

The Effect of Organizational Culture on Employee Performance in PT. Telekomunikasi Indonesia Persero (Tbk) Witel Sumsel

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Abstract. *This research aims to determine the effect of organizational culture on employee performance in PT Telekomunikasi Indonesia Tbk (Persero) Witel Sumsel. The company might use the finding of this research to understand how organizational culture could affect employee performance, as well as to understand the importance of organizational culture on performance. Theoretical frameworks used in this research were based on Cameron and Quinn organizational culture theory as independent variable, and Bernardin and Russell performance theory and dependent variable. This research is a quantitative study, which uses simple linear regression technique of data analysis. Questionnaires from fifty-eight employees were gathered in this research using census sample (sampling jenuh), as this research used whole population as its sample. The results of this research showed that organizational culture significantly influences employee performance in PT Telekomunikasi Indonesia Tbk (Persero) Witel Sumsel. Based on the finding of the research, company should provide more chance for employee to do knowledge sharing, as well as provide the employee with soft skills, family gathering or socialization.*

Keywords. *Organizational Culture; Employee Performance; Organizational Behavior.*

I. INTRODUCTION

Organizational culture has become one of the most important aspects to look after to in a lot of companies (Deloitte, 2015). Companies with high level of organizational culture tend to have a better competitive advantages compared to their competitors. Moreover, companies that take care of their organizational culture usually have better level of employee engagement. This happens because organizational culture, whether it is a high or low culture has an influence toward overall organizational culture (Aftab *et al.*, 2012).

A lot of world-renowned telecommunication companies had transformed their own organizational cultures, to survive current competition. Verizon had conducted a change on its culture to Verizon Credo, a culture that explains the importance of teamwork, and customer focus (Verizon, 2015). Another example of a telecommunication company that had adjusted its culture is Telkom South Africa, in which its current culture upholds the importance of communication and idea sharing among its employees (Telkom S.A., 2016).

PT Telekomunikasi Indonesia Tbk (Persero) as one of the biggest telecommunication companies in Indonesia had started a program called KIPAS Budaya (Cultural Provocation Activation Community). This program is expected to increase employees' creativity, and spirit. In PT Telekomunikasi Indonesia Tbk (Persero) Witel Sumsel has its own Cultural Provocation Activation Community called MIE CELOR, which is an acronym for "Militant, Energetic, Cepat (Fast), and Ga Pake Molor (On Time)".

Result from preliminary study, which was performed to find out employees' understanding on their organizational culture, shows that employees already have overall good understanding on their organizational culture.

Organizational culture is related to performance in a company (Samad, 2007). It can help to increase overall employees performance, which in the end can help the company to reach its goals, and to increase overall organizational performance (Deal and Kennedy, 1982). The better employees' understanding on their organizational culture, the more it can help to develop employee's performance (Daft, 2012).

According to the Individual Performance Score (NKI), even though there have been some improvements in the Individual Performance Score every year, but those improvements are still considered not optimal according to statement from *Assistant Manager Human Resources*.

Previous studies on organizational culture strongly showed that it has an impact on performance (Wanjiku and Agusioma, 2014). Organizational can get competitive advantage if the management creates and maintains a culture with high level of involvement of employees (Shahzad *et al.*, 2013). While Uddin *et al.* (2013) argues that culture whether it is positive or negative, can have significant consequences on employees as well as firms' performances.

This study is conducted based on the phenomenon explained above. It aims to determine organizational culture and performance according to employees' perception, and to find out the influence of organizational culture on employee performance in PT Telekomunikasi Indonesia Tbk (Persero) Witel Sumsel.

II. LITERATURE REVIEW

A. Organizational Behavior

Organizational behavior is defined as a study to investigate the influence of individual, group, and structure toward behavior in an organization, then to apply the knowledge to increase organizational effectiveness (Robbins and Judge, 2008). Organizational behavior functions to analyze the impact of external environment towards organizational vision, mission, goals, and human resources inside (Gibson *et al.* 2012).

B. Organizational Culture

Organizational culture is a system adopted by every member of organization, which differentiates one organization to another (Robbins and Judge, 2008). Several models had been developed in order to better understand the concept of organizational culture. Cameron and Quinn developed one of the models (2006). Cameron and Quinn characterized culture into four main types, they are:

1. Clan defines as a friendly working environment, and family oriented culture.
2. Adhocracy defines as dynamic, creative, and innovative working environment.
3. Market defines as result oriented culture, and competitive working environment.
4. Hierarchy defines as a formal and very structured working environment, and efficiency oriented culture.

