

Impact Organizational Culture On Organizational Commitment Study of Banking Company In Indonesia

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Abstract

Organizational culture is no longer seen as a legacy of the past is seen as a mere, but also must be designed and deployed as a strategic tool to achieve corporate objectives. Culture is also an indicator to see how committed an employee of the company. Using a questionnaire survey, this paper examined effected of corporate culture on organizational commitment. Specifically, this paper examines four dimensions of corporate cultures, the teamwork, communication, rewards and recognition, and training and development of employee commitment to the organization. One hundred and fifty-six respondents from banking companies to be a part of this survey. The research hypothesis was tested using multiple hierarchical regression analysis. The results showed that all dimensions of corporate culture that are selected in this study can use as a determinant/indicator of organizational commitment.

Keywords

Organizational Culture, Organizational Commitment, Reward and Recognition, Training And Development, Teamwork, Communication, Banking

INTRODUCTION

The phenomenon that is developing at this time in the industrial world and organizations is that professionals tend to be more committed to the profession than to work in the company where they work. Employees who are committed to the profession do not always refer to an organization, so employees like this always move to another job (Fineman et al, 2005). One of the phenomena is caused by the gap between employees who work in one company and employees who work in other places, even though they have the same job function. Some people who are affected in the end make the decision to move to another company, but not a few of them decide to continue working in the related company (Erika, 2011).

Organizational commitment is one important factor for the integrity of an organization. Without a strong organizational commitment in individuals, organizational performance cannot be achieved to the full. Organizational commitment is defined as trust and strong acceptance of organizational values, willingness to work hard, and maintaining membership in the organization concerned. This means that there is a strong desire for members to remain in the organization or psychological ties to the organization. There are 3 components of

organizational commitment stated by Meyer and Allen (1991), namely: affective commitment occurs when employees want to be a part of because of an emotional bond. Continuance commitment appears when an employee stays in an organization because he needs salary and other benefits, or because the employee does not find another job.

Organizational commitment becomes an important part of creating a conducive work environment and maximum employee productivity. It is proven when employees who are dissatisfied with their work or less committed to the organization will be seen withdrawing from the organization through absence and turnover (Mathis and Jackson, 2001).

Employee commitment can be influenced by many factors and one of them is organizational culture. An understanding of organizational culture is proven when most organizations acknowledge the fact that organizational culture can also contribute to organizational achievement in every aspect of performance in the economic, growth, and financial fields (Maloney and Federle, 1990 in Flamholtz and Randle, 1998). The organizational culture will initially be influenced by the surrounding culture of the members of the organization. Organizational culture is a characteristic of an organization,

not an individual from any part of it. Organizational culture is defined as a shared value system in an organization that determines the level of employees who can carry out all activities to achieve organizational goals (Robins, 1999).

Conceptual Framework

Conceptual frameworks are boundaries that will be used to find business solutions to problems encountered in organizational commitment. Organizational commitment is a very vital issue for industries today where the cost of recruiting to employee training is not a challenge for companies to form a strong organizational culture.

The approach used by the authors in this study through questionnaire method and for quantitative methods using secondary data sourced from internal company data. Using a literature review source from, journals, books and others studies that are similar to the problem approaches that occur in this study, as well as to find best solution.

At the deepening stage of the study, the type of research used is causal explanatory. The causal explanation explains the effect of the independent variable and the dependent variable because this study is intended to determine the effect of organizational learning as the independent variable (x) and organizational commitment as the dependent variable (y).

Organizational Culture

Organizational culture has a significant effect on employee attitudes towards commitment and retaining employees to remain in the organization (Ghina, 2012). Organizational culture means a value refers to everything in an organization that is considered highly valued, while the norm of organizational culture behavior refers to how elements of the organization must behave (Xenikou and Fernham, 1996 in Mariam, 2009). Organizational culture is formed when the original culture of the founding philosophy of the organization, then this culture greatly influences the criteria used in employee work. Top management actions determine the general climate of acceptable and unacceptable behavior. The success of socialization to employees will depend on the level of success achieved in matching the new employee's values with the organization's values in the selection and preferences of top management.

