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## The Influence of Organizational Culture on Bank Employees' Performance with Organizational Commitment as an Intervening Variable

**Abstract.** It is well known that employees are the most important element in determining the back and forth of a company. Therefore, the bank's management needs to study in detail and evaluate all the factors that affect the productivity of their employees. This will allow the development of an effective strategy for human capital development to successfully achieve all the bank's goals. This study aims to determine and analyze the effect of organizational culture on employee performance with organizational commitment as an intervening variable. The sample in this study were 51 employees of Bank Syariah Mandiri who worked at Bank Syariah Indonesia's Thamrin branch office after the merger. Data was collected by distributing questionnaires using a 5-point Likert Scale. The analysis method used in this research is Partial Structural Equation Modeling (PLS-SEM), then processed through the SmartPLS version 3.3.5 application. This study proves that organizational culture has a positive influence on employee performance through organizational commitment. Changing organizational culture is not an easy undertaking. So, managers must convince their employees of the benefits of change and show through collective experience that the new culture is the best way to operate to yield success. Higher levels of organizational commitment among employees also can improve their performance. Implementing new strategies or policies becomes more manageable if a bank company has dedicated employees since they tend to embrace the need for change.

**Keywords:** organizational culture, organizational commitment, employee performance, bank activities, personnel management.

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## Вплив організаційної культури на результативність банківських працівників з організаційною відданістю як проміжною змінною

**Анотація.** Відомо, що працівники є найважливішим елементом у забезпеченні ефективного розвитку компанії. Тому керівництву банку необхідно детально вивчити та оцінити всі фактори, що впливають на продуктивність праці їхніх працівників. Це дозволить розробити ефективну стратегію розвитку людського капіталу для успішного досягнення всіх цілей діяльності банку. Це дослідження має на меті визначити та проаналізувати вплив організаційної культури на результативність співробітників банку з організаційною відданістю як проміжною змінною. Вибіркою в цьому дослідженні був 51 співробітник банку Syariah Mandiri, який після злиття працював у філії банку Syariah Indonesia Thamrin. Дані зібрано шляхом розповсюдження анкет за 5-бальною шкалою Лайкерта. Метод аналізу, використаний у цьому дослідженні, – це моделювання за частковими структурними рівняннями (PLS-SEM). Обробку даних виконано за допомогою програми SmartPLS версії 3.3.5. Результати цього дослідження доводять, що організаційна культура позитивно впливає на результативність співробітників через організаційну відданість. Зміна організаційної культури – справа не з легких. Тому обов'язок керівників – переконати своїх працівників у перевагах змін і показати на основі колективного досвіду, що нова культура – найкращий спосіб діяти, щоб досягти успіху. Більш високий рівень організаційної відданості співробітників також може покращити їх роботу. Якщо банківська компанія має відданих співробітників, впровадження нових стратегій або політик стає легшим, оскільки вони, як правило, сприймають потребу змін.

**Ключові слова:** організаційна культура, організаційна відданість, результативність співробітників, діяльність банку, управління персоналом.

### INTRODUCTION

The rapid change and development of the digital era require innovation and strategic renewal in various elements of business, including Islamic banking. To deal with the tight competition of the banking industry, the Bank Syariah Indonesia merged with the two other state-owned Islamic banks. Implementing the merger will certainly pose challenges for each employee and the bank's management when transforming into a new team. So, in the post-merger period, company management needs to establish several strategies to deal with the challenges of the merger, ranging from improvement of business processes, cultural integration, strengthening risk management, strengthening human resources (HR), to strengthening digital.

It is well known that employees are the most important element in determining the back and forth of a company. The employee's performance is one of the capitals for the company to achieve its goals. Therefore, the bank's management needs to study in detail and evaluate all the factors that affect the productivity of their employees. This will allow to development of an effective strategy for human capital development to successfully achieve all the bank's goals.

### LITERATURE REVIEW

#### *Employee performance*

Human resources play the most important role among other factors in a company's organization. The company

is required to be able to pay attention to the performance of its employees to create superior corporate human resources so that it will have an impact on increasing the company's performance. Performance management is an ongoing process of improving performance by setting individual and team goals that align with the organization's strategic goals, planning performance to achieve goals, reviewing and assessing progress, and developing people's knowledge, skills and abilities.

Employee performance is the quality and quantity of work employees do when carrying out their duties based on the responsibilities given (Mangkunegara, 2011). Mangkunegara also added that what is meant by performance is a result that can be seen in quality and quantity, which an employee achieves in carrying out his duties under the responsibilities that have been given to him. Performance management is an ongoing process to improve performance by setting individual and team goals aligned with the organization's strategic goals, planning performance to achieve goals, reviewing and assessing progress, and developing people's knowledge, skills and abilities (Amstrong, 2018).

