

Organizational Culture, Job Satisfaction, and Performance Among Y Generation

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Abstract: Regeneration of the workforce from X Generation to Y Generation requires organizations to adjust their human resource management. This study aims to explore the effect of organizational culture on employee performance, with job satisfaction as an intervening. The research method used is quantitative. We conducted this research on a multi-platform digital media company that has an open organization culture, and most of their employees are Y generation. The data collected by distributing questionnaires to employees then analyzed by SEM-PLS technique. The research findings explain that a more open organizational culture has a significant effect on job satisfaction of Y employee performance. Furthermore, job satisfaction acts as an intervening and has a significant influence on employee performance.

1 INTRODUCTION

With the advancement of science and technology, the world of business is facing stiff competition globally and a shift from aging workforces. Business organizations have to compete to recruit the best human resources to work in their companies, especially in manufacturing, transportation, creative, and hospitality industries. The labour forces now are in the process of regeneration. The new generation batch which is ready to take over the business is the Y generation. The Y generation is a group of people born from 1980 to 2000 (Meier, Austin & Crocker, 2010). Hawkins and Mothersbaugh (2010) reveal that the Y generation has several unique characteristics, such as striving for equal employment opportunities for men and women, respecting ethnics and cultural diversity, and living with the latest technology development. The Y generation also wants flexibility in work, decent work environment quality, and expects to work in organizations that implement work-life balance. This generation tends to find job opportunities that give freedom and to leave the organization who cannot fulfil the requirement.

Solnet and Hood (2008) add the character traits of this Y generation as expressive in giving opinions, more demanding than the previous generations, low boredom tolerance, adventurous and independent, recognition seekers, and constant feedback writers.

Often recognized as the instant generation, this generation has some positive sides to counter that perception. In the research of Dries, Papermans and De Kerpel (2008) also Zemke, Raines and Filipczak (2000), the Y generation is considered as the generation that works better in a team, has a more optimistic view of life, and cooperates with others better than the previous generations. This generation does not like tightly controlled procedures and rigid work schedules. The Y generation will stay longer in an organization or company that implements high technologies and offers challenging tasks.

The Y generation is often labelled as the job hopper. In a survey conducted by Gallup (2016), it says that the Y generation is willing to stay in one job if the organization or company offers something attractive to make this generation stay loyal. The survey also reveals that this Y generation considers highly on the organization values and culture. However, the managers mostly pay less attention to such values or organizational culture. This Y generation brings special challenges to many managers or business owners. Such challenges are on how the managers train, educate, and motivate the employees or the Y generation, at the same time, the managers have to create the organizational culture that can boost the employee satisfaction which later can optimize the company performance (Gallup, 2016).

This study purpose is to investigate the effect of organizational culture on employee performance, with job satisfaction as an intervening among Y generation. We conduct this research in one multi-platform digital media company located in Surabaya, Indonesia. The company wants to be the most convenient workplace for the Y generation. The company implements an open culture, in which the company does not differentiate employee's background, and greatly appreciates the openness among employees. Employees are placed in the same room, so everyone is expected to communicate with each other. It includes communicating their ideas and opinions. The company also supports the job satisfaction of the people who work in this company. Employees can manage their working hours flexible.

In some cases, the company also allows the employees to work from home. The company also provides many facilities that support the comfort of employees, such as freedom to dress, the availability of coffee maker, free internet, lunch, and game facilities for refreshing. The company has some values that every employee must adopt. These values are the guidelines for employees in everyday work, including collaborative, enthusiasm, praising to each other, and always providing feedbacks.

