The Effect of Organizational Culture toward Employee Performance at Convenience Store in Bandung

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Abstract

This research aims to explore how organizational culture affect employee performance. The study is a descriptive research and causal research using quantitative approach. The population is used as the object in this research were employees of the convenience store in Bandung by taking the total sample of 80 respondents. This research uses simple linear regression analysis to examine the extent to which a causal relationship between the independent variables (organizational culture) and the dependent variable (employee performance). This research was conducted to identify and analyze the organizational culture and the impact against the performance of employees. The problem in this research is that most employees have understood an organizational culture that occurs, however the achievement of optimal performance still does not meet the expected criteria. The descriptive results indicate that the employees' responses regarding organizational culture and employee performance are included within good category. The hypothesis result shows that organizational culture has an effect toward employee performance. Meanwhile, the value of R Square is 0.395, which means that the influence of organizational culture on employee performance is within 39.5 percent. Moreover, the remaining percentage of 60.5 percent is influenced by other factors not explored in this study.

Keywords
Organizational Culture, Employee Performance, Human Resource Management

1. Introduction

The XYZ convenience store in Bandung is a modern convenience company with Supermarket and Department Store formats. These establishments typically sell a variety of food items, beverages, and other daily necessities. Over 200 food products and other daily necessities are available at competitive prices, meeting the daily needs of consumers, particularly in West Java area. Employees play a critical role in modern convenience companies' profitability growth because convenience operates as marketing institutions, liaisons between producers and consumers, intermediaries, and image representatives (Rahmawaty et al., 2021; Kartawinata et al., 2020). Fakhri et al. (2021) describe that employee performance cannot be separated from the factors that affect an individual's performance. Given the complexity of the issues, all parties involved must utilize available resources effectively and efficiently. Employees are holding a responsibility to use the company's resources wisely, for this reason employee performance evaluation is essential to assess how employees advantageous company's resources.

Every six months, The XYZ convenience store in Bandung undergoes a performance evaluation. The performance assessment is classified into six categories based on the level of employee performance. According to employee performance appraisal data, employee performance has not yet reached the optimal level desired by the company. Many employees do not meet 100 percent of the targets and expectations set by the XYZ convenience store in Bandung, which means that the employees cannot complete every assigned task. The situation will impact organization performance, and the company must take precautions or be fully concerned with this situation since the employees play an important role in the company's success. One of the circumstances that support organizational performance is how organizational culture is embedded inside employee's behavior (Becker & Gerhart, 1996). There is a significant association between company's performance and its organizational culture (Wilkins & Ouchi, 1983; Hartnell et al., 2011). The situation suggests that organizational culture can affect performance by allowing leaders to direct the employees in achieving company goals and facilitating them to discover the path to achieving organizational goals themselves (Abbas, 2017).

A strong organizational culture encourages members to act and comply with the organization's expectations. By adhering to the organization's rules and policies, it is expected that employees' performance and productivity will be improved in line with organizational goals. Every company or organization displays an organizational culture as an outcome of the founders' or members' life experiences. They contribute to decision-making and the direction

of the organization's strategy. This is what distinguishes one organization's culture from another. The driver for organizational culture is manifested within employee's behaviors comprises of diligence, tenacity, discipline, productivity, responsibility, motivation, creativity, consistency, responsiveness, self-sufficient, etc.

However, XYZ convenience store employees in Bandung do not indicate a proper application of organizational culture, which implies in the data described in table 1.

Table 1. Turnover data

Month	Recruitment	Resign
January	24	25
February	12	23
March	21	15
April	15	25
May	30	22
June	24	20
July	29	18
August	20	21
September	18	25
October	20	16
November	24	27
December	13	30

Based on the data from table 1, it can be seen that the number of turnovers varies by month. The turnover is counterproductive to the business. The turnover fluctuation occur monthly, and it will affect organizational performance. The turnover also negatively affects organizational culture, since the employees cannot absorb properly if they only spend limited time inside the organization (Lambert, 2010). The XYZ convenience store in Bandung requires further development to ensure the employees will stay in the company for a long time. Inability to create a comfortable situation in organizational culture will result in poor employee performance. Based on the situation explained, further research is necessary to examine how organizational culture affects employee performance in XYZ convenience store in Bandung.

2. Literature Review

An organization's culture is a unique value system shared by its members that distinguishes it from other organizations (Robbins & Judge, 2018). On the other hand, organizational culture significantly influences managerial behavior because it serves as the foundation for its internal environment (Brief & Motowidlo, 1986). Hofstede adds that culture mainly consists of basic human values and the complexity of an individual's personality (Augustrianto et al., 2019).

