

## The Effect of Corporate Culture on Performance

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### ABSTRACT

*The purpose of this study was to analyze and determine the influence of corporate culture that consists of mutual trust, integrity, cared and learner to employee's performance either simultaneously and partially. The population in this study was all employees at PT. PLN (Persero) Area Gorontalo 50 peoples. The data Collected through a list of questions and two stages of test validity and reliability for each item in the list of questions. Method of data analysis used path analysis.*

*The results of this study showed that simultaneously corporate culture has positive and significant effect on the performance amounted 75.5% . Partially trust has significant effect on performance of employees amounted to 30.3%. Integrity has positive and significant effect on employee's performance of 19.3%. Care has positive and significant effect on the performance of employees is 32.5%, and learners has positive and significant effect on the performance of employees amounted to 41.1%.*

**Keywords:** *Corporate Culture and Employee Performance*

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### I. INTRODUCTION

Management holds a major role in the performance of an organization. Therefore, all organizations must focus in order to achieve optimal performance. Management not only directly determine the attitude, motivation, and productivity, but also very important in influencing the work culture throughout the workforce.

Efforts to improve performance should begin by focusing on a group of inter-related problems, including technology, organizational structure, organizational culture, change the nature of work and workers, turnover in the managerial power and authority. Other relevant factors which covers all aspects of this is the urgent need to improve and maintain the elements of the quality of the processes, systems, products, and service performance on an ongoing basis.

Given the performance is one of the factors that determine the success of the organization; the program needs to be made various efforts include improving the work culture of the individual. Given these efforts expected to provide stimulation and motivation of the employees who develop professionalism that will display quality and good performance for employees and for the organization.

Organizations have different personalities, just like people. The personality is the culture of the organization. Organizational culture is a system of dissemination of beliefs and values that thrive in an organization and guide the behavior of members. Organizational Culture can become a major instrument of competitive advantage, that is, when the organizational culture to support the organization's strategy, and if the organizational culture can answer or address the environmental challenges quickly and precisely.

The good performance can reflected from the corporate culture embraced. The strength of corporate culture capable of provided a significant impact on both individual and company performance in the long term. Even the culture will become one of the increasingly important factor in determining the success or failure of a company. The corporate culture is a very valuable asset for its ability to direct the behavior of the members of the company to achieve the desired aim.

PT. PLN (Persero) Area Gorontalo is one branch of PT. PLN (Persero) Region Suluttenggo whose mission run electricity business and other related fields, oriented to customer satisfaction, corporate members, and shareholders, making electricity as a medium to improve the quality of people's lives, striving to keep electrical power into driving economic activity and carry out activities that concern the environment.

From the basic philosophy and experience in running the operational management of PT PLN formulate and implement corporate culture along with the insights always uphold and apply the value - the value "1) trust, 2) integrity, 3) care and 4) learners" .

Mutual trust is an atmosphere of mutual respect and open among members of the company. Integrity is a manifestation of the attitude of member companies that consistently demonstrate honesty, harmony between words and deeds. Care is a reflection of an intention to preserve and maintain the quality of working life

perceived by members companies and parties - stakeholders, Learner: the attitude of members of the company to always so brave for questioning back the system and trying to development of cutting-edge science and technology. Value expected to executed by members of the company's activity and provide motivation for member companies

PT. PLN (Persero) Area Gorontalo in improving the performance of its employees is required to produce the quantity and quality of his work. To support the implementation of existing tasks each employee must always have an understanding of the performance of its duties. Employees always do an evaluation to see an error in doing his job and did not act fast and agile and can do the job on time and meet the standards of work.

According Moelyono Djokosantoso (2003), the inter-relationship between organizational culture with organizational performance can be explained that the better the quality of the factors contained in the organizational culture the better the performance of the organization.

Based on this phenomenon, then one way to improve the performance of employees / employee PT. PLN (Persero) Area Gorontalo is to implement the organizational culture or values held by the company on all members of the company. All member companies must know and implement the corporate culture to enhance employee performance and organizational.

## **II. LITERATURE REVIEW**

### **2.1. Corporate Culture**

Organizational culture is the atmosphere that pervades the interior of a company or association. Organizational culture also identified as what conveyed to the individuals with the organization, what they experienced, believed, and demonstrated (Nadler M & Nadler D., 1998). Theories of organizational culture attempt to explain the phenomena that occur in and around individuals. The conceptual study regarding organizational culture often called the phenomenon of interest. Rather than a mathematical formula, the study of organizational culture includes shared understanding, intangible values and assumptions, and the effects culture has on human behavior. Understanding the phenomenon of organizational culture allows companies to strengthen their working environments.

