



# **The Impact of Organization culture and Work Environment on Employee Engagement and It's Implication on Employee Performance of The Automotive Industry In Jakarta, Indonesia.**

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## **ABSTRACT**

**This study aims to determine and analyze the impact of organization culture , work environment on employee engagementt and it's implications on employee performance. This research uses quantitaive approach. Population of this research is the whole employee of the automotive industry and sample is 86 respondents. The result of this hypothesis test show that (1) Organization culture has a direct, positive, and statistically significant impact on employe engagement; (2)Work environment has a direct, positive and statistically significant on employee engagement; (3) Employee engagement has a direct positive and statistically significant on employee performance.**

**Keywords:** Organization culture, work environment, employee engagement. employee performance, automotive industry.

## **INTRODUCTION**

Any organization have their own organization culture. Organization culture is one of such factor can affect the employee engagement. Organization culture also can affect the employee performance within the company. The company as an organization rely on it's human resources for achieving the company goals. Therefore, role of organization culture on human resources is very important. Schein (1992) devide organization culture into three level, such as (1) Behavior and artifact; (2) Value; (3) Belief. As an automotive manufacturing has organization culture called ICARE, that consits of (1) Integrity; (2) Commitment; (3) Accountability; (3) Respect; (4) Excellent Innovation. In order to implement the organization culture, new employee was introduced to ICARE which is in line with their work activities. Nevertheless the result of the implementation of the organization culture was less in achievement that affect the employee engagement and employee performance. Likewise the implementation of work environment either in term of soft environment, in term of hard environment, still less in achievement, which is affect the employee engagement and employee performance. Some sense of organization culture, as proposed by Nazir and Zamir (2015), organizational culture is the combination of expectations of organization, experiences, philosophy and values. Organizational culture is also called corporate culture. Organizational culture influences performance and productivity of organization. It gives guidelines for quality of product, punctuality, safety and other factor affecting on environment. organizational culture view as a combination of epectation, experiences, philosophy and value. Cameron and Quinn, (2006) in Mohanty, J, and Rath, B, P, (2012) found that it is difficult to find a highly successful company that does not have a distinctive, readily identifiable organizational culture because of its powerful effect on performance and long-term effectiveness. The pressure is the powerfull effect of organization culture on employee performance. Meanwhile, organizational culture as described by Robbins & Coulter in Tsai, Y, (2010) as the shared values, beliefs, or perceptions held by employees within an organization or organizational unit. This sense view the organizationa culture that focused on share activity within organization related to values,

beliefs, and perceptions. Relevant to the prior definition, Salam, A., Q, A, (2002) in Zeyada (2018), said the organizational culture reflects the values that are shared by individuals in an organization, and these values, in turn, will affect the humanitarian aspects of the organization and in the concrete behavior of individuals. This opinion implies the values was shared affect the humatarian aspect of the organization and in concrete behavior of individual. Meanwhile Azizollah, *et al* (2015), said the idea to consider organizations as culture is a system of values shared among the members which is a relatively new phenomenon. This opinion view organozational culture as a system of value shared. While the meaning of the organization culture according to Robbins (2002) in Darsana (2013), organization culture is a system of value share held by members of the organization, which distinguishes of one organization from other organizations. Then, some opinion regarddsing work environment as proposed by Sedarmayanti (2011) said that work environment as the whole tools and materials that is used in the job, include environment around work place, work methode, work arrangements, either as individual or as group. This opinion view work environment as soft environment and hard environment. Work environment as a place where the employees do their job every day. The conducive work environment enable employees do their best. Work environment can impact on employee emotional. Work environment also covered the relationship of staffs and manager or director and physical work environment (Ratana, 2014). This opinion view work environment in a wider meaning. Meanwhile (Sedarmayanti, 2009) in Sanny and Kristanti (2012) said that non physical environment is all the condition occured related to the work relationship of the head and the worker. Work environment will push employee motivation and lead to the improvement of employee creativity. As said by Sedarmayanti (2011) that there are some factors that impact work environment related to employees performance such as : (1) Lighting and light; (2) Temperature; (3) Humidity; (4) Air Circulation; (5) Noise; (6) Smell; (7) Layout color; (8) Decoration; (9) Music; (10) Safety. Those are the factors that impact on hard work environment. Meanwhile the factors impact on soft work environment proposed by Umar (2018), such as : (1) Excellent communication between the head and the staffs and fellow coworkers; (2) Excelent relationship of fellow coworkers; (3) Excellent work arrangement and ability to adapt with the environment. Next, some definitions regarding employee engagement, such as proposed by Kazimoto, P, (2016) said, employee engagement has been perceived as a motivational factor for organization's objectives achievement. The good environment offered to the worker enables him do the best for the organization goals and objectives achievement. This opinion consider employee engagement as a motivational factor which was offered to employee in order to achieve the goal and objective of the organization. While Vaidyanathan, G, Maheswari, T, U, (2016), said that the concept of employee engagement is most widely used in all progressive organizations, it is about how happy employees are with their jobs, or the environment in which they work with their colleagues and how their performance is aligned with the organizational outcomes. This opinion view employee engagement as the happiness of the employees in their jobs and with this condition, their performance will be aligned with organization performance. Meanwhile Lumina (2014) in Kazimoto (2016) argued that employees were engaging in a complex transactions that were structured in such manner in order to improve the financial performance of the organization. There are many aspects of life and not only services that characterised by strong employee engagement. This argumentation has more wide understanding of employee engagement. Employee engagement is known has a positive effect on organisational and individual productivity and performance (Amah & Sese, 2018). This opinion consider the positive effect of employee engagement on organizational and individul performance. Paile, P, *et al* (2013), said that environmental performance reflects an output demonstrating the degree of firms are committed to protecting the natural environment. The opinion of Dinka, D, D, (2018), said that employee performance or job performance is aggregated value to an organization , the set of behaviors that an employee contributes both directly and indirectly to organization goals. This

