
The Effect Of Organizational Culture, Work Environment And Incentive On Employee Performance And Its Impact On The Performance Of Banda Aceh Government Health Department

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Abstract

The quality of employees in their performance is one of the most important factors in efforts to improve organizational performance. This study aims to look at organizational culture, work environment and incentive for organizational performance both directly and through employee performance as a mediating variable. The population of this study is all employees of the Banda Aceh Government Health Department as much as 334 people. Sample is taken using probability sampling technique where all members of the population have the same opportunity to be selected as a sample, and by Slovin provides as much as 182 respondents. The results shows that from the 7 direct hypotheses, 6 are accepted and 1 hypothesis is not significant, namely the effect of the work environment on organizational performance. It has CR and P values which do not meet the requirements. The results of direct and indirect hypothesis testing of organizational culture and incentive for organizational performance through employee performance are significant. Employee performance in this case acts as a partial mediating. These all findings contribute to both academic and practical area. The model has proven and becomes a reference to other researchers and practical leaders especially the people that involve in the research object. From the test results of the hypotheses, it is proven that incentive has the largest beta coefficient figures which can be described as the biggest triggers in encouraging an increase in the formation of employee performance. The limitations of this study resides in the scope of object and variables. Some of managerial implications are mapped in the conclusion.

Keywords: Organizational Culture, Work Environment, Incentive, Employee Performance, Organizational Performance.

1. Introduction

Organizational performance is a picture of the organization work in achieving the objectives that of course it will be influenced with the resources owned by the organization. These resources can be a physical resources like human or non-physical resources like information, regulations, and policies, so the better understand of the factors can affect the organization performance. The organizational performance concept also illustrates the public organization that provides services to the community and the organization can measure its performance by using existing indicators of performance to see whether the organization has done its job well and find out its objectives have been achieved or not. (Fatmawati, Mahdani, & Idris, 2012).

Quality of employee performance is one of the most important factors in efforts to improve organizational performance. So as to improve employee performance by taking into account several conditions such as providing incentive, introducing the culture adopted by the organization and paying attention to the work environment for employees in order to provide employees to further improve their performance, so that their performance increases and the organization is able

to produce optimal performance in achieving its goals predetermined goals. (Akmal, 2012).

One of the causes of the low level of organizational realization is presumably due to the organizational culture that exists in the Banda Aceh Government Health Department, which is not yet supportive to fully encourage the achievement of targets that must be achieved by both individuals and organizations. This opinion has at least been confirmed by (Shanak, Said, Abdullah, & Daud, 2017) who discovered the influence of organizational culture on organizational performance. Shanak conducted research at public institutions of higher education in Malaysia. Another cause of low organizational performance is caused by a less supportive work environment. This opinion has been confirmed by (Ramos, Figueiredo, & Pereira-Guizzo, 2018) who found a close relationship between work environment and organizational performance. In addition to these two factors, providing incentive is one of the things that determines organizational performance. This was confirmed by (Ahhammad, Lee, Malul, & Shoham, 2015) who reported the effect of incentive on organizational performance.

The role of incentive is quite large in shaping employee performance. Incentive IS a form of salary, wages, and awards given to employees related to employee contributions in achieving organizational goals. (Putra, Musnadi, & Majid, 2014).

2. Literature Review

Organizational Performance

The concept of performance can be explained as an achievement of results or degree of accomplishment (Keban, 1995). It means that, the performance of organization can be seen from the degree of which the organization achieves its goals based on the goals set. According to (Iswadi, Musnadi, & Faisal, 2016) performance is the result of collaborative activities among members or components of the organization in order to realize organizational goals. Simply put, performance is a product of administrative activities, namely cooperation activities within an organization or group to achieve the goals of management which are commonly referred to as management. From that several opinions can be explained that performance is a benchmark of an organization's success.