Now a day's organization culture has generally been interrelated to management. (Kotter and Heskett, 1992).The two essential factors that lead to effective culture management include structural stability and integration of superior standard of organization culture. (Schein, 1995) Certain characteristics of organization culture have established in which set of norms, values and beliefs helps in perfect association between them. (Hodgetts and Luthans, 2003) At different level of organization culture different background, ethics and racial differences impact upon performance. The similar organization culture with different backgrounds has common set of values and beliefs to effect by organization systems. (Robbins & Sanghi, 2007) The attraction of organization norms, values and beliefs have strong affect upon performance and sustainability.

Based on the cultural guidelines of PT. PLN (Persero) (2002: 22), then the PT. PLN (Persero) consummate insight along with the always uphold and apply the values: trust, integrity, care and learning. Thus, in this study the authors use the cultural dimension of the company with the following explanation:

1. Mutual Trust is an atmosphere of mutual respect and open among members of the company based on the belief in the integrity, good faith and competence of the parties that interconnected in the implementation of business practices, clean, and ethical.
2. Integrity is the realization of the attitude of member companies that consistently show honesty, harmony between words and deeds, and a sense of responsibility towards the company management and utilization of the company's assets for the benefit of both short term and long term, as well as a sense of responsibility to all interested parties.
3. Care is reflecting an intention to preserve and maintain the quality of working life perceived members of the company, the parties concerned in order to grow flowers together, imbued with sensitivity to any problems faced by the company and to find appropriate solutions.
- 4) Learner is the attitude of members of the company to always dare to question the system and practice of development, management and operation, as well as tried to control the development of science and advanced technology for the sake of reform a sustainable company.

### **2.2. Performance**

The degree of an achievement to which an employee's fulfill the organizational mission at workplace called performance (Cascio, 2006). Performance has perceived differently by various researchers, but most of the scholars relate performance with measurement of transactional efficiency and effectiveness towards organizational goals (Stannack, 1996; Barne, 1991). . The job of an employee is build up by degree of achievement of a particular target or mission that defines boundaries of performance (Cascio, 2006). Certain

researchers have identified different thought, attitudes and beliefs of performance as it helps in measurement of input and output efficiency measures that lead to transactional association. (Stannack, 1996)

The performance measurement system helps in improving organization association to achieve goals and objectives at an effective manner. (Ittner and Larcker, 1998) The strategic planning based upon development of goals and objectives help organization to focus non-financial or intangible assets. The quality, performance and services linked with customers have financial nature (Kaplan and Norton, 2001). The financial and non-financial reward management systems enabled by measurement and evaluation of performance measurement system.

The linkage between the corporate culture of performance is the corporate culture into a system of social control in the company so that employees have a culture that is relatively similar. With the relatively same culture expected to have an impact on the behavior and mindset of the other employees. In the end, objectives of the company will be able to achieved because the company managed to create a control system of social control of its members through a corporate culture (Tika, 2008)