According to Cameron and Quinn (2011), organizational culture is a system of value, trust, and habit in an organization that interact with its formal structure to gain norms of the organizational behavior. Strong organizational culture is characterized by the presence of employees who share similar core values (Ivancevich, 2011). The more sharing values and receiving the core values, it makes the organizational culture stronger and gives more significant impacts to the organizational behavior. In order to create an effective and efficient employee performance for the sake of organizational improvement, it is necessary to have the organizational culture as one of the work guidelines and references for the employees to act within the organization (Cameron & Quinn, 2011). According to Daniel and Teresa (2003), this organizational culture acts as the guidelines. These guidelines become the unwritten rules for members to act and behave within the organization. They also give impacts in creating the employee's behavior within the organization. Several studies reveal that employees' behavior is affected by their working environment which is formed through organizational culture (Shahzad, 2014; Apau & Yobo, 2014; Isa, Ugheoke & Noor, 2016). The existence of this organizational culture is also expected to improve employee performance. According to Tsai (2011), in addition to affecting

employees' performance, the organizational culture is also closely related to job satisfaction.

Work satisfaction is defined as a pleasant or unpleasant emotional condition from the employees' perception about their work (Aziri, 2011). If the employee's perception of the organizational culture is good, the employee will feel satisfied with the job. On the other hand, if employees' perception of the organizational culture is not good, the employees tend to be dissatisfied with their job (Robbins & Judge, 2011). The satisfied employees who perceive their job as enjoyable will have good outcome or performance.

Mangkunegara (2013) state two factors influencing job satisfaction, i.e.: internal employee factor and job factor. The internal factor includes intelligence, specific competence, age, gender, physical condition, education, work experience, personality, emotion, a way of thinking, perception, and work attitude. The job factor consists of a type of work, organization structure, job rank, position, quality of supervision, financial assurance, the opportunity to be promoted, social interaction, and work relationship.

Performance is related to the word "job performance" or "actual performance" (the job achievement or someone's actual achievement). The definition of performance (job achievement) is the quality and quantity of the work results achieved by an employee in carrying out his duties according to his given responsibility. The employee performance is the output of the employees about the accomplishment of their assigned job in a given time (Bernardin & Joyce, 1993). Employee performance is generally influenced by two factors: internal factors and external factors (Afandi & Heri, 2016). Internal factors are coming out from the employees themselves, which include the job satisfaction and the commitment to the organization. The external factors are coming from the outside of the employees, which include the leadership, safety and security, and organizational culture.

Some empirical studies have also found that organizational culture and job satisfaction have a positive and significant effect on employee performance such as research conducted by Shahzad (2014), Abou-Zaki (2003), Lund (2003). However, there is another empirical study finding that states the organizational culture and job satisfaction having a negative effect on employee performance (Bigliardi, Dormio, Galati & Schiuma, 2012). Because of these different results, it is worth to revisit the influence of the organizational culture and job satisfaction to the

employee performance, especially from the Y generation.

- H1: The organizational culture influences job satisfaction.
- H2: The organizational culture influences employee performance.
- H3: The job satisfaction influences employee performance.
- H4: The organizational culture influences employee performance through the job satisfaction as the intervening variable.

2 RESEARCH METHOD

This research uses a quantitative method because it examines the influence of the independent variables to the intervening and dependent variables. The objects of research are the organizational culture, job satisfaction, and the employee performance of one multi-platform digital media company in Indonesia. The samples for this research are 35 permanent employees of the company. The sampling technique is a non-probability sampling with the purposive sampling method. Questionnaires distributed directly to the employees collect the primary data. The data analysis is using smartPLS 3.0 software because this research is following the multivariate statistic technique of doing three variables while the amount of sample available is quite minimal.

3 FINDINGS

Respondents in this research consist of 18 men (51.4%) and 17 women (48.6%) who are in the range of 21-25 years (51.4%) and 26-30 years (48.6 %). All respondents have been working for over one year in the company. The highest mean for the organizational culture variable is 4.43, with the item statements of the company encouraging the employees to innovate or put new ideas in work, and the employees expected to pay more attention to details in works. This is by one of the company's values that states the employees are performing creativity and willingness to display their best performance. The overall average score of the organizational culture is 4.12, which means good regarding the employee's perception of the organizational culture.