Organizational culture serves a certain behavior within an organization, in following such as: First, culture serves as a boundary-setter, i.e., it establishes a distinction between one organization and another. Second, culture embodies an organizational member's sense of self-identity. Thirdly, culture fosters the development of commitment to something larger than one's self-interest. Fourth, culture contributes to the social system's stability. Fifth, culture serves as a sense-making mechanism and sets the parameters for and shapes employee attitudes and behavior (Robbins & Judge, 2018).

According to Elsbach and Stigliani (2018)), organizational culture is the collective value system possessed by members of the organization that influences their behaviour and attitude. Seven primary characteristics collectively define the essence of an organization's culture: innovation and risk-taking, meticulousness, results in orientation, human orientation, team orientation, aggressiveness, and stability.

Swanson (1995) describes performance as a record of the outcomes associated with the function of a particular job or activity over a specified time. The performance also represents a person's accomplishment of the work allocated to him. Furthermore, performance can be defined as a combination of work results (what an individual must accomplish) and competencies (how a person achieves it).

Performance refers to a person's overall result or success during a specific task period compared to previously established and agreed-upon work standards, targets, or criteria (Becker & Gerhart, 1996). Becker and Gerhart

stated that performance is not self-governance. It is heavily influenced by a person's skills, abilities, personal characteristics, motivation, and environment. Businesses undoubtedly require high-achieving employees as the competitive and globalized era progresses. An objective performance appraisal will provide the necessary feedback to motivate employees to improve their productivity and expected performance. Performance is based on a cumulative of employees knowledge, skills, expertise, and behaviors required to complete the job and more.

3.   Method

The research combines descriptive and causality analysis with a quantitative approach. Sekaran and Bougie (2016) define descriptive research as a type of research that describes existing phenomena. Meanwhile, causal research is conducted when the researcher wishes to establish a causal relationship between variables. Quantitative research methods can be defined as those based on the positivist philosophy and are used to examine specific populations or samples. The sampling technique is typically random, data collection is accomplished through research instruments, and data analysis used to test the hypothesis is the simple regression method (Sugiyono, 2018). The population in this study consists of 317 employees who work in the XYZ convenience store section regardless of their employment status or division. Probability sampling was used in this study. Probability sampling is a sampling technique that ensures that each population element has an equal chance of being selected for the sample. Simple random sampling is used to select respondents because members of the population are sampled randomly without regard for the population's strata.

The researchers analyzed the data using descriptive statistics, simple linear regression, and coefficients of determination. Regression analysis is used to forecast how much the dependent variable's value will change if the independent variable's value is manipulated/changed, increased, or decreased. Simple regression is based on a functional or causal relationship between an independent and a dependent variable. However, before that, the classical assumption test will be conducted. The normality, heteroscedasticity, and linearity tests are all examples of classical assumption tests.

4.   Result and Discussion

Normality Test

In this study, the normality test that will be carried out uses normal probability plots, histograms, and the Kolmogorov - Smirnov Non Parametric Test which describes in Figure 1
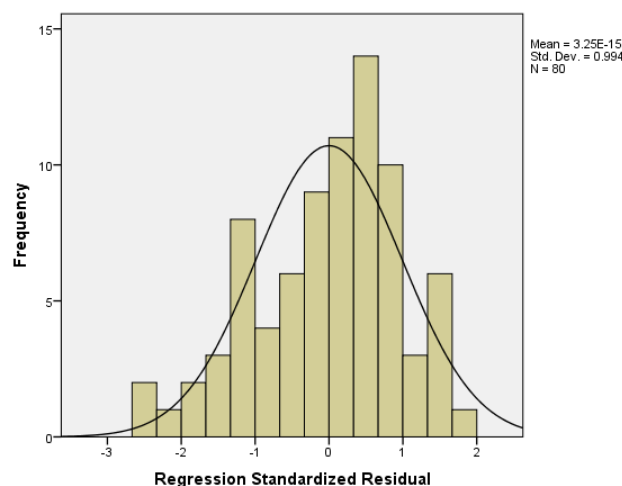

Figure 1. Histogram data

The histogram graph is normal if the curve does not deviate to the left or right. However, the data is also normal if the distribution pattern resembles a bell shape, indicating normal data. However, the direction of the distribution deviates to the right, indicating that it is not normal. Because there are numerous disagreements regarding the conclusion of normality using a histogram graph, the authors confirmed the normality results using two additional methods, namely p-plots presented in Figure 2.
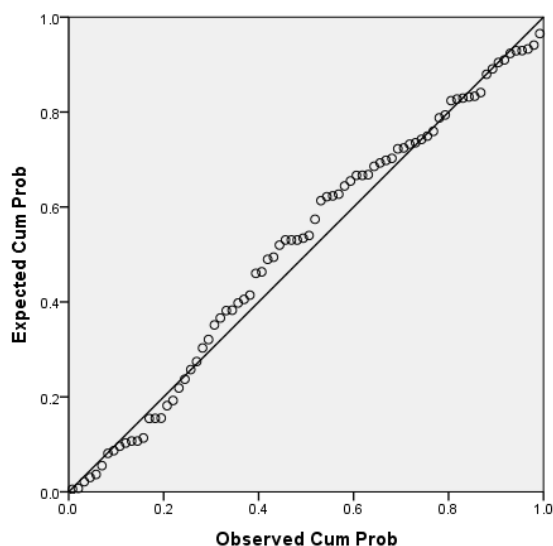
Figure 2. P-Plots model