### III. CONCEPTUAL FRAMEWORK

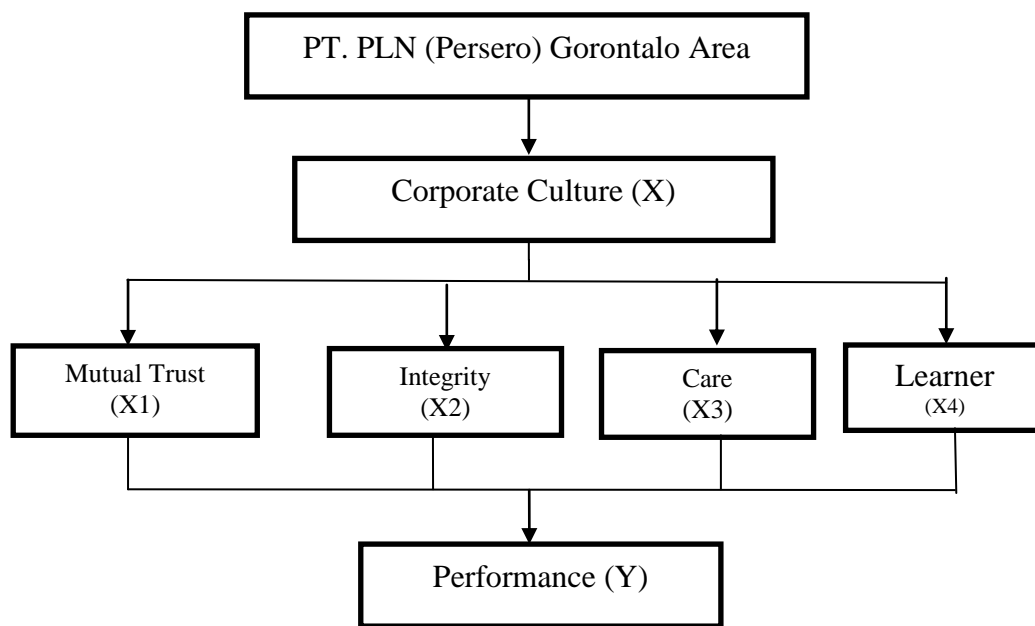


Figure 1. Conceptual Framework

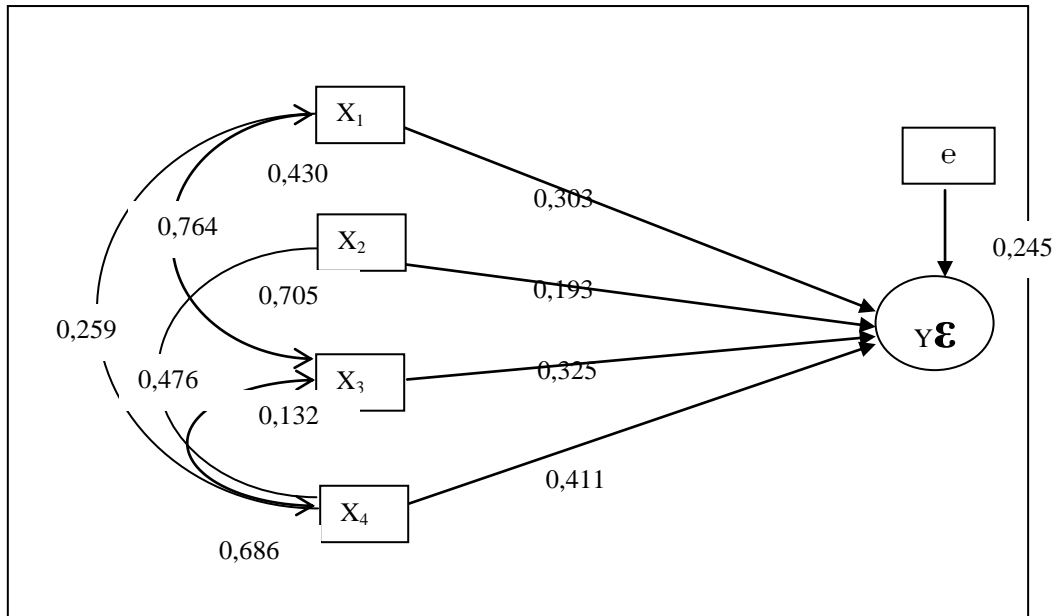
### IV. METHODOLOGY

In conducting this study, the authors choose descriptive research with quantitative approach, the studies the use of words or phrases and images and figures using using a sample and questionnaire as a principal tool of data collection. According Surakhmad in Riduwan (2009: 414) says that descriptive research is research that aims to obtain a picture of the characteristics of variables.

Arikunto in Ridwan (2009: 70) provides an understanding of the overall population that is the subject of research. While Sugiyono in Riduwan (2009: 70), Gives the sense of the population is generalization region consisting of objects / subjects that have a Certain quantity and characteristics defined by Researchers to learn and then drawn Conclusions. The population is not only people, but Also natural objects to another, but covers all the characteristics / properties owned by the subject or object. With regard to this study, then that will be the population in this study were employees of PT PLN (Persero) Area Gorontalo partially consisting of 50 employees includes part of a network of 20 people, part of the administrative services and as many as 10 people , energy transaction generating section 10 and section 10. Because the population is Researchers are relatively limited and are Able to share with all respondents, the entire population of respondents. Determination of census respondents Refers to the opinion of Sugiyono (2002: 61) that: "The census or sampling saturated sampling technique when all members of the population used as a sample".

Tests of hypotheses have been put forward in this research will be tested by using statistical techniques or methods through path analysis. The quantitative analysis or the independent variables are factors that affect the performance of employees, namely, organizational culture, while the dependent variable is performance.