opinion consider employee performance as a set of contributions of the employees to the organization goals. Furthermore, sense of employee performance as proposed by Nazir, and Zamir (2015) An employee performance based upon the combination of good working skill and work environment. There is need of some sort of motivation to get the good performance of the employees. As the theory of motivation, it can come from remuneration and other incentives.

The work of employee is made up by employee achievement of the organization's mission, that shows the limits of performance (Cascio, 2006). The achievement of objectives of organization has been designed based on employee performance (Richardo, 2001). An employee's achievement when he gains the goals of organization at workplace is called performance (Cascio, 2006). Different researches have identifies different thoughts, attitudes and beliefs of performance as it helps in measurement of input and output effectiveness measures that guide transactional relationship ( Stannack, 1996).

### Statement of a Problem

Problem formulation of this research are : (1) How is the impact of organization culture on employee engagement; (2) How is the impact of work environment on employee engagement; (3) How is the impact employee engagement on employee performance.

### Research Purpose

The research purpose are :

(1) To analyze the impact of organization culture on employee engagement; (2) To analyze the impact of work environment on employee engagement; (3) To analyze the impact of employee engagement on employee performance.

## RESEARCH METHOD

### Desain and research Framework

The researcher uses descripteve and quantitative method, by describing the status of the object of the research when it's conducted. This study aime to exemine the relationship of three independent variables, such as; (1) organization culture;(2) work environment; (3) employee engagement on one dependent variable (employee performance). Previous research indicates that : (1) There is statistically significant impact of organization culture on employee engagement; (2) There is statistical significant impact of work environment on employee engagement; (3) There is statistically significant impact on employee citzensih on employee performance, which is performance can be measured by the achievement of the employee.

The reseach framework clearly difined on figure 1 below :

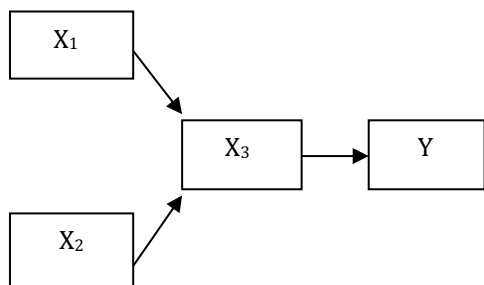


Figure 1. Research Framework

### Population and Sample

The population of the research is employee of the automotive industry, Jakarta and the sample of the research is the employee of, Jakarta amonted 86 (eighty six) employees.

## Hypothesis

This research used hypothesis, such as : (1) Suspected there is positive and statistically significant impact of work culture on employee engagement; (2) Suspected there is a positive and statistically significant impact of work environment on employee engagement; (3) There is positive and statistically significant impact of employee engagement on employee performance. The research hypothesis above reflected by statistical hypothesis as follows : (1) Ho : there is no positive and statistically significant impact of organization culture on employee engagement, H1 : there is a positive and statistically significant impact of organization culture on employee engagement; (2) Ho : there is no positive and statistically significant impact on employee engagement; (2) Ho : There is no positive and statistically significant impact of work environment on employee engagement, H1 : there is a positive and statistically significant impact of work environment on employee engagement; (3) Ho : there is no positive and statistically significant impact of employee engagement on employee performance, H1 : there is a positive and statistically significant impact on employee performance.

In this research author use multiple regression analysis to determine the impact of more than one independent variable on the dependent variable. Processing data using Statistical Package for Social Sciences (SPSS 2.4).

## Place and Time of Research Conducted

The research conducted at the automotive industry, Jakarta from January up to September Of 2017.