Employee Performance

According to (Rivai & Sagala, 2014) employee performance is the result or overall level of success of a person during a certain period in carrying out the task compared with various possibilities, such as work standards, targets / targets or criteria that have been mutually agreed upon. Meanwhile, According to (Chan, 2016) performance is the result of work achieved both in quality and quantity by an employee in carrying out their duties in accordance with the responsibilities given to him. Based on the definitions above, it can be concluded that performance is a work performance by employees in their work place in carrying out their duties and responsibilities.

Organizational culture

According to Alisyahbana in (Widyosiswoyo, 2004) culture is a manifest of the thinking way. So he stated that the culture pattern is very broad because of all behavior and deeds, including feelings, because feelings are also the mind intention. Peruci and Hamby in (Tampubolon, 2004) revealed the culture is as everything that is done, thought, and created by humans in society, as well as including the accumulation of history from objects or actions carried out all the time. Organizational culture is a pattern of beliefs and organizational values that are understood, imbued and practiced by organizations so that these patterns provide their own meaning and form the basis for rules of behavior in the organization. (Fachreza, Musnadi, & Shabri, 2018).

Work environment

The work environment is one of the important functions in human resource management (HRM). Work environment is all the conditions that exist in the workplace that can affect employees both directly and indirectly besides the work environment is a community where people gather in a variety and in changing circumstances and conditions that can affect the performance (Fachreza et al., 2018). The work environment can also be interpreted as the overall work facilities and infrastructure that are around employees who are doing work that can affect the implementation of work, this work environment includes the place of work, facilities and work aids, cleanliness, lighting, tranquility,

Incentive

(Hameed, Maqbool, Athar, Ijaz, & Ehsan-ul-Hassan, 2013) said that "incentives are used to encourage employees to improve the quality and quantity of their work". In a large Indonesian dictionary it is stated that incentives are "additional income (money, goods, etc.) provided as an excitement to work". According to (Samsudin, 2010) defined incentive is "giving different wages or salaries, not based on job evaluation, but because of differences in work performance"

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Research paradigm

The paradigm or relationship between concepts (variables) in this study can be illustrated in Figure 2.1 below.

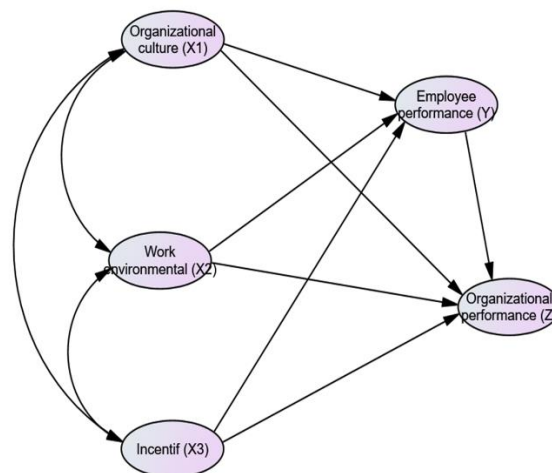


Figure 1 Research Paradigm

Hypothesis

Based on the phenomena and from the theoretical basis previously stated, then some alternative hypotheses can be stated as follows:

- Ha1: Organizational culture effects employee performance at the Banda Aceh Government Health Department.
- Ha2: The work environment effects the performance of employees at the Banda Aceh Government Health Department.
- Ha3: Incentive effects employee performance at the Banda Aceh Government Health Department

- Ha4: Organizational culture effects the organizational performance of the Banda Aceh Government Health Department.
- Ha5: The work environment effects the performance of the Banda Aceh Government Health Department organization.
- Ha6: The incentive effects the performance of the Banda Aceh Government Health Department organization.
- Ha7: Employee performance effects the organizational performance of the Banda Aceh Government Health Department.
- Ha8: The organizational culture indirectly effects the performance of the organization through the performance of the Banda Aceh Government Health employees.
- Ha9: The work environment indirectly effects the performance of the organization through the performance of the employees of the Banda Aceh Government Health Department.
- Ha10: Incentive indirectly effects organizational performance through the performance of the employees of the Banda Aceh Government Health Department.

