



The Influence of Organizational Culture and Competence on Employee Performance Mediated by Organizational Commitments in the Procurement of Goods and Services Secretariat Regency of Karangasem

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ABSTRACT

Employees have a very important role, where they must spare their energy and thoughts to achieve company goals. The management of corporate culture is directed to the ability to encourage company performance through improving employee performance. The purposes of this study are to examine and analyze the effect of organizational culture and competence on organizational commitment, employee performance, and employee performance. The population and the respondents were 76 people in the Karangasem Regency Government. This study used the SEM analysis with SmartPLS 3.0 program. The findings indicate that organizational culture has a positive effect on organizational commitment and employee performance. Competence affects both the organization's commitment and employee performance positively. Organizational commitment also affects the performance of employees positively and and mediate the relationship between organizational culture and competence on employee performance.

Keywords: Competence, Employee Performance, Organizational Commitment, Organizational Culture

INTRODUCTION

Performance is a condition that must be known to determine the level of achievement of a person or an agency associated with the vision of an organization or company and to know the positive and negative impacts of an operational policy. It is a real behavior as work performance produced by employees in accordance with their role in the company, without which, success will be difficult to achieve. The low performance of employees can be seen from the lack of optimization of working time. Employees contribute their energy and thoughts to achieve company goals. The management of corporate culture is directed to encourage improving company performance by improving the performance of its employees. The organization's core values will be held in incentives and widely shared in a strong culture.



Organizational culture is the organization's basic philosophy consisting of beliefs, norms, and shared values as the main characteristics to do organizational tasks (Saraswati, Widyani, & Sagita, 2020). A strong culture shows a high belief system and shared attitudes that develop and become behavioral guidelines for members of the organization. This kind of determination will build cohesiveness, loyalty, and organizational commitment. To achieve success, performance factors play an important role in shaping and developing organizational culture so that it supports the creation of employee commitment. The company is expected to have values reflecting the attitudes and behavior of employees at work. Organizational culture is the anticipation of organizational commitment. Employees with high commitment will be seriously involved in the work, loyal, and always think positively about the organization. The application of organizational culture will shape the character of employees by themselves in carrying out their duties and achieving organizational goals. This is in accordance with Giri, Nimran, Hamid, and Musadieg (2016), contending that organizational culture has a positive effect on organizational commitment. The results of this study are in accordance with Pramukti (2019). Luly (2016) contended that organizational culture has an insignificant negative effect on employee commitment.

Employee competency assessment is vital for an organization's progress and development. In addition to a measure of success within a certain period, competency measurement can also be used as input for further improvement of competencies. Employee competencies are of importance due to their roles and functions in the process of achieving organizational goals. Competence is marked by mastery in science, technology, organizational skills, and behavior in accordance with the demands of the task. Those with these characteristics will support the organization in achieving its goals. This is in accordance with Pramukti (2019) arguing that competence has a positive effect on organizational commitment. The results of this study are in accordance with research by Setiadi, Winarti, and Taufiq (2016). In contrast to the results of research from Supiyanto (2015), the results show that competence has a negative effect on organizational commitment, although it is not significant.

Employee performance improvement can be done by placing workers following their competencies. This is to make them feel happy and comfortable in the company. Job satisfaction reflects employees' happiness and comfortability. The arising issue is that every state civil apparatus will experience an increase and decrease in their work. Expectations for the creation of performance must be created and continue to be fostered in line with reforms to the quality of the apparatuses. However, there are still obstacles in improving performance and exacerbated by the unnoticed organizational culture. This is in accordance with the research conducted by Andayani and Tirtayasa (2019), the results of the study say that organizational culture has a positive and significant effect on employee performance. However, the results of these studies contradict the results of Maabuat (2016) which shows that organizational culture has no significant effect on employee performance.