Organizational Commitment

Organizational commitment is defined as a strong desire to maintain the organization and the desire to fight in accordance with the wishes and beliefs of the organization, and organizational goals. In other words, this is an attitude that reflects workers' loyalty to the organization and the ongoing process with organizational members expressing their concern for the organization and its continued success (Luthan, 2005). According to Kunjoro (2000), Organizational commitment relates to employees who are active with the company or organization. Employees who have a big commitment have implications for the desire to provide more energy and responsibility in supporting the success of the organization in the workplace.

METHODS

This research is intended to determine the effect of organizational culture as an independent variable (x) and organizational commitment as a dependent variable (y). The testing method uses some statistical tests to determine the magnitude of the influence of each of these hypotheses, while for example, the tests conducted are: Reliability Test, Validity Test, Multiple Regression Correlation Test. The study was conducted on two companies engaged in banking which were conducted using a questionnaire technique.

RESULTS AND DISCUSSION

Respondent Characteristics

Respondent characteristics are important to analyze because data about respondent characteristics are easily obtained data and can show certain behavioral traits. The characteristics of respondents analyzed in this study include age, sex, education, marital status, and years of service. The results of the descriptive analysis of the age of the respondents are presented in Table 1 below.

Table 1. Respondent Characteristics

Age	Frequency	Percentage
≤ 25 Years Old	46	29.5%
26–33 Years Old	54	34.6%
34–45 Years Old	37	23.7%
> 46 Years Old	19	12.2%
Total	156	100%

Based on the table above, it can be seen that the majority of respondents ≤ 25 years to the age category 26-33 years dominate in this study. According to Robbins (2006) in Witasari (2009), young employees are more likely to quit than younger employees. Thus it can be said that the age category can be said to be vulnerable to leaving the company where they work.

The work period shows the experience possessed by individuals in their respective fields of work. The results of the descriptive analysis of the age of the respondents are presented in Table 2.

Table 2. Working Period

Age	Frequency	Percentage
≤ 1 Years	42	26.9%
2 – 5 Years	50	32.1%
6 – 9 Years	18	11.5%
> 10 Years	46	29.5%
Total	156	100%

Based on Table 2 above, respondents with 2-5 years of service are the largest, 32.1% of the total respondents who participated in this study. Employees who have a longer working period tend to have a better mastery of work, so they have more effective behavior than less experienced employees.

Validity Test

Calculation of validity using Pearson Product Moment correlation. The significance test is done by comparing the value of r count with r_{table} for a degree of freedom (df) = $n - 2$. If the correlated item correlation $> r_{table}$ ($p = 0.05$) and positive values it can be concluded that all indicators are valid (Ghozali, 2011: 53). In this study, the calculation (df) = $156 - 2 = 154$ with $df = 154$ ($p = 0.05$) $r_{table} = 0.157$. So, if r count > 0.157 , the indicator is said to be valid. However, if r count < 0.157 , the indicator is said to be invalid. The validity test results are presented in Appendix .

Reliability Test

The reliability test is carried out to determine the extent to which the measurement results remain consistent, if measurements are made twice or more of symptoms with the same symptoms using the same measuring instrument. On the detail in Appendix 2, the Cronbach's alpha

coefficient (α) research variable shows that training and development ($\alpha = 0.876$), appreciation and recognition ($\alpha = 0.881$), teamwork ($\alpha = 0.737$), communication ($\alpha = 0.834$), organizational commitment ($\alpha = 0.920$) meets the reliability testing criteria.

Correlation Test

The correlation test aims to examine the relationship between two variables that do not show a functional relationship (related does not mean caused). The following correlation test results are presented, to test and prove statistically the influence of organizational culture on organizational commitment, researchers used multiple hierarchical regression analysis / hierarchical multiple linear regression between organizational culture as an independent variable (X) and organizational commitment as the dependent variable (Y). The analysis shows the relationship between variables in two steps. In the first stage, the characteristics of respondents are included as control variables. In the second stage, the dimensions of corporate culture are included as variable responses (main effects). The results of the hierarchical multiple linear regression analysis test are presented in Appendix 3.