3. Research Method

Location and Research Object

This research was carried out at the Banda Aceh Government Health Department. The object of research is organizational culture, incentive work environment, employee performance and the performance of the Banda Aceh Government Health Department.

Sampling

The population is all 334 employees of the Banda Aceh Government Health Department. This study uses a sample technique with a method using probability sampling technique where all members of the population have the same opportunity to be selected as a sample. The number of eligible sample after the calculation by using Slovin formula is 182 people.

Data analysis method

Data processing obtained in the field is done by the equation model technique that is multivariate statistical analysis to be able to analyze not only the influence between variables, but also the relationship of variables with their respective indicators. The criteria for accepting H_a are Critical Ratio (CR) > 1.96 and Probability value (P) < 0.05.

4. Result And Discussion

Loading Factor with measurement test

Testing the validity of the loading factor can be seen in the following figure and Table 1 below.

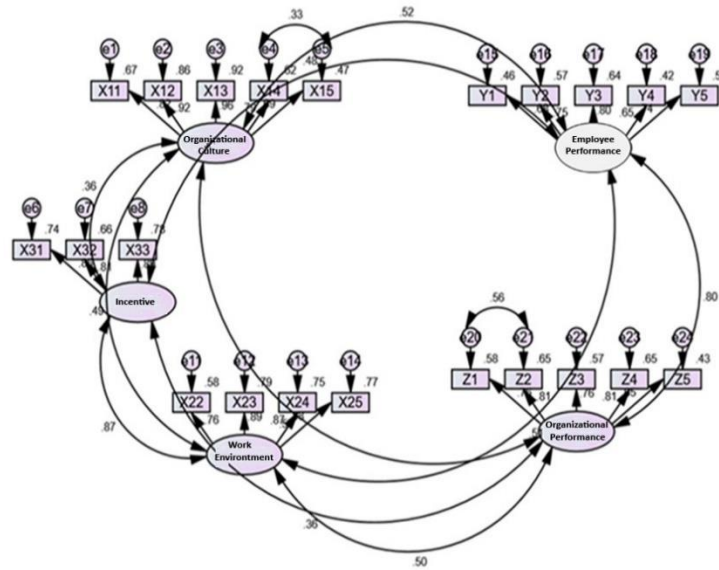


Figure 2. Loading Factor

Measurement test results indicate that several indicators of the research variable have a loading factor value below 0.5. The following table is the result of a net measurement test which can later be included in structural testing.

Table 1. Loading Factor

No	Indicator		Variable	Estimate
1	X11	<---	Org. culture	.820
2	X12	<---	Org. culture	.922
3	X13	<---	Org. culture	.955
4	X14	<---	Org. culture	.797
5	X15	<---	Org. culture	.707
6	X31	<---	Incentive	.864
7	X32	<---	Incentive	.815
8	X33	<---	Incentive	.884
9	X22	<---	Work Environment	.762
10	X23	<---	Work Environment	.890
11	X24	<---	Work Environment	.867
12	X25	<---	Work Environment	.878
13	Y1	<---	Employee performance	.679
14	Y2	<---	Employee performance	.752
15	Y3	<---	Employee performance	.799
16	Y4	<---	Employee performance	.648
17	Y5	<---	Employee performance	.743
18	Z1	<---	Org. performance	.864
19	Z2	<---	Org. performance	.896
20	Z3	<---	Org. performance	.719
21	Z4	<---	Org. performance	.763
22	Z5	<---	Org. performance	.594

Table 1 shows the loading factors of all the indicators in the model, and have met the requirements for further processing because they have a loading factor > 0.5.