## DISCUSSION

Respondent characteristic as mentioned on Table 1. The Characteristic of Respondents, as follows :

**Table 1. Respondent Characteristic**

<b>Gender</b>	<b>Respondent Amount</b>	<b>Percentage (%)</b>
Men	63	77
Women	23	27
<b>Age</b>		
17-23 years old	13	15
24-30 years old	49	57
31-40 years old	21	24
>40 years old	3	3
<b>Education Background</b>		
Secondary school	0	0
Senior High Scholl	4	5
Diploma/Bachelor Degree	81	94
Master Degree	1	1
<b>Marrital Status</b>		
Single	31	36
Married	55	64
<b>Working Experience</b>		
1-2 years	15	17
3-5 years	31	36
5-10 years	19	22
>10 years	21	24

Based on gender, founded that men is 63 employees equal to 77 % while women 33 employees, equal to 23 %. In term of age, was dominated by the age between 24-30 years old, amounted

49 employees, equal to 57 percent. In the view point of education background was dominated by diploma/bachelor degree, is 81 employees, equal to 94 percent. Based on marital status, dominated by married status, amounted 55 employees, equal to 64 percent, followed by single status amounted 36 employee, equal to 36 percent.

By the view point of working experience dominated by the employee who have being worked for the company between 3 to 5 years, amounted 36 percent.

**Discussion**

Generally simple regression equation can be represented by  $Y=a+bx_1+bx_2+...$ . After calculate using SPSS 2.4, it is found the coefficient of regression of sub model 1, as stated on table 2 Coefficient below.

**Table 2. Regression Coefficient of sub model 1**  
Unstandarized Coefficient Standarized Coefficient

Model		B	Standart Error	Beta	t	Sig
1	Constant	19.726	6.128		3.219	.321
	Organization culture	0.119	0.119	0.105	0.999	.002
	Work Environment	0.330	0.083	0.419	3.991	.000

a. Dependent Variable Employee Engagement

From the table above, the regression equation will be  $Y=19.726 + 0.119X_1 + 0.330X_2$ . The constant figure of unstandarized coefficient is 19.726, it means if organization culture and work environment value is 0, the employee engagement value is 19.726. Then the organization culture coefficient 0.119, means organization if the other independent variable is constant, if organization culture increase one level so employee engagement coefficient will increase as 0.119. The work environment coefficient as 0.330, it is mean if other independent variable is constant, so if work environment increase one level so employee will increase as 0.330. It can be concluded that work environment impact on employee engagement statsically significant.

Calculation of regression coefficient of sub model 2, generate the regression coefficient, as stated on table 3.

**Table 3. Regression Coefficient of Sub Model 2**  
Unstandarized Coefficient Standarized Coefficient

Model		B	Standart Error	Beta	t	Sig
1	Constant	25.081	4,987		5.030	.000
	Organization culture	-0.071	0.092	-.0.077	-0.769	0.444
	Work Environment	0.101	0.069	0.158	1.433	0.150
	Employee Engagement	0.325	0.84	0.403	3.857	0.000

Dependent Variable : Employee Performance

The result of calculation of coefficient regression of sub structure 2, found the value of constant 25.081, means if organization culture, work environment, and employee engagement value is 0, so employee performance will be 25.081. Then regeression coefficient of organization

culture is -0.071, indicates there no statistically significant impact of organization culture on employee performance, simultantly. Then regression coefficient of work environment is 0.101, it's mean that there is no statistically significant impact of work environment on employee performance, simultantly. The regression of employee engagement is 0.325, indicates that there is statistically significant impact of employee engagement on employee performance. It means, if the other independent variable constant, the if employee engagement increase one level so, employee performance will increase 0.325. According to the calculation result of multiple regression coefficient, can be conclude that employee engagement has an impact a statistically significant impact on employee performance. It is also found that the biggest value of  $t_{count}$  is  $t_{count}$  of employee engagement 3.857. The calculation of adjusted R square generate figure of 2.50. This figure has a meaning that the impact of organization culture and work environment on employee engagement and their implication on employee performance is 25 percent. The rest 75 percent was impacted by the others.

### CONCLUSION

Based on the hypothesis testing by compare  $t_{count}$  and  $t_{tabel}$ , if  $t_{count} > t_{tabel}$  it can be concluded that there is a significant impact. Based on the calculation it's found that (1) organization culture's  $t_{count}$  is -0.769 less than  $t_{tabel}$  1.989, it's can be concluded that there is no statistically significant impact of organization culture on employee engagement; (2) work environment's  $t_{count}$  is 1.433 less than  $t_{tabel}$  1.989, thus it's can be conclude that there is no statistically significant impact of work environment on employee engagement; (3) employee engagement's  $t_{count}$  is 3.857 greater than  $t_{tabel}$  amounted 1.989. so it's can be concluded there is a statistically significant impact of employee engagement on employee performance.

Since there is a finding that employee engagement has a statistically significant impact of employee performance, so if the company want to increase employee performance it can be done improve employee engagement. This finding in line with previous theoretical study and previous research.

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