### V. ANALYSIS AND RESULT



X1 = 0303, Indicated that mutual trust variables (X1), the measures employee performance (Y) has a positive contribution to the performance of employees. Thus employee's performance is explained by the trust. That is, if the variable mutual trust increased, then the performance will Increase and vice versa if it decreases performance will decline. The amount of the contribution of trust Directly Contribute to the performance of employees is 0,303 or 30,3%

X2 = 0193, Indicated that the integrity of variables (X2), the measures employee performance (Y) has a positive contribution to the performance of employees (Y) accordingly employee performance (Y) is explained by the variable integrity. That is, if the variable increases the integrity of the unit, then the performance of employees will Increase by 0193 vice versa if it decreases performance will decline. The amount of the contribution of variables Directly Contribute to the integrity of the performance of employees is 0193 or 19,3%

X3 = 0325, Indicated that the variable concerned (X3), the measures employee performance (Y) has a positive contribution to the performance of employees (Y) accordingly employee performance (Y) is explained by the variable concerned. That is, if the integrity increased, then the performance of employees will Increase vice versa if it decreases performance will decline. The amount of the contribution of care Directly contributes to the performance of employees is 0325 or 32,5%

X4 = 0411, Indicated that learners variable (X4), the measures employee performance (Y) has a positive contribution to the performance of employees (Y) accordingly employee performance (Y) explained by the learner. That is, if the variable learners' increases, then the performance of employees will Increase vice versa if it decreases performance will decline. The amount of the contribution of the learner Directly Contribute to the performance of employees is 0411 atau41,1%

R Square Showed 0755 or 75.5%, in accordance with the criteria Guilford coefficients, with a correlation coefficient  $r^2 = 0755$  has a high impact. The influence of corporate culture to employees performance at PT. PLN (Persero) Gorontalo area has a high impact the which means if the application of the corporate culture further enhanced, then an Increase in employee performance and vice versa if the implementation of the corporate culture decreases the performance of employees also decreased

Based on Reviews These results, the corporate culture consisting of mutual trust variable (X1), the integrity of variables (X2), a variable matter (X3) and learner variables (X4) simultaneously significant effect on the performance of employees at PT. PLN (Persero) Area Gorontalo. The amount 75.5% showed that corporate cultural has influence on performance in the PT. PLN (Persero) Gorontalo. The observations of Researchers and

respondents have high scores, Based on reviews answers, can explained that the employees of PT PLN (Persero) Area Gorontalo has implemented a value. The value of acts and attitudes conduct Adopted by the company and Formulated into the corporate culture, so that in carrying out its activities every employee attitudes and behavior based on values shared by Integration. Employee awareness of the value and importance of a behavior as desired with fellow employees

An association relationship between the company and performance culture that better the quality of the factors contained in the culture of the organization increasingly good performance of the organization (Moeljono Djoko Santoso, 2003: 42). Employees at PT. PLN (Persero) Area Gorontalo already understand the overall values of the organization will make-Reviews These values as a organization. Value personality and confidence will manifested in their behavior in everyday work, so it will be the individual's performance.

This study supports previous research concluded that company culture has a close relationship with the employee's performance. Willy Anugrah Pratama, 2010. Cultural has influence employees performance. Results Process Management on the performance of this research showed that corporate culture has a strong influence on employee performance.

The findings of further research are the presence of other variables that affect the performance of employees at PT. PLN (Persero) Area Gorontalo much as 24.5%. According Stoner and Freeman (1999: 426) in Erwin, (2008) there are three (3) things that affect a person's performance as motivation, ability and role perception. Because all three inextricably linked, so when one-on-one factor tends to inhibit, there is Likely to be low even though the performance is another factor pushing it

## VI. CONCLUSION

Referring to the results of the analysis of the influence of the path, then it can deduce as follows: An organizational culture that consists of Mutual Trust, integrity, Care and learner simultaneously has significant effect on employee performance. The magnitude of the effect is equal to 75.5%. This means that if the implementation of the organizational culture in PT. PLN (Persero) Area Gorontalo both the employee performance will be good. Trust has significant positive impact on employee performance improvement. Integrity has positive and significant impact on employee performance improvement. Care has positive and significant impact on employee performance improvement. Learners have significant effect on employee performance.

## VII. SUGGESTION

The leaders in PT. PLN (Persero) Area Gorontalo to produce a good performance should create a good organizational culture. The organizational culture is a culture of care needs to be improved, because has effect on employee performance. It is suggested that further research to examine variable that can improve employee performance. For further research in order to Broaden the scope of variables or add items studied so it can be more detailed that can improve employee performance

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