Regarding the employee performance, the highest mean is 4.29, with the item statement of "I always arrive on time for a meeting appointment with customers or other co-workers." Although the

company is implementing the flex hour schedule, the employees can prioritize their duties so that they can arrange their meeting schedules or other assignments well. The overall average score for the employee performance is 4.12, which is considered as good. The highest mean for job satisfaction is 4.46, with the item statement of the support from co-workers. It is in accordance with the company's value of the mutual tolerance among employees by showing empathy to others and helping each other. The overall average score for job satisfaction is 3.92, which is still considered as good.

After assessing the variables, several statistical tests are performed to examine the relationships and influences among variables. We conduct an outer model, inner model, and hypotheses test. The outer model aims to specify the relationship between latent variable and its indicators. The benchmarks of outer model test results are as follows: the convergent validity is above 0.4, the Average Variance Extracted (AVE) is above 0.5, the loadings on the cross-loading are smaller than loadings on the corresponding constructs, the composite reliability is above 0.7, and the Cronbach Alpha is above 0.7.

The inner model test is conducted to ensure the accuracy of a structural model formed.

The hypotheses tested in Partial Least Square using t-test and applying bootstrapping method.

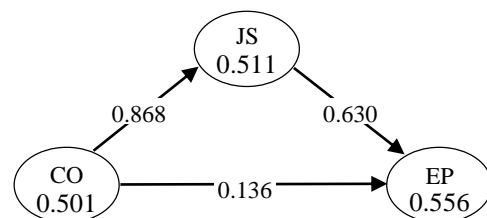


Figure 1: Analytical Result of PLS

The results of the outer model test show the convergent validity of each research variable. The organizational culture variable has seven indicators consisting of twenty-three representing statements with the highest loading factor value of 0.800 and the lowest loading factor value of 0.610. The employee performance variable has three indicators consisting of six representing statements with the highest loading factor value of 0.810 and the lowest loading factor value of 0.612. The job satisfaction variable has four indicators consisting of eight representing statements with the highest loading factor value of 0.823 and the lowest loading factor value of 0.574. Based on the rules of thumb used, the overall indicator variables meet the standard value of

convergent validity, i.e.: the loading factor value > 0.4.

The Average Variance Extracted (AVE) value for organizational culture variable is 0,501, for employee performance variable is 0,511, and for job satisfaction variable is 0,556. Based on the benchmark used, it can affirm that all variables meet the standard value of convergent validity, i.e.: AVE > 0.4

Based on the results of the outer model test, which shows that all values of cross-loading are higher than the other values, thus we can conclude that all constructs in this study have met the discriminant validity. All of each variable has a high-reliability value. The organizational culture variable has a value of 0.958. The employee performance variable has a value of 0.892. The job satisfaction variable has a value of 0.881. Based on the rules of thumb used, then the entire indicator variable has high reliability, namely the value of composite reliability > 0.7. Each variable has a value of Cronbach's Alpha more than expected. The organizational culture variable has a value of 0.954. The employee performance variable has a value of 0.860. The job satisfaction variable has a value of 0.844. Based on the rules of thumb used, the overall indicator variable has high reliability, because it has a value of Cronbach's Alpha > 0.6 for all constructs.

Table 1: Hypotheses Test Results

		<i>Path Coefficient</i>	<i>t-statistic</i>	<i>Results</i>
H1	Organizational Culture → Job Satisfaction	0,868	24,318	Supported
H2	Organizational Culture → Employee Performance	0,683	0,509	Not Supported
H3	Job Satisfaction → Employee Performance	0,630	2,494	Supported

Based on Table 1 it can be seen that:

- 1) Score coefficient path or inner model is shown by t-statistic value on organizational culture to job satisfaction greater than 1.96. A t-statistic value of 24.318 indicates that H1 can be declared acceptable. Organizational culture variable proved to have a significant effect on employee performance.
- 2) Score coefficient path or inner model is shown by t-statistic value on organizational culture on employee performance is smaller than 1,96. The t-statistic value of 0.479 indicates that H2 is declared rejected. Organizational culture variable

has no significant effect on employee performance.

