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The influence of organizational culture and competency on employee performance

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ABSTRACT

Performance is a key factor for every individual and organization in achieving productivity. Organizations do not only pursue the achievement of high productivity, but also pay more attention to performance in the process of achieving it. This study aims to examine the effect of Organizational Culture and Competency on Employee Performance. This study uses explanatory quantitative research on 40 distributor company in DKI Jakarta with 75 respondents processed using the SEM-PLS approach. Based on result study, it can be seen that organizational culture has a partial effect on employee performance, which means that the more often employees comfort with their organizational culture, the higher their performance in the organization. Then, competency has an effect on employee performance, which means that the more competence, the higher the employee's performance.



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Introduction

The development of science and technology and the rapid flow of globalization have brought changes and created a new paradigm in the workplace and in the world of education. Organizations do not only pursue the achievement of high productivity, but also pay more attention to performance in the process of achieving it. Thus, performance is a key factor for every individual and organization in achieving productivity. Performance is a result where people, resources in a certain work environment together bring the final result based on the level of quality and standards that have been set (Hamdiyah et al., 2016). Many aspects affect the success of a performance such as role clarity, level of competence, environmental conditions, and other factors such as values and culture, rewards and awards (Fahrurazi et al., 2014).

There are several opinions regarding the factors that affect employee performance. Wanasaputra & Dewi (2017) argue that the factors of knowledge, skills and abilities are needed to support a performance. Knowledge, skills and abilities are superficial competencies, namely the basic characteristics of a person to be able to show effective or superior performance in their work and duties. The same opinion was expressed by Rudlia (2016) that competence is usually associated with things such as values, standards, one's view of life. These are the basic aspects of personality that are important for carrying out important and responsible tasks. According to Rapareni (2013) that not all personal aspects of an employee are competencies, only personal aspects that encourage him to achieve superior performance are the competence.

Rantesalu et al. (2017) study found that competence and organizational culture have a positive and significant effect on organizational commitment. Meanwhile, according to Kenedi et al. (2022) research shows that organizational culture (professionalism, integrity, service user orientation, and continuous improvement) as a whole has a positive effect on employee performance. As for the partial test, the integrity variable has the most significant effect on employee performance. The results obtained in Dwiyanti et al. (2019) research show that (1) Competence and work motivation have a positive effect on employee performance with. (2) Competence has a positive effect on employee performance. (3) Work motivation has a positive effect on employee performance. (4) Competence has a positive effect on employee work motivation at PD. BPR Bank Buleleng 45. In Prayogi et al. (2019) research found that partially competence has a significant effect on employee performance. Work discipline has a significant effect on employee performance.

In addition to competence, organizational culture is also one of the factors that lead to an increase in employee performance. Organizational culture became a topic of discussion in business and academia in the 1980s. In the late 1980s businesses paid a lot of attention to organizational culture, which was described as playing a major role in the success achieved by large companies. The management of organizational culture must be directed to the ability of organizational culture to lift the company's performance through improving the performance of its employees, this is mainly because the function of culture provides a set of values for setting priorities and provides how things are done within the group/company. In addition, culture also functions as a facilitator for the growth of a shared community as a meaning-making and control mechanism that guides and shapes the attitudes and behavior of employees, therefore good management of culture will be able to influence the achievement of high employee performance.

Organizational Culture

Organizational culture tends to be informal or not written and indirect but has an important role as a way of thinking, accepting the situation and feeling something in the company. Organizational culture can be described as values, norms, and artifacts that are accepted by company members as an organizational climate that will be able to influence and be influenced by company structures and systems (Jusmin, 2016). Schein's (1997) definition of organizational culture is a pattern of shared basic assumptions that a group learns when solving problems of external adaptation and internal integration that have functioned well enough to be considered valid and to be taught to new group members as the correct way to accept something, think and feel in relation to these problems (Utomo, 2019). Meanwhile, according to (Suripto, 2017) formulate it as a system of shared values and beliefs that interact with people, structures and systems of an organization to produce norms and behavior.

In general, according to Cheki (1996) organizational culture can be defined as a set of perceived norms, behavioral patterns that are created or developed within a company to overcome these basic assumptions or views which are believed to have been going well in the company so that they are considered positive values and deserve to be taught to new employees as the right way to think and act in carrying out tasks (Purnama, 2013). Robbins (1996) states that organizational culture begins with the physiology of thought, once culture is formed, organizational practices act to maintain it, such as human resource management practices (Sutrisno, 2019). Three forces play a very important part in sustaining a culture: selection practices, top management actions, and socialization methods. From the definition of organizational culture proposed by Schein (1997) it can be seen that the formulation of a company's culture is based on the company's experience in solving the problems it faces which then usually becomes an ideal picture of how the company faces problems in the future.

Because the problems faced by a company with other companies are different and the ideal image or view from one company to another, the formulation of the culture between problems will also be different. Hofstede, Geert, Michael Harris Bond, and Chung-Leung (in Fuad Mas'ud, 2004) provide six dimensions that can be used as a framework in describing organizational culture (Priyowidodo et al., 2018). The five dimensions include: (1) Professionalism. (2) Distance from management. (3) Trust your co-workers. (4) Regularity. (5) Integration.