Hierarchical Multiple Linear Regression Analysis

To test and prove statistically the influence of organizational culture on organizational commitment, researchers used multiple hierarchical regression analysis / hierarchical multiple linear regression between organizational culture as an independent variable (X) and organizational commitment as the dependent variable (Y). The analysis shows the relationship between variables in two steps. In the first stage, the characteristics of respondents are included as control variables. In the second stage, the dimensions of corporate culture are included as variable responses (main effects). The results of the hierarchical multiple linear regression analysis test are presented in Table 3. below.

Tabel 3
Hierarchical Multiple Linear Regression Analysis

PANEL A						
Independent Variable	Dependent Variable					
	Step 1			Step 2		
	Beta	T	Sig.	Beta	T	Sig.
Controlling Variables						
Age	0,049	-0,346	0,729	0,050	0,548	0,585
Work Period	0,078	0,562	0,575	-0,019	-0,211	0,833
Respon Variables						
Training and development				0,083	1,134	0,259
Reward and Recognition				0,406	5,289	0,000**
Team work				0,218	3,339	0,001**
Communication				0,174	2,214	0,028**
R. Squared	0,147			0,670		
Adjusted R ²	0,119			0,650		
Sig. F Change	0,000			0,000		
R ² Change	0,147			0,523		
F Change	5,171			57,852		
DW= 1,925						
PANEL B						
Independent Variable	Collinearity Statistics		VIF			
	Step 1	Step 2	Step 1	Step 2		
Controlling Variables						
Age	0,280	0,275	3,567	3,634		
Work Period	0,295	0,290	3,395	3,451		
Respon Variables						
Training and development		0,420		2,380		
Reward and Recognition		0,384		2,604		
Team work		0,531		1,833		
Communication		0,366		2,729		

Based on the results of the hierarchical multiple linear regression test in the table above, it can be seen that the five control variables are 14.7% of the variation in organizational commitment ($F = 5.171$, $p < 0.01$). Of the five dimensions of organizational culture (step 1), age ($\beta = 0.049$, $p = 0.01$), marital status ($\beta = -0.224$, $p = 0.01$) and years of service ($\beta = 0.078$, $p = 0.01$) has a significant impact on organizational commitment.

CONCLUSIONS

Based on the results of tests that have been carried out, it can be concluded that overall dimensions of the organizational culture where the four organizational dimensions, namely training and development, appreciation and recognition, teamwork, and communication have a positive effect on organizational commitment. Here are some conclusions based on the

results of this study. **First**, where training and development has a positive effect on organizational commitment. Training and development become a very important part of increasing organizational commitment. From the top management's point of view, training is seen as a means of engaging employees' commitment to the company (Bartlett, 2001). Of the two companies that were the objects of the research, the organizational culture that was built had supported the occurrence of good training and development and became an advantage of the company. This is in line with research conducted by Karia, (1999) in Boon and Arumugam, (2006) stating that providing employees with the right training and proper employee development can increase employee productivity and efficiency will be in line with the increased commitment. **Second**, the results of the study show that appreciation and recognition have a positive effect on organizational commitment.

appreciation and recognition are not just motivations for employees in increasing productivity. However, the results of this study can be seen that appreciation and recognition have become part of the dimensions of organizational culture in increasing organizational commitment. This result is supported by research by Chew and Chan, (2008) which states that rumors and recognition have a positive effect in predicting organizational commitment and the desire to remain in the organization.

Third, the results of the study show that teamwork has a positive effect on organizational commitment. Building an organizational culture based on good teamwork will lead to maximum results. Evident from the two companies that are the object of research, from exposure to its vision and mission emphasizes working in a team that proves these companies to be a strong company both capital and structurally. Research also says the same thing were ere working together in production units/divisions causes better employee attitudes which ultimately increases employee productivity (Osland, 1997 in Boon and Arumugam, 2006).