If the distribution pattern of the points is centered on the diagonal line, the distribution of the p-plot follows the normal distribution function. The data spread around the diagonal line and follows its direction in the p-plot image, indicating that the regression model meets the assumption of normality.

Heteroscedasticity Test
The random distribution of points in the scatterplot image within Figure 3 showed no heteroscedasticity in this regression model.
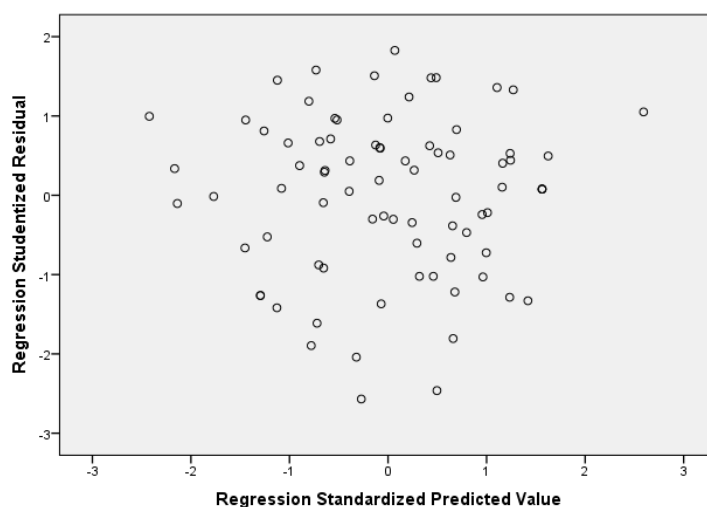

Figure 3. Heteroscedasticity model

Simple Linear Regression
Simple linear regression analysis is a calculation based on a functional or causal relationship of one independent variable with one dependent variable. The calculation results can be seen in Table 2.

Table 2. Simple regression data

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.811	.333		2.439	.017

Culture	.744	.104	.629	7.143	.000

The simple linear regression analysis equation in this study indicates that as organizational culture improves, employee performance improves as well. On the other hand, if the organizational culture diminish, it will impact employee performance as well.

Hypothesis test (t-test)

The t-statistical test basically shows how far the influence of one explanatory or independent variable individually in explaining the variation of the dependent variable. To determine the value of the t table, the degrees of freedom (db) must be sought first, then db = number of respondents - number of variables = 80 – 2 = 78, and the level of significance (α) = 5%, then obtained t table of 1,991. The statistical hypotheses of the t test describe inside table 3:

Table 3. Hypothesis test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.811	.333		2.439	.017
Culture	.744	.104	.629	7.143	.000

In the table above, the t-test value is 7.143 while the t-table is 1.991 with a significance level of 5%. So it can be concluded that H0 is rejected and H1 is accepted. Therefore, the organizational culture is significantly affect employee performance at XYZ convenience store Bandung.

Coefficient determination

From the results of the analysis of the influence of organizational culture on employee performance as shown in the table 4, it shows that the correlation coefficient (R2) = 0.395. The coefficient of determination is obtained through the calculation of D = R2 x 100%, meaning D = 0.395 x 100% = 39.50%. Thus it can be concluded that employee performance is influenced by organizational culture by 39.50%, while the remaining 60.50% is influenced by other factors not examined in this study.

Table 4. Coefficient determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.629a	.395	388	.439208501

5. Conclusion

The research reach a conclusion as follows: First, organizational Culture at XYZ convenience store Bandung is taken from seven indicators, namely: innovation and risk taking, attention to detail, results orientation, human orientation, team orientation, aggressiveness, and stability. Based on respondents' responses about the organizational culture at the XYZ convenience store Bandung has been implemented within high category with a percentage level of 80.82%. Second, employee performance at XYZ convenience store Bandung is taken from eight indicators, namely: work quantity, work quality, job knowledge, creativity, cooperation, dependability, initiative, and personal quality. Based on respondents' responses to the performance of employees at the XYZ convenience store Bandung, it has been implemented within the high category with a percentage level of 74.56%. Third, hypothesis test result that the organizational culture variable (X) of XYZ convenience store employees Bandung significantly affect employee performance (Y), with coefficient determination 39,50% while the remaining 60.50% is influenced by other variables not examined in this research.

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