Competence is the underlying characteristic of a person related to the effectiveness of individual performance. It has a causal relationship with the criteria used as a reference, effective or excellent or superior performance in the workplace increasing the need for competent human resources. Employee competence can be obtained through education and training, assignments/experience, or talent. Training has contributed to competence because training is projected to improve the competence of employees. Training that is carried out properly to improve the competence of employees, and conversely training that is held only for the sake of formality will not make a significant contribution to the competence of employees. The lack of competence of the State Civil Apparatus affects their service to the community. Their knowledge about work also still needs to be improved as they have difficulty completing their work.

The limited number of State Civil Apparatuses who have certificates for the Procurement of Goods/Services causes the Pokja's independence in the tender process cannot be implemented because most of the certified State Civil Apparatuses have occupied positions. The working groups formed by members from outside have not become staff in the Procurement of Goods/Services. This is in accordance with the research conducted by Yuningsih (2019). The results of the study say that employee competence has a positive and significant effect on employee performance. The results of this study are in accordance with the research of Fauzi. The results of this study are contrary to the results of research by Dhermawan Sudibya, and Utama (2012), which shows that competence has a negative effect on employee performance.

According to Lunthas (in Nurandini & Backgrounduva, 2014, p. 2) Organizational commitment is a form of loyalty to side with a particular organization and strive in accordance with the achievement of the vision, mission, goals, expectations and values of the organization. High commitment of organizational is a factor that cannot be ignored in a management system in an organization. Organizational performance is inseparable from organizational commitment. The importance of high organizational commitment should receive serious attention from the management of the organization. It is vital for a company to carry out its operational activities effectively and efficiently.

Along with the increasingly difficult tasks carried out by the Regional Government of Karangasem Regency, especially in the section on the Procurement of Goods and Services at the Regional Secretariat and seeing the internal reality that is not encouraging, it is time for the agency to build a strong commitment to the state civil apparatus organization. A strong organization requires human resources with a high commitment to the organization. This is necessary because they will always strive and try their best for the progress of their organization. High commitment grows innovative and creative attitudes and avoids fraud. This is in accordance with Muis, Jufrizen, and Fahmi (2018). The results of the study say that commitment has an effect on performance as positively, the results of this study are in accordance with research by Arnu (2017), which shows that organizational commitment has no effect on employee performance.



According to Robbins (1998, p. 250), an organization with a strong culture has a significant influence on the behavior and attitudes of its members. Yulian (2015) suggested that organizational culture has an effect on organizational commitment as positively. This is in line with Rantesalu, Mus, Mapparenta, and Arifin (2016), and Nikpour (2017). Based on the description, we propose the first hypothesis:

H1: Organizational culture has an effect on organizational commitment as positively.

According to Streuner and Bjouruest in Azmi, Aziz, Djalil, and Idris (2020), competence is an individual's ability to perform assigned tasks. Competence is knowledge, skills, and professional identity according to the employee commitment. The relationship between work competence and organizational commitment is that all abilities and skills in carrying out tasks assigned by superiors, good relationships with superiors and peers will greatly increase organizational commitment. Pramukti (2019) concluded that competence has an effect on organizational commitment as positively. This is in line with Setiadi et al. (2016), contending that also competence has an effect on organizational commitment as positively. Based on the description, we hypothesize:

H2: Competence has a significant effect on organizational commitment as positively.

According to Wibowo (2012), job satisfaction mediates between organizational culture and employee performance. This means the implementation of a good organizational culture fosters employee satisfaction and satisfaction creates a good performance. Andayani and Tirtayasa (2019) concluded that organizational culture has a significant effect on employee performance as positively. This is in line with Muis et al. (2018), Sagita, et al (2018), and Maabuat (2016) suggesting that organizational culture has a positive and significant effect on employee performance. Based on the description, the third hypothesis is:

H3: Employee performance is positively and significantly influenced by organizational culture.