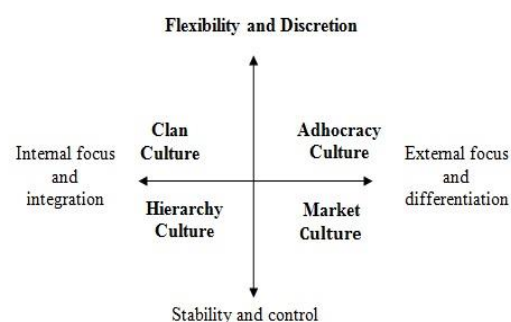


Figure 1

Source: Cameron and Quinn (2006)

C. Performance

Performance is a portrayal of one's accomplishment in implementing organizational goals, target, mission, and vision, which included in organizational strategic planning (Fahmi, 2010). Bernardin and Russell (2009) developed six performance indicators, which are:

1. Quality
2. Quantity
3. Timeliness
4. Cost-effectiveness
5. Need for supervision
6. Interpersonal impact

D. Theoretical Framework

Cameron and Quinn theory is used to measure organizational culture in this study upon consideration that this theory can help to portray organizational culture owned by PT Telekomunikasi Indonesia Tbk (Persero) Witel Sumsel. Meanwhile, Bernardin and Russell performance indicators are used to measure employee performance upon consideration that this theory had been used in many of previous studies. Theoretical framework in this study is shown in Figure 2.

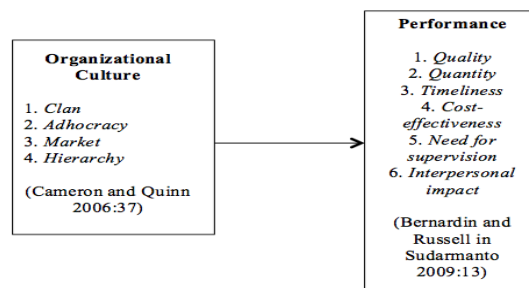


Figure 2

III. METHODOLOGY

A. Sample and Data Collection

Questionnaires were distributed to 58 employees to collect data. This research used whole population in PT Telekomunikasi Indonesia Tbk (Persero) Witel Sumsel as its sample.

B. Measures

Organizational culture was measured using Cameron and Quinn (2006) model, while performance was measured using Bernardin and Russell (2006) performance indicators. Questionnaire used in this research consisted of 21 items related to organizational culture, and 11 items related to performance. A four-point Likert scale was employed to measure each of the items. The respondents were asked to choose their response, ranging from 1 (strongly disagree) to 4 (strongly agree).

C. Analytical Tools

Data were analyzed using software called Statistical Package for Social Sciences (SPSS) version 22.0 for Mac. Descriptive statistics analysis was used to describe characteristics of respondents. Meanwhile, simple linear regression was used to determine the correlation

between independent (organizational culture), and dependent variable (performance).
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IV. RESULTS AND DISCUSSION

A. Characteristics of Respondent

Respondents of this study were characterized by gender, years of working, age, and level of education.

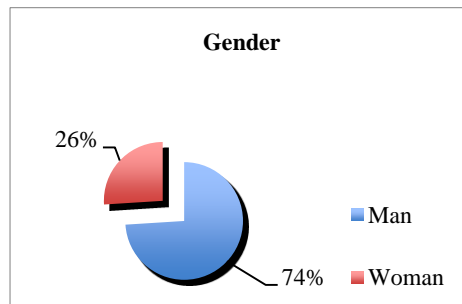


Figure 3 Characteristics of Respondent Based on Gender

Figure 3 above shows that based on gender characteristics, 76% of respondents were men, while 24% were women. Based on that, it can be concluded that majority of employees in PT Telekomunikasi Indonesia (Tbk) Persero Witel Sumsel were men.