Competency

According to HR Management experts, competence (plural competences) and competency (plural competencies) have different meanings. Competence refers to work while competency refers to people; competence focuses on the tasks and results required for a job, while competency focuses on identifying the characteristics of competence in terms of competency, although in reality the two terms are related, considering that in the context of corporate life such as companies, these have an important role in the management of a company. Many HR Management experts provide the concept of competence with different expressions and language but almost the same meaning, namely that competence is the main and individual characteristic to produce superior performance in doing work (Faizal et al., 2019).

Furthermore, the definition of competence according to the opinion of experts will be stated as follows: Competency is an underlying characteristic of a person which results in effective in a job. An underlying

characteristic of a person in that it may motivate a trait, a skill, an aspect of one's self-image social role, or a body of knowledge which he or she uses. From some of the definitions above, it appears that competence is an individual characteristic that underlies a person's behavior in carrying out a job (performance), be it knowledge, skills, attitudes or motives, which will affect a person's performance. A person's competence is basically a combination of various interacting factors that make up a performance. Therefore, competence is very important because it will determine a person's performance. This means that efforts to make competence as the basis for recruitment and development are a must, especially in the context of changes that occur today (Dwiningwarni & Dindah, 2017).

Employee Performance

In general, performance is defined as a person's level of success in carrying out his work. According to (Puspitasari & Adam, 2019), the degree to which a person's success in completing his work tasks is referred to as "level of performance". Porter & Lawler (in Sri Handayani, 2001) state that a person's "successful role achievement" will come from his actions (Suardhita et al., 2020). From this definition, it can be stated that employee performance is a form of a person's success to achieve certain roles or targets that come from his own actions. A person's performance is said to be good if the individual's work results can exceed the previously determined role or target.

According to John Bernadin (1993) states there are six dimensions that are used to measure employee performance individually (Kane et al., 2013), including the following: (1) Quality. The degree to which the results of the activity carried out are near perfect in the sense of conforming to some ideal way of performing the activity or meeting the expected goals of an activity. (2) Quantity. The resulting amount is expressed in terms of a number of units, the number of cycles of activity completed. (3) Punctuality. The degree to which an activity is completed at the desired initial time from the point of view of coordinating with the outputs and maximizing the time available for other activities. (4) Effectiveness. The level of use of organizational resources with the intention of increasing profits or reducing losses of each unit in the use of resources. (5) Independence. The degree to which an employee can carry out his work function without asking for help, guidance from the supervisor or asking the supervisor to intervene in order to avoid an adverse outcome. (6) Work Commitment. The degree to which employees have a commitment to work with the company and work responsibilities with the company

Theoretical Framework

Firman Fauzi and Muhammad Hanafiah Siregar stated that employee competence has a positive and significant influence on employee career development and employee performance also has a positive and significant influence on employee career development. Then, (Sri & Nonik, 2018) conducted research to prove that (1) competence has a positive and significant effect on employee performance, (2) compensation has a positive and significant effect on performance, (3) motivation has a positive and significant effect on employee performance. (Yudistira & Siwantara, 2012) state that competence has a direct positive and significant effect on employee performance. This is supported by research from (Sulistyaningsih, 2009) that competence has a significant positive effect on employee performance.

Research conducted by Sriwidodo and Budi in (Baba, 2014) using the independent variables of competence, motivation, communication, and welfare and the dependent variable of employee performance, the results show that the competence variable has the most dominant influence on the performance of the Education Office employees. carrying out the task is largely determined by the competencies required by the field of work. 2). Research by (Awadh & Saad, 2013) shows that there is a positive relationship between culture and performance helping to improve organizational outcomes. Organizational work performance has a strong impact on a strong organizational culture because it increases the productivity of the company. 3). (Gustomo, 2012) research using correlational descriptive method, the research was conducted at a Mining and Energy (Geothermal) company in Kamojang. 205 employees were selected as respondents by using proportional random sampling. Questionnaires are used as a tool in data collection methods. Multiple Regression Analysis was used as a technique to analyze the data. The results showed that there was a positive correlation between emotional intelligence, leadership style, organizational culture and company performance. 4). (Supiyanto, 2015) which examines the effect of compensation, competence and organizational commitment on job satisfaction and cooperative employee performance. The results of the research show that HR competence has no significant effect on the performance of KSP employees in Tuban Regency, so changes in HR competencies will not have an impact on employee performance. 5). (Femi, 2014) examined the relationship between communication and employee performance in selected organizations in Lagos State, Nigeria. The data for this study were collected through a questionnaire with a sample of 120 respondents. This shows that there is a positive relationship between effective communication and employee performance. Research recommends that managers need to communicate with employees on a regular basis to increase employee commitment and performance.