According to Spencer & Spencer (in Moehariono, 2014), competence is a basic characteristic affecting an individual or team performance. Theoretically, competence as stated by Forster (2005, p.161), in the organizational context, is a process in increasing or decreasing the desire and commitment of individuals to achieve personal and organizational purposes. Yuningsih (2019) contended that employee competence has a significant effect on employee performance as positively. Likewise, Martini, Rahyuda, Sintaasih, and Piartini (2018) and Arnu (2017), Renyut, Modding, Bima, and Sukmawati (2017), Rantesalu, et al (2016) contended that employee competence has a significant effect on employee performance as positively. Based on the description above, we formulate the fourth hypothesis:

H4: Employee performance is positively and significantly influenced by employee competence.

Robbins & Judge (in Rafiei, Amini, & Foroozandeh, 2014, p. 1842) stated that the key to organizational success depends entirely on the commitment of organizational employees. It goes beyond formal membership; it includes assertiveness and a



willingness to go after all things for the company. It is a situation in which an employee aligns with a particular organization and its goals and desires to maintain membership in the organization. It is an important instrument in improving employee performance. This implies that the higher the employee's organizational commitment, the higher their performance. Higher organizational commitment creates loyalty to work and increases employee performance. Thus, the commitment of employees will bring the company towards the best performance. Research conducted by Muis et al. (2018), states that employee performance is positively and significantly influenced by organizational commitment. This is in line with Arnu (2017), contending that organizational commitment has a significant impact on employee performance as positively. Based on the description above, the fifth hypothesis is:

H5: Employee performance is positively and significantly influenced by organizational commitment.

RESEARCH METHOD

This study was conducted at the Procurement Section of the Regional Secretariat of Karangasem Regency from June to September 2021. The sample was 76 certified apparatuses for the Procurement of Goods and Services selected by a saturated sampling method. This study used four variables: organizational culture (X1), competence (X2), organizational commitment (Z), and employee performance (Y). Data was collected by distributing questionnaires and processed with analysis tools. To test and analyze, the data was processed by SEM-PLS with the SmartsPLS 3.0 program.

RESULTS AND DISCUSSION

Partial Least Square Analysis with Moderating Variable

To test the validity and reliability of the indicators that measure the constructs or latent variables, Partial Least Square is used. The test results of the outer model which include convergent validity, discriminant validity, and composite reliability will be presented as follows.

Convergent Validity

Based on the results of tests by the SmartPLS 3.0 application, the organizational climate variable with six statements has an outer loading value greater than 0.5, which means it is valid. The measurement indicator of organizational culture variable has an outer loading value greater than 0.5, which means it is valid. The indicator of organizational culture oriented to stability has the best outer loading value of 0.940. The competency variable has an outer loading value above 0.5, which means it is valid. The skill-oriented competency indicator has the best outer loading value of 0.935. The organizational commitment variable has an outer loading value above 0.5, which means it is valid. The organizational commitment variable with continuous commitment indicator has the best outer loading value of 0.955. Employee performance variable has an outer loading value above 0.5, which means it is valid. The employee



performance variable with the quantity indicator of work results has the best outer loading value of 0.959.

Discriminant Validity

For discriminant validity testing, it can be seen from the Average Variant Extracted (AVE) value in each indicator. Conditions for a good model required a value higher than 0.5. The results are presented in Table 1.

Table 1. Average Variant Extracted (AVE)

Variable	AVE	
	AVE	$\sqrt{\text{AVE}}$
Organizational Culture (X1)	0.914	0.836
Competence (X2)	0.907	0.823
Organizational Commitment (Z)	0.911	0.831
Employee Performance (Y)	0.882	0.778

Based on the results of the analysis, the four variables used in this study have an AVE value above 0.50 and all variables have an AVE root value that is better than the correlation coefficient between one variable and another variable. Hence, the data have good discriminant validity.

Composite Reliability

The variable is said to have good reliability if the composite reliability value is above 0.70. Table 2 presents the composite reliability value.