- 3) Score coefficient path or inner model is shown by t-statistic value on job satisfaction to employee performance is higher than 1,96. The t-statistic value of 2.494 indicates that H3 can be declared acceptable. Organizational culture variable proved to have a significant effect on employee performance.

Table 2 shows that the standardized coefficient of the relationship between organizational culture and job satisfaction directly is 0.136, while the standardized coefficient of organizational culture relations and employee performance through job satisfaction as an intervening variable is 0.546.

Table 2: Direct and Indirect Coefficient

	Direct Effect	Indirect Effect	Total Effect
Organizational Culture → Employee Performance	0.136		
Organizational Culture → Job Satisfaction	0.868		
Job Satisfaction → Employee Performance	0.630		
Job Satisfaction → Employee Performance		0.546	0.546

These results indicate that the standardised coefficient value of the indirect relationship is higher than the standardized coefficient direct relationship (0.136 < 0.546). This shows that the influence of organizational culture on employee performance through job satisfaction is more significant than the direct relationship between organizational culture and employee performance. Therefore, H4 is accepted.

4 DISCUSSION

4.1 The Influence of Organizational Culture on Job Satisfaction

Based on the results of current research, the organizational culture variable proved to affect job satisfaction. The value of t-statistics of 24.318 indicates that the influence of organizational culture on job satisfaction is significant. It is supported by the theory of Robbins and Judge (2012) which suggests

several important factors lead to job satisfaction. For instance: the job provides opportunities to use skills and delivers feedback. Another factor is working conditions, both regarding personal convenience and ease of doing the work. These factors are closely related to rules and standards that have been determined by the company, while the rules and standards are formed from the organizational culture within the company itself. This is also in line with Bellou's (2010) study, which states that organizational culture has a significant effect on job satisfaction. Well practised organizational culture that has good values will develop job satisfaction for employees.

4.2 The Influence of Organizational Culture on Employee Performance

From the results of data processing, the second research hypothesis that states that organizational culture influences the performance of employees are rejected. The t-statistic value on the coefficient path of 0,509 shows that the influence of organizational culture on employee performance is not significant. It turns out that despite the good organizational culture, however, this variable is not a significant factor in affecting employee performance. The results of this study are consistent with the research of Bigliardi et al., (2012) which states that there is no significant relationship between organizational culture and employee performance. On the other hand, the results of this study contradict the research of Anne, Wanjiku and Agusioma. (2014), which concluded that the organizational culture has a significant influence on employee performance. This dissimilarity most likely occurs since both research was conducted in organization with different organizational culture. The current research is conducted on organizations where employees are expected to be more collaborative rather than competitive, while Anne et al., (2014) research are conducted in organizations that have a competitive culture.

4.3 The Influence of Job Satisfaction on Employee Performance

Based on statistical data analysis, the t-statistic value of 2,494 indicates that job satisfaction has a significant effect on employee performance. If the company able to maintain their good career and compensation system, to foster the good relationship between co-workers, to preserve the motivated

attitude of the supervisor, as well as to sustain an encouraging physical work environment, subsequently the employee will feel safe and comfortable to work. Thenceforth, the employees will give the best effort for the company. The results of this study in line with research Jiroudi (2016) which states that job satisfaction has a significant effect on employee performance.

4.4 The Influence of Organizational Culture on Employee Performance Through Job Satisfaction

The result of data processing shows the standardized coefficient value of the relationship between organizational culture and job satisfaction directly equal to 0.136, while the standardized coefficient of organizational culture relationship and employee performance through job satisfaction as intervening variable is 0.546. These results indicate that the influence of organizational culture on employee performance through job satisfaction is more significant than the direct relationship between organizational culture and employee performance. It means that employee performance is influenced by variables other than organizational culture. The job satisfaction is one of the variables that can mediate the relationship between organizational culture and employee performance. The employees' job satisfaction will make them perform better.

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