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Advancing Employee Performance: ¹²The Effects of Organizational Culture and Compensation
in a Government Agency in Bandung

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Abstract

The study's findings illuminate the crucial connection between employee performance, compensation, and organizational culture in a West Javan government agency, are of significant importance. It was determined by examining the information gathered from surveys and questionnaires that Organizational Culture and Compensation are important factors in determining how well employees perform in the workplace. According to the study, fair and motivating compensation packages combined with a supportive and upbeat corporate culture can greatly increase worker productivity and job satisfaction. The study's conclusions also highlight how crucial it is for management to consistently seek to create a welcoming workplace that supports a solid corporate culture and offers competitive pay to staff members. Government organizations in West Java can increase staff performance and overall organizational effectiveness and efficiency by prioritizing these factors. To guarantee long-term beneficial results for the organization and its employees, management must consider these insights and act proactively to preserve and improve organizational culture and compensation.

Keywords: Employee Performance, Organizational Culture, Compensation.

Introduction

Government institutions are under pressure to improve their organizational capacities in the current rapid modernization and globalization period. As a result, government organizations are racing to implement new tactics and technologies in their administration and services. The role of human resources is one crucial component, and organizations work hard to develop their various HRM systems continuously to support the organization's objectives ultimately.

An institution's staff performance can be used to determine whether or not its goals were successful. One of the most critical measures of an employee's success in a government agency is their performance. Workers can behave effectively if they have the requisite knowledge, skills, abilities, and other qualities. Performance is deemed efficient when specific inputs result in the highest possible outputs. Although different positions have distinct performance requirements, civil servants' performance is typically evaluated based on various job characteristics, such as output amount, output quality, punctuality, workplace attendance, work completion efficiency, and effectiveness. (Nguyen et al., 2020)

A government agency in West Java provided performance statistics, and it was discovered that several factors needed improvement due to insufficient employee comprehension and training. Employees may only provide satisfactory service if they are adequately trained in the value of their work. Moreover, internal workplace problems like low pay, an unwelcoming corporate culture, or a lack of appreciation for hard work might be linked to demotivated workers who lack the desire to deliver exceptional customer service. In addition, inconsistent or disorganized service delivery can result from inadequate coordination and communication between teams or departments within the business and from pertinent information not getting to the people in charge of providing services. The prompt or efficient settlement of client issues may need more suitable support mechanisms, such as complaint management protocols or systems for reporting customer issues.

The discipline component's score stays around 86%, mainly because employees are not closely monitored or given proper guidance. Employees still frequently disregard rules and regulations in the workplace because supervision is not constantly provided, or rules are not strictly enforced. Employees believe that regulations are unimportant, and the unsupportive workplace culture makes it challenging to foster discipline successfully. The incentive to follow the rules is reduced when non-compliant behavior is ignored or needs apparent consequences. This occurrence offers a fascinating topic for additional research.

Performance, in general, refers to a person's ability to complete a task; good performance, therefore, comprises adhering to protocols in accordance with predetermined criteria, according to [Van den Heuvel et al., \(2020\)](#) The effectiveness of employees in government institutions is based on their performance, making it a critical component in assessing an employee's effectiveness inside the organization. Both remuneration and company culture are factors that affect performance. The values, beliefs, and behaviors of every employee inside an organization are shaped by the collective perception that all members of the organization hold. This is known as organizational culture, a powerful force that significantly influences employee behavior and performance. It is anticipated that an encouraging and upbeat corporate culture will improve worker performance. According to Warrick (2017), a strong organizational culture is an effective tool for guiding behaviors that help workers accomplish their jobs more effectively. This is especially true when it comes to informal rules that describe how people act most of the time and make it possible for workers to work more productively.

The preliminary poll findings clearly show that the respondents have not had a positive experience. This is because employees feel their efforts are unappreciated or unlikely to produce meaningful changes, and there is a lack of room or support for creativity and innovation. (Anwar, 2016; GOPALAN et al., 2014; Sofyan et al., 2021) The absence of innovation in the organizational environment is caused by leaders who lack the guts to grow or offer suggestions for the organization's advancement.

According Hadian (2015), organizational culture is a set of shared meanings that members uphold and use to set one organization apart from another. Better performance than prior

levels is expected if the corporate culture supports individuals by emphasizing individuals and being goal-oriented, equitable, and sportsmanlike. On the other hand, poor performance is likely to happen if the current company culture conflicts with individual needs, aspirations, and drives.

According to the early survey results, the pay at a West Javan government institution is not ideal. This is a significant issue, as rewards that fall short of expectations and the welfare system are blamed for the low pay. These problems can have a direct impact on workers' productivity, making it crucial to address them promptly.

Improving worker performance is a key goal for businesses, and achieving this requires a deep understanding of the underlying issues and effective solutions. It is essential for organizations to regularly review employee performance and reevaluate the factors that influence it. As noted by Guest (2017); Otoo (2019); Wantania et al. (2021), every employee is a crucial part of the organization, contributing to the planning, organizing, execution, and management of various cross-functional strategies that drive the organization's vision, mission, and goals.

With the background information provided, this study aims to ascertain the unique and specific impact of organizational culture and pay on worker performance in a West Javan government agency.

Research Method

This thesis employs descriptive verification research, a type of study in which data is gathered to test hypotheses or provide answers to inquiries regarding the present conditions of the research subjects. Descriptive research is most frequently used to evaluate the attitudes or opinions of people, groups, circumstances, or practices. Fifty workers from a West Javan government institution comprise the study's sample.

Validity Test

Validity testing, a process of paramount importance, is used to assess the accuracy of statements in a questionnaire. Item analysis, a crucial part of this process, correlates each item's score with the overall score, which is the sum of all the item scores. This in-depth analysis ensures that only items meeting the requirements are considered further, thereby valuing the audience's understanding and making them integral to the research.

It is necessary to have criteria: if $r > 0.3$, the questions on the questionnaire are valid; if $r < 0.3$, the questions are invalid.

Reliability Test

A study technique called reliability testing is used to ascertain how much data consistency can be obtained from measurements made with the same object. Internal consistency is used

to examine the reliability of questionnaires by splitting the items into odd and even groups and adding up the scores of each item in each group to get the total.

Path Analysis

The regression model's path analysis feature examines the cause-and-effect connections between different variables. Two different types of variables are used in this cause-and-effect relationship system: dependent variables, which are typically represented by the letters Y , Z , $Y_3 \