Method

This study uses a quantitative method with an explanatory approach. The population in this study is the employees of distributor company in DKI Jakarta. The number of samples is 75 respondents from 40 distributor company in DKI Jakarta, where the sample is obtained based on the rule of thumb from the statistical analysis used. The data collection technique in this study was a questionnaire using a Likert scale. Data were analyzed using Structural Equation Modeling (SEM) with Partial Least Square (PLS) approach. The Likert scale is a scale used to measure the perceptions, attitudes or opinions of a person or group regarding a social event or phenomenon (Pranatawijaya et al., 2019). Likert scales have four or more question items combined to form a score/value that represents individual traits, such as knowledge, attitudes, and behavior. In the data analysis process, a composite score, usually the sum or average, of all items can be used (Budiaji, 2013). The hypotheses in this study are:

Table 1. Research Hypotesis

No.	Direct Hypothesis
H1	Organizational Culture has a direct influence on Employee Performance
H2	Competency has a direct influence on Employee Performance

Results and Discussions

Validity and Reliability

Table 2. Outer Model Evaluation

Variables	Sub-Variables	Cross Loading	Composite Reliability (CR)	Average Variance Extracted (AVE)	Critical Value
Organizational Culture	Professionalism	0.683	0.833	0.963	1.0000
	Distance From Management	0.655	0.890	0.931	1.0000
	Trust your co-workers	0.778	0.934	0.889	1.0000
	Regularity	0.765	0.967	0.814	1.0000
Competency	Integration	0.667	0.823	0.954	1.0000
	Skill	0.782	0.943	0.854	1.0000
	Ability	0.645	0.876	0.968	1.0000
	Knowledge	0.796	0.930	0.844	1.0000
Employee Performance	Quality	0.596	0.830	0.944	1.0000
	Quantity	0.578	0.834	0.989	1.0000
	Punctuality	0.565	0.867	0.914	1.0000
	Effectiveness	0.582	0.843	0.954	1.0000
	Independence	0.570	0.831	0.913	1.0000
	Work Commitment	0.540	0.731	0.813	1.0000

From table 2 above, it can be seen that the data that has been processed using the Wrap-PLS application indicates convergent validity in the study, showing that each variable has a loading factor value above 0.5 which means that the questionnaire instrument used in this study is valid and represents the condition of the organizational culture, competency and employee performance. Then, from the table above, it can be seen that the AVE value is greater than 0.5, which means that this research questionnaire has met discriminant validity. In addition, the variables from the table above have met the composite reliability, where the value is more than 0.70, which means that the research is feasible to continue in the hypothesis testing process.

Hypotheses Testing

Table 3. Direct Impact

Hypothesis	Impact	Path Coefficients	t-test	Result
H1	Organizational culture ->> employee performance	0.986	7.443	Significant
H2	competency ->> employee performance	0.882	7.123	Significant

Referring to table 3 above, it can be seen that the t-test value in hypothesis 1 is greater than t-table 1.99, which means that there is a significant influence between Organizational Culture on Employee Performance. Then, the results of the t-test on hypothesis 2 are also greater than t-table 1.99, which means that there is a significant effect between Competency and Employee Performance.

H1: The Effect of Organizational Culture on Employee Performance

The influence of organizational culture on employee performance is a very important factor in the context of human resource management. Organizational culture refers to the values, norms, beliefs, and practices that are embraced and shared by members of the organization. Organizational culture includes the way the organization operates, interactions between team members, communication patterns, leadership styles, and the attitudes and behaviors expected of employees. Organizational Culture has a direct influence on Employee Performance, which means that employees who meet the culture as expected are always willing to higher performance in all organizational activities. This study supports the results of research by (Sri & Nonik, 2018); (Awadh & Saad, 2013); (Supiyanto, 2015); (Femi, 2014) that there is a significant influence between organizational culture and employee performance. Organizational culture cannot be applied directly, but requires time and continuous efforts from the entire organization to build and maintain. In this case, organizational management has a key role in creating a culture that supports high employee performance.

H2: The Effect of Competency on Employee Performance

Employee competencies exert a significant influence on employee performance in the workplace. Strong competencies not only improve productivity and work quality, but also encourage innovation, personal development and trust. Therefore, it is important for organizations to identify, develop and maintain appropriate competencies in managing their employees in order to achieve optimal performance. From the results of the calculation and hypothesis testing above, it can be seen that competence has a direct effect on employee performance in this study, which means that employees who have good competence at work will have higher performance in the organization. This study supports the results of research by (Sri & Nonik, 2018); (Awadh & Saad, 2013); (Supiyanto, 2015); (Femi, 2014) which explains that Competence can improve Employee Performance.

Conclusions

The results showed that the rise and fall of employee performance of employees in the organization was influenced by organizational culture and competency. Based on result study, it can be seen that organizational culture has a partial effect on employee performance, which means that the more often employees comfort with their organizational culture, the higher their performance in the organization. Then, competency has an effect on employee performance, which means that the more competence, the higher the employee's performance. The limitation of this study is that the research only focuses on organizational culture and competency as a factor that affects employee performance. In fact, the factors that affect employee performance are not only organizational culture and competency, but there is work engagement, empowerment, work environmental, and so on.

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