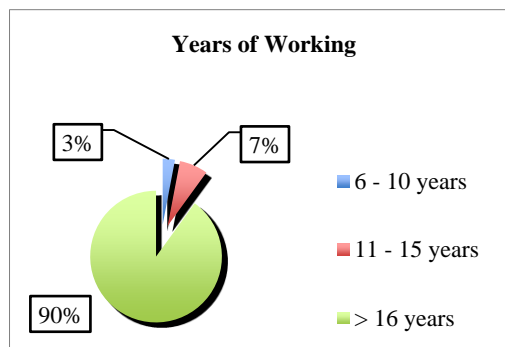


Figure 4 Characteristics of Respondent Based on Years of Working

Figure 4 above shows that based on years of working, 90% of respondents have been working for more than 16 years, 7% of respondents have been working for 11 – 15 years, and 3% of respondents have been working for 6 – 10 years.

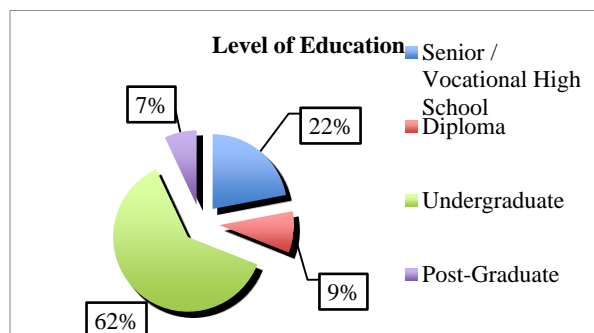


Figure 5 Characteristics of Respondent Based on Level of Education

Figure 5 above shows that based on level of education, 7% of respondents had post-graduate degree, 62% of respondents had undergraduate degree, 9% of respondents had diploma degree, and 22% of respondents had senior or vocational high school degree.

B. Descriptive statistics result

The descriptive statistics result showed that the average percentage for organizational culture is 76,06%. It showed that the employees of PT Telekomunikasi Indonesia Tbk (Persero) Witel Sumsel already has a good understanding on their organizational culture, and able to create a dynamic working environment, with adhocracy has the highest sub-variabel percentage of 77,44%.

Meanwhile, the average percentage for performance is 76,80%. It showed that the employees of PT Telekomunikasi Indonesia Tbk (Persero) Witel Sumsel were able to finish all of their jobs according to determined goals.

C. Simple linear regression result

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9,356	3,485		2,684	,010
	Budaya Organisasi	,392	,050	,724	7,849	,000

a. Dependent Variable: Kinerja

Figure 6 Simple Linear Regression Result

The simple linear regression result showed that organizational culture has a positive influence on performance, where every 1-point increase on organizational culture will increase performance for 0,392 point as well.

D. Coefficient of determination result

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,724 ^a	,524	,515	5,38953

a. Predictors: (Constant), Budaya Organisasi

b. Dependent Variable: Kinerja

Figure 7 Coefficient of Determination Result

Coefficient of determination result showed that organizational culture has 52,4% impact on employee performance in PT Telekomunikasi Indonesia Tbk (Persero) Witel Sumsel. While the rest of 47,6% was influenced by some other factors that were not observed in this study.

E. Partial hypotheses test result

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9,356	3,485		2,684	,010
	Budaya Organisasi	,392	,050	,724	7,849	,000

a. Dependent Variable: Kinerja

Figure 8 Partial Hypotheses Test Result

The result above showed that t_{test} score was 7,849 with significance point was 0,000. Meanwhile the t_{table} score of 58 respondents was 2,003. It can be concluded that the hypotheses (H_1) was accepted, and organizational culture significantly influences employee performance in PT Telekomunikasi Indonesia Tbk (Persero) Witel Sumsel.

V. CONCLUSION

The findings of this study showed that organizational culture has influence on employee performance in PT Telekomunikasi Indonesia Tbk (Persero) Witel Sumsel. The findings of this study also support previous studies on organizational culture influence towards performance.

The study has several limitations. First, the sample size is considered small with only 58 employees as sample in a company. Furthermore, this study was performed in a telecommunication company. The result might not be the same if this study performed in other different type of companies.

A few suggestions are recommended for further research. First, future researchers might conduct studies on different aspects in a company, for example leadership or work motivation aspect. Second, this research used simple linear regression as its tool. Some other tools can also be used to measure the variables, e.g. multiple linear regression, or path analysis. Lastly, although this research was conducted using quantitative study, but further research might also be conducted using qualitative study.

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