Fourth, the results of the study show that communication has a positive effect on organizational commitment. To build a strong organizational culture requires good communication between all people involved in an organization. It is proven that the communication that was built in the two companies that were the object of this study was built with active communication from all stakeholders in the organization. The results of this study are in line with research conducted by Boon and Arumugam, (2006) where communication as one of the dimensions of organizational culture can increase organizational commitment.

Recommendation for Future Research

On the basis of the results of the analysis in the study of the influence of organizational culture on organizational commitment, the researcher suggests. research should use other dimensions of organizational culture, apart from the four dimensions that have been tested in this study, and research should use other analysis methods by comparing dimensions of organizational culture with dimensions of organizational commitment namely affective commitment, continuance commitment, normative commitment.

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APPENDIX

Variabel	Dimensions variabel	Corrected Item Correlation	r_{tabel}	Explanation
TD	TD 1	0,856	0,157	Valid
	TD 2	0,879	0,157	Valid
	TD 3	0,887	0,157	Valid
	TD 4	0,810	0,157	Valid
RD	RD 1	0,754	0,157	Valid
	RD 2	0,775	0,157	Valid
	RD 3	0,805	0,157	Valid
	RD 4	0,750	0,157	Valid
	RD 5	0,818	0,157	Valid
	RD 6	0,783	0,157	Valid
	RD 7	0,680	0,157	Valid
TM	TM 1	0,686	0,157	Valid
	TM 2	0,751	0,157	Valid
	TM 3	0,710	0,157	Valid
	TM 4	0,634	0,157	Valid
	TM 5	0,716	0,157	Valid
CM	CM 1	0,798	0,157	Valid
	CM 2	0,816	0,157	Valid
	CM 3	0,844	0,157	Valid
	CM 4	0,823	0,157	Valid
CT	CT 1	0,748	0,157	Valid
	CT 2	0,827	0,157	Valid
	CT 3	0,726	0,157	Valid
	CT 4	0,852	0,157	Valid
	CT 5	0,829	0,157	Valid
	CT 6	0,857	0,157	Valid
	CT 7	0,806	0,157	Valid
	CT 8	0,784	0,157	Valid

Source: Primary data processed, 2019

Note:

TD = training and development;

RD = Reward and recognition;

TM = teamwork;

CM = communication;

CT = organizational commitment.

Variable	Dimensions	Corrected Item Correlation	r _{tabel}	Explanation	Result
TD	TD 1	0,838	0,876	4	Reliable
	TD 2	0,824			
	TD 3	0,820			
	TD 4	0,885			
RD	RD 1	0,865	0,881	7	Reliable
	RD 2	0,862			
	RD 3	0,857			
	RD 4	0,872			
	RD 5	0,855			
	RD 6	0,861			
	RD 7	0,876			
TW	TM 1	0,706	0,737	5	Reliable
	TM 2	0,660			
	TM 3	0,685			
	TM 4	0,724			
	TM 5	0,680			
CM	CM 1	0,803	0,834	4	Reliable
	CM 2	0,784			
	CM 3	0,766			
	CM 4	0,807			
CT	CT 1	0,914	0,920	8	Reliable
	CT 2	0,907			
	CT 3	0,920			
	CT 4	0,905			
	CT 5	0,904			
	CT 6	0,909			
	CMT 7	0,912			
	CMT 8				

Source: Primary data processed, 2019

Note: TD = training and development; RDR = Reward and recognition;

TW = Teamwork; COM = Communication; CMT = Organizational commitment.

	Mean	SD	Training and development	Reward and recognition	Teamwork	Communication
Training and development	16,56	2,58	1			
Reward and recognition	27,02	4,39	0,681**	1		
Teamwork	19,31	2,56	0,476**	0,592**	1	
Communication	16,19	2,21	0,660**	0,705**	0,657**	1
Commitment	33,22	4,45	0,618**	0,751**	0,638	0,688**

Description ** p <0.01 (2-tailed)

Source: Primary data processed, 2019