Table 2. Composite Reliability

Variable	Composite Reliability
Organizational Culture (X1)	0.986
Competence (X2)	0.982
Organizational Commitment (Z)	0.978
Employee Performance (Y)	0.966

Table 2 shows that all variables have met the reliable criteria because they have values above 0.7. Based on the evaluation results of the composite reliability test, it can be concluded that the indicators used as a measure of the latent variable have met the valid and reliable criteria.

Goodness of Fit

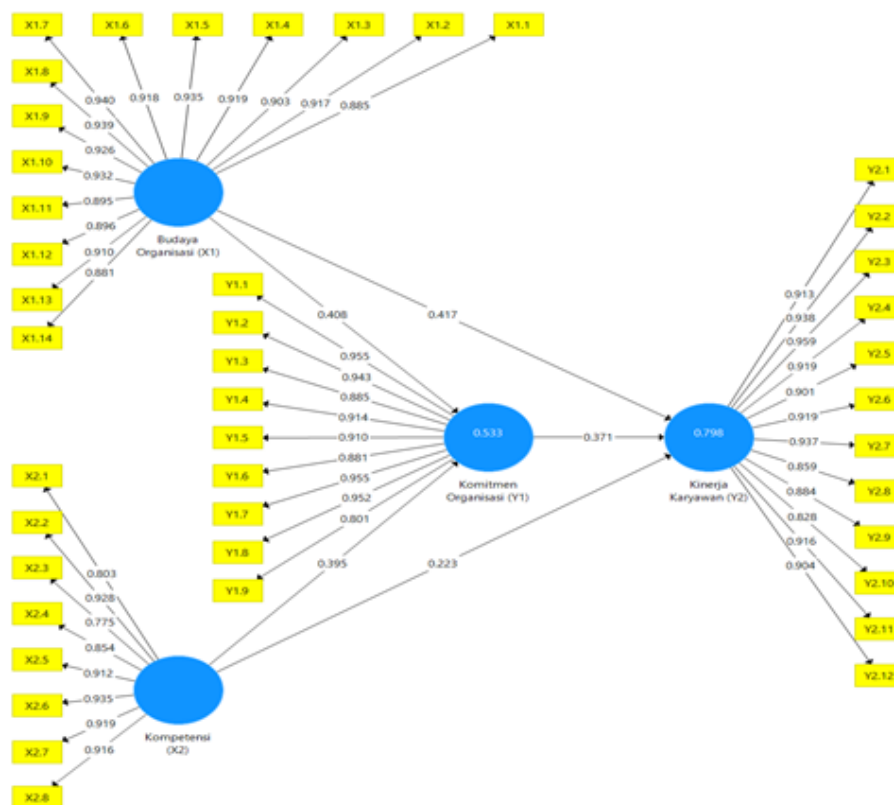
The goodness of fit model uses the Q-Square predictive relevance on the structural model, by measuring how well the values generated by the model and the estimated parameters are. The model has predictive relevance if the Q-square value > 0 ; The model has no predictive relevance if the Q-Square value ≤ 0 . The results of the Q-



Square Predictive Relevance (Q²) calculation show a value of 0.946 which means that the model shows good observations, where 94.6% of employee performance is influenced by variables that used in the model, and the remaining 5.4% was influenced by other factors not included in the research model.

Based on the results of tests, Figure 1 shows the research model of PLS Bootstrapping analysis or inner model evaluation.

Figure 1. Full Model Structural (PLS Bootstrapping)



The evaluation of the inner structural model as measured by Predictive Relevance (Q²) and Goodness of Fit (GoF) shows that the construct model has a good category. The significance of the estimated parameters provides information about the relationship between the research variables. The weight value of hypothesis test contained in the output results will be presented in Table 3.



