is very significant that is getting a t-hit result of 17.58. Organizational culture is one of the main pillars that shape behavior, ethics and handles all employees, but performance shall still be improved if employee engagement is high, employees are still working well (Rai Rashmi, 2015). Employee involvement is a key factor in every employee and should be well managed by the organization, because of this involvement shall improve employee performance although when a leaders shall not create a conducive atmosphere, where employee performance improvements are being noticed and the organizational culture that is formed does not support maximum performance, with this Employees need to have a sense of employee engagement in work and job, due to awareness and high sense of responsibility of the employees to encourage good performance and not affected by the outside environment.

Employee Engagement Relationship Against Employee Performance

Based on the results when viewed from the Influence Employee Engagement on employee performance is significant that is getting a t-hit result of 2.18. Employee engagement as a form of employee positive statement of work, exceeding that expected by the organization will improve their performance. According to Harter, Schmidt and Keyes (2002) are in line with the results of this study is to argue that the existence of emotional feelings and positive appraisal of employees and their relation to the cultural environment of work will strengthen performance.

IV. CONCLUSIONS AND RECOMMENDATIONS

Conclusion

After the research, based on the results of the research got the following conclusions:

1. Organizational Culture and Employee Engagement have a significant positive effect, got the result from this research which get result which processed by SEM that is at big enough score that is with value 17.58 from T statistic test which means have a significant positive effect.
2. Organizational culture have a significant positive effect on the performance of PT. Wika Bitumen, it is shown through the results of data processed by SEM with score value of 2.18 of T statistic test, which means a significant positive effect.
3. Employee Engagement has a significant positive effect on the performance of PT. Wika Bitumen, that is 2.31 through statistical T test which means a significant positive effect on performance

Suggestion

Based on the conclusions obtained, then the advice that shall be provided the researcher is the company shall examine seriously to find a formula that shall be implemented properly in order to create high employee engagement to improve employee performance. And the company shall build a solid organizational culture, According to Flamholtz (2011), the influence of organizational culture depends on the cultural strength of the organization. Cultural strength of the organization at PT. Wika Bitumen shall refer to how much funding in employees performs the dominant value and the basic assumptions of the company, in a intense culture, all employees in different units carry out the dominant value. Intense organizational culture will last longer and contarily even it will only be held by some people in this organization. This is stated in the concept of employee engagement from PT. Wika Bitumen, in this company there is a two-way relationship between employees and companies. Employee satisfaction is not the same as the employee's attachment to the company (Fernandez, 2007).

BIBLIOGRAPHY

- [1] Cooper Donald R, Emory C Wiliam. 1999. *Metode Penelitian Bisnis*. Ed ke-5. Jakarta(ID): Erlangga
- [2] Ferdinand A. 2002. *Structural Equation Modelling dalam Penelitian Manajemen*. Semarang(ID): FE UNDIP
- [3] Ghozali I. 2005. *Aplikasi Analisis Multivariate dengan SPSS*. Semarang(ID): Universitas Diponegoro
- [4] Indriantoro, Supomo. 2002. *Metodologi Penelitian Bisnis untuk Akuntansi dan Manajemen*. Ed ke-1. Yogyakarta(ID): BPF.
- [5] Keputusan Presiden Republik Indonesia Nomor 21 Tahun 2001 Tentang Penyediaan dan Pelayanan Pelumas. Jakarta(ID): Kementerian Energi dan Sumber Daya Mineral
- [6] Nuurrahman I, Utama DH. 2016. Pengaruh Variasi Produk Terhadap Keputusan Pembelian (Survei pada Pembelian *Smartphone* Nokia Series X di BEC Bandung). *Jurnal of Business Management and Entrepreneurship Education*. 1(1): 54-63
- [7] Ramadiani. 2010. *SEM dan Lisrel* untuk Analisis Multivariate. *Jurnal Sistem Informasi (JSI)*. 2(1): 179-188

- [8] Saragih CV. 2013. Pengaruh Kualitas Produk, ketersediaan Produk dan Gaya Hidup terhadap Keputusan Pembelian Produk Lulur Mandi Sumber Ayu di Jakarta. *Jurnal MIX*. 3(2): 231-246
- [9] Soliha E. 2008. Analisis Industri Ritel di Indonesia. *Jurnal Bisnis dan Ekonomi (JBE)*. 15(2): 128-129
- [10] Statistika Transportasi DKI Jakarta 2015. Jakarta(ID): Badan Pusat Statistik
- [11] Tjiptono F. 2010. *Strategi Pemasaran*. Ed ke-3. Yogyakarta(ID): Andi
- [12] Victor I. 2014. Studi Deskriptif Kualitas Produk Oli Castrol Power 1 4T Berdasarkan Persepsi Konsumen di Surabaya. *Jurnal Ilmiah Mahasiswa Universitas Surabaya*. 3(1): 2-3
- [13] Widayari S, Fifilia ET. 2009. Analisis Pengaruh Produk, Harga, Promosi dan Lokasi terhadap Keputusan Pembelian Rumah (Studi pada Perumahan Graha Estetika Semarang). *TEMA*. 6(2): 159-169
- [14] Wijanto SH. 2008. *Structural Equation Modeling dengan LISREL 8.8*. Ed ke-1. Yogyakarta(ID): Graha Ilmu

AUTHORS

First Author M.R. Hazriansyah SE, Post Graduate, School of Business, Bogor Agricultural University, Indonesia. Email: hazriansyah@hotmail.com

Second Author – Prof Dr Ir M Syamsul Maarif, MEc, School of Business, Bogor Agricultural University, Indonesia. Email: syamsul_maarif@sb.ipb.ac.id

Third Author – Dr Ir Sadikin Kuswanto, SH, MM, School of Business, Bogor Agricultural University, Indonesia. Email: sadikin_kuswanto@gmail.com

Correspondences Author – M.R. Hazriansyah, hazriansyah@hotmail.com, +6287881798081.