Table 2. Goodness of Fit

Criteria Size Index	Cut-off Value	Result	Model Evaluation
Chi Square	Expected to be small	386.707	Fit
CMIN / DF	CMIN / DF <2	1963	Fit
GFI	≥ 0.90	0908	Fit
AGFI	≥ 0.90	0869	Well
PGFI	0-1	0789	Fit
RMSEA	<0.08	0.072	Fit

Structural Analysis for Direct Hypothesis testing

The results of structural tests carried out have produced the information needed to answer hypotheses that have been built before whether proven or not. Figure 3 below illustrates the influence between variables:

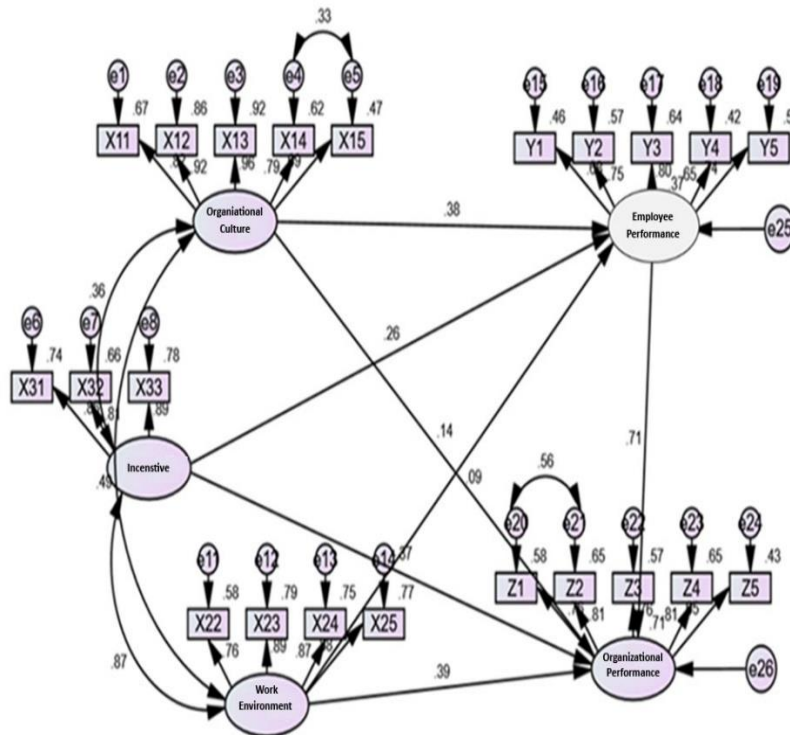


Figure 3. Structural Equation Model

Based on Figure 3 it explains the influence of each variable, namely Organizational Culture, Incentive, Work Environment, Employee Performance and Organizational Performance. An overview of all hypothesis testing together with the results can be seen in the following Table 3:

Table 3. Hypothesis Conclusion

No	Hypothesis	CR Cut off > 1.96	P value Cut off < 0.05	Information
H1	organizational culture effects employee performance	4.239	***	accepted
H2	Incentive Effects Employee Performance	2.557	.0038	accepted
H3	work environment effects employee performance	0.469	0.639	rejected
H4	Organizational Culture effects Organizational Performance	2.155	0.049	accepted
H5	Incentive Effects Organizational Performance	2.302	.021	accepted
H6	work environment effects organizational performance	2.284	.22	accepted
H7	Employee performance effects organizational performance	6.624	***	accepted

Seen from 7 direct hypotheses that there is 1 (one) hypothesis that is not significant or rejected, namely testing the effect of work environment towards employee performance because it has its CR value of 0.469 and also P value of 0.112 and -0.022 that do not meet the minimum requirements of the hypothesis accepted. In other words, the other independent variables namely organizational culture and incentive have an effect to increase the dependent variable, namely employee performance as long as the independent variable can be improved by the leadership or management of the Banda Aceh Government Health Department.