Table 3. Hypothesis Test Result

Variable	Path Coefficient (<i>Bootstrapping</i>)	T-Statistics	Sig.	Conclusion
Organizational Culture (X1) -> Organizational Commitment (Z)	0.352	3.795	0.000	H1 accepted
Competence (X2) -> Organizational Commitment (Z)	0.395	3.067	0.002	H2 accepted
Organizational Culture (X1) -> Employee Performance (Y)	0.417	3.795	0.000	H3 accepted
Competence (X2) -> Employee Performance (Y)	0.223	2.059	0.040	H4 accepted
Organizational Commitment (Z) -> Employee Performance (Y)	0.371	4.034	0.000	H5 accepted

Table 3 provides the hypothesis test result. They are:

- Organizational culture has an effect on organizational commitment as positively. This is proven by the t-statistic value of 3.795 which is above the value of 1.96 and the value of sig (0.000) < 0.05. It can be concluded that hypothesis 1 is acceptable.
- Competence has a significant effect on organizational commitment as positively. This is proven by the t-statistic value of 3.067 which is above the value of 1.96 and the value of sig (0.002) < 0.05. It can be concluded that hypothesis 2 is acceptable.
- Employee performance is positively and significantly influenced by organizational culture. This is proven by the t-statistic value of 3.795, which is above the value of 1.96 and the value of sig (0.000) < 0.05. It can be concluded that hypothesis 3 is acceptable.
- Employee performance is positively and significantly influenced by employee competence. This is proven by the t-statistic value of 2.059, which is above the value of 1.96 and the value of sig (0.040) < 0.05. It can be concluded that hypothesis 4 is acceptable.
- Employee performance is positively and significantly influenced by organizational commitment. This is proven by the t-statistic value of 4.034, which is above the value of 1.96 and the value of sig (0.000) < 0.05. It can be concluded that hypothesis 5 is acceptable.

Mediation Effect Test with Intervening Variable

Mediation effect using organizational commitment variable as an intervening variable will be explained in Table 4 below.

Table 4. Test Results for Intervening Variable

No	Mediation of Organizational Commitment Variable (Y1) on:	Effect				Des
		(A)	(B)	(C)	(D)	
1	Organizational Culture (X ₁) → Employee	0.417 (Sig)	0.569 (Sig)	0.408 (Sig)	0.371 (Sig)	<i>Partial Mediation</i>



	Performance (Y)					
2	Competence (X ₂) → Employee Performance (Y)	0.223 (Sig)	0.369 (Sig)	0.395 (Sig)	0.371 (Sig)	<i>Partial Mediation</i>

Source: Data analysis result

Table 4 explains that organizational commitment (Y1) is able to partially mediate the influence of organizational culture (X1) on employee performance (Y2) and the influence of competence (X2) on employee performance (Y2).

CONCLUSIONS

Organizational commitment is positively influenced by organizational culture. This shows that a good organizational culture will increase organizational commitment. Vice versa, the worse the implementation of organizational culture, the lower the organizational commitment.

Competence has an effect on organizational commitment as positively. The indicates that increasing competence will increase organizational commitment. Vice versa, a decrease in competence will reduce organizational commitment.

Organizational culture is positively effected by employee performance. The indicates that more appropriate implementation of organizational culture, the employee's performance will increase. Vice versa, poor implementation of organizational culture will reduce employee performance.

Employee performance is positively and significantly influenced by employee competence. The indicates that increasing employee competence in carrying out their duties and responsibilities will improve employee performance. Vice versa, low competence will have an impact on decreasing employee performance.

Employee performance is positively and significantly influenced by organizational commitment. The indicates that well maintained organizational commitment will improve employee performance. Vice versa, poor organizational commitment will worsen employee performance.

Organizational commitment is able to partially mediate the influence of organizational culture on employee performance. This shows that commitment can strengthen the relationship between organizational culture and employee performance.

Organizational commitment is able to partially mediate the influence of competence on employee performance. The indicates that commitment can strengthen the relationship between competence and employee performance.



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