#### *Organizational culture*

Organizational culture plays an important role in an organization because organizational culture reflects employee behaviour in that organization. A corporate culture that is not conducive can result in low employee performance in the company. Mangkunegara (2011)

explained that organizational culture is a set of assumptions or belief systems, values, and norms developed in the organization that serves as a code of conduct for its members to overcome internal and external adaptation problems. Organizational culture is the values, principles of tradition, and ways of working shared by members of corporate organizations that then influence the way they act (S. P. and M. C. Robbins, 2016).

According to Griffin and Moorhead, organizational culture is a set of shared values, often taken for granted, that help people in an organization understand which actions are considered acceptable and unacceptable (Griffin & Moorhead, 2013).

*Organizational commitment*

The success in managing human resources largely determines the success of organizational management. The high commitment of employees to the organization in which they work determines the performance that the organization will achieve. Organizational commitment is how employees identify with the organization and want to continue working actively participating in it (Newstrom, 2011). Organizational commitment is the degree to which employees trust and accept the organization's goals and will stay or not leave the organization (Sopiah, 2008). high worker engagement

means siding with a person's particular job. High commitment means siding with the organization that recruited the employee (S. P. Robbins & Judge, 2008). An employee organization is a professional who is directly dealing with the work in carrying out his duties and carrying out various policies with certain goals and have a strong commitment to where employees work.

Organizational commitment is a significant part of the psychological state of organizational members. Members who have a large organizational commitment want to display a good work attitude, which can be seen with great performance results, and active in-state activities that certainly want to be very profitable for an organization (Albdour & Altarawneh, 2014).

**RESEARCH METHODOLOGY**

The hypothesis of this study can be presented as follows:

H<sub>1</sub>: Organizational culture has a positive effect on employee performance.

H<sub>2</sub>: Organizational culture has a positive effect on organizational commitment.

H<sub>3</sub>: Organizational commitment has a positive effect on employee performance.

H<sub>4</sub>: Organizational culture positively affects employee performance and organizational commitment as an intervening variable.

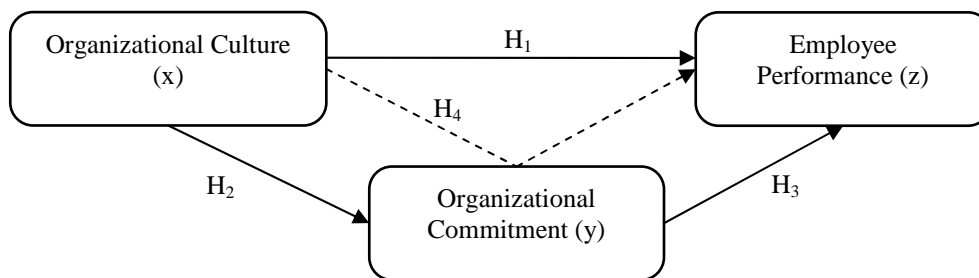


Figure 1. Research conceptual framework

The sample in this study is all employees at Bank Syariah Mandiri who work at Bank Syariah Indonesia Thamrin branch office as many as 51 people. This study was conducted using sample withdrawal, namely saturated sampling, where all sample members are used as samples.

The structure question modelling (SEM) analysis technique was used in this research using statistical software Partial Least Square (PLS).

*Organizational culture* is an independent variable in this study (X1). Organizational culture is a characteristic of the company in the form of a set of rules, norms or values that are developed and used as guidelines for behaviour for its members and instilled in new employees to overcome internal and external adaptation problems (Mangkunegara, 2011), (S. P. Robbins & Judge, 2008), (Soedjono, 2005).

*Organizational commitment* is an intervening variable in this study (Y). Organizational commitment is an employee willingness, loyalty, and loyalty to be

responsible and actively participate in realizing every goal in the organization that has been designed by providing the best performance (Newstrom, 2011), (Sopiah, 2008).

*Employee performance* is a dependent variable in this study (Z). Employee performance is the result of the willingness of employees to carry out their responsibilities as expected by the company and perfect them according to responsibility based on the seriousness of expertise, experience and time of a certain period (Sinambela, 2012), (Hasibuan, 2003), (Rivai & Basri, 2005).

**RESULTS AND DISCUSSION**

The structural model in PLS is evaluated using R<sup>2</sup> for dependent variables and path coefficient values for independent variables, which are then assessed in significance based on the t-statistical values of each path. The structural model of this research can be seen in the following figure:

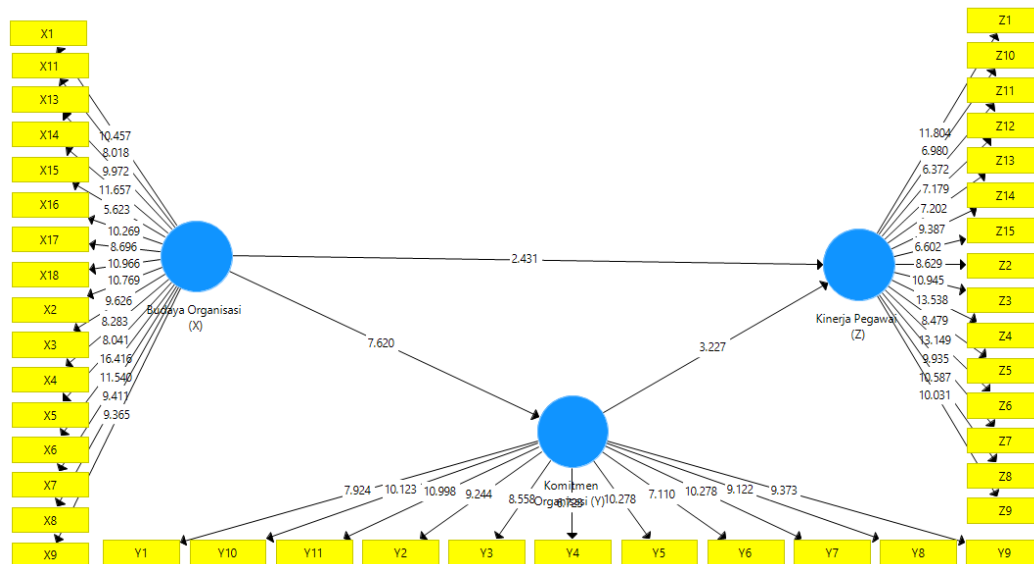


Figure 1. Output inner model

Source: Output PLS, 2021.

Next step - assessment of the significance of the predictive model in structural model testing. It can be seen from the t-statistical value between independent variables to dependent variables in the Path Coefficient table in SmartPLS output below:

Table 1

Hypothesis test

0	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values	RESULTS	
Organizational Culture (X) -> Employee Performance (Z)	0.314	0.317	0.129	2.431	0.015	Significant	Hypothesis Accepted
Organizational Culture (X) -> Organizational Commitment (Y)	0.589	0.619	0.077	7.620	0.000	Significant	Hypothesis Accepted
Organizational Commitment (Y) -> Employee Performance (Z)	0.444	0.466	0.138	3.227	0.001	Significant	Hypothesis Accepted

Source: Output PLS, 2021.

Table 2

Hypothesis test for specific indirect effects

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values	RESULTS	
Organizational Culture(X) -> Organizational Commitment(Y) -> Employee Performance(Z)	0.261	0.286	0.088	2.981	0.003	Significant	Hypothesis Accepted

Source: Output PLS, 2021.

Based on the results of the above data, it can be known that the four hypotheses proposed in this study are accepted. The influence of independent variables to dependent variables as well as independent variables to

dependent variables through intervening variables is significant because it has values >0.05 and T statistics > 1.96 with positive values.

The value of P-Values that form the influence of organizational culture on employee performance is 0.015 so that it qualifies a significant level of 5% namely P-Value  $0.015 < 0.05$  with a positive T-statistic value. Therefore, the organizational culture has a positive effect on employee performance. This is by what was conveyed by Wirawan (2007), who acknowledges the good side of organizational culture will have a great influence on the behavior of its members because of the high level of togetherness and intensity to create, improve, and maintain high performance. A conducive organizational culture creates job satisfaction, work ethic, and employee work motivation. All these factors are indicators of the creation of high performance from employees that will result in high organizational performance.

The employee's understanding of organizational culture will create high performance because it will affect employee behavior in the company in the form of a good work ethic and conducive work environment.

The value of P-Values that form the influence of organizational culture on organizational commitment is 0,000, so it qualifies a significant level of 5% which is P-Value  $0.00 < 0.05$  with a positive T-Statistics value. Therefore, the organizational culture has a positive influence on organizational commitments, which are in accordance with the results of this study and also support theories and strengthen relevant research results.

The value of p-values that form the influence of organizational commitment on employee performance is 0.001, so it qualifies a significant level of 5%, P-value  $0.001 < 0.05$  with a positive T-statistic value. Therefore, the organization's commitment has a positive effect on employee performance.

Organizational commitment in the company will produce strong performance because it will give rise to the loyal attitude of employees to express better their interest in the success and good of the organization, to provoke a boost to high employee performance.

The P-Values that form the influence of organizational culture on employee performance through organizational commitment are 0.003, so it qualifies a significant level of 5%, namely P-Value  $0.003 < 0.05$  with positive T-Statistic values. It can be concluded that organizational culture positively influences employee performance through organizational commitment, which follows the results of this research and supports theories and strengthens relevant research results.

#### CONCLUSIONS

The results of this study prove that organizational culture has a positive influence on employee performance through organizational commitment. Changing organizational culture is not an easy undertaking. Employees often resist change and can rally against a new culture. Thus, it is the duty of managers to convince their employees of the benefits of change and show through collective experience with new behaviors that the new culture is the best way to operate to yield success.

Higher levels of organizational commitment among employees can improve their performance. Organizational commitment refers to efforts to increase companies' effectiveness and ability to compete in their markets. If a company has dedicated employees, implementing new strategies or policies becomes easier since they tend to embrace the need for change. Ideally, committed employees can see how their work leads to changes for the better so they feel excited about new challenges.

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