Direct and Indirect Influences

The following is an indirect hypothesis conclusion that is the influence of Organizational Culture, Work Environment and incentive toward Organizational Performance on the Banda Aceh Government Health Department through employee performance as shown in Table 4 below:

Table 4. Conclusion of the Indirect Hypothesis

No	Indirect Hypothesis	P value < 0.05	Beta	Result	The Role of Mediation
H8	The Effect of Organizational Culture on Organizational Performance through Employee Performance	0.000	27.5%	Accepted	Partial Mediating
H9	The Effect of Work Environment on Organizational Performance through Employee Performance	0.637	6.46%	Rejected	No Mediating
H10	The Effect of Incentive on Organizational Performance through Employee Performance	0.017	18.46%	Accepted	Partial Mediating

The Effect of organizational culture and incentive toward organizational performance both directly and through employee performance variables that function as mediating variables is significant. Because both directly and through employee performance the effect of

Organizational Culture and Incentive on organizational performance is significant, the role of employee performance variables here is partial mediating. While on the other hand that the effect of the work environment on organizational performance, both directly and indirectly is not significant, because it has a CR and p below the required level. Because the influence of these two variables is not significant, there is no indirect effect (no mediation) between the work environment on organizational performance at the Banda Aceh Government Health Department.

5. Conclusion

From the result obtained above, the conclusion are :

1. The coefficient magnitude of the influence of Organizational Culture on Employee Performance is 0.381 which means that every time there is an increase in one unit of Organizational Culture that is felt to have an impact on an increase of employee performance as much as 38.1%.
2. The Work Environment does not affect Employee Performance. This means that if you want to improve Employee Performance, it is not by improving the Work Environment.
3. The coefficient magnitude of the influence of the Incentive on Employee Performance is 0.260, which means that every time there is an increase in one unit of incentive that is felt will have an impact on improving employee performance by 26%.
4. The coefficient magnitude of the influence of Employee Performance on Organizational Performance is 0.710 which means that every time there is an increase in one unit of Employee Performance will have an impact on improving Organizational Performance by 71%.
5. The coefficient magnitude of the influence of Organizational Culture on Organizational Performance is 0.413 which means that every time there is an increase in one unit of organizational culture will have an impact on improving Organizational Performance by 14.3%.
6. The Work Environment influences organizational performance. The magnitude of the influence coefficient is 0.387 which means there is an influence of the Work Environment by 38.7% in boosting Organizational Performance in this institution.
7. The employee incentive affects the performance of the organization. The magnitude of the influence coefficient is 0.370 which means there is an incentive effect of 37% in boosting organizational performance in this institution.
8. The value of two tailed p sobel = 0.001 <0.05 shows that the indirect effect is significant. Because both directly and through employee performance the influence of organizational culture on organizational performance is significant, the role of employee performance variables here is partial mediating.
9. It can be seen that the p value of two tailed sobel test = 0.637 > 0.05, it is proven that the indirect effect is not significant. Because directly significant but through the performance of employees the influence of organizational culture on organizational performance is not significant, then in this case there is no indirect effect.
10. The value of two tailed p sobel = 0.017 <0.05 shows that the indirect effect is significant. Because both directly and through employee performance the influence of Incentif on organizational performance is significant, the role of employee performance variables here is partial mediating.

These all findings contribute to both academic and practical area. The model has proven and becomes a reference to other researchers and practical leaders especially the people that involve in the research object. From the test results of the hypotheses, it is proven that incentive has the largest beta coefficient figures which can be described as the biggest triggers in encouraging an increase in the formation of employee performance. The limitations of this study resides in the

scope of object and variables. Some of managerial implications are resulted. The most important suggestion in terms of improving organizational performance in accordance with the findings contained in this study is to improve employee performance as well as possible, because by improving employee performance can encourage an increase in organizational performance by 70.1%, the highest coefficient compared to other determinant variables. Improving employee performance can be done by encouraging the capability of employees in their mastery of a particular workplace that will become their specialty. Because the indicators of each job need adequate skills in completing the work is an indicator that is perceived very well by respondents and is believed to be one of the main contributors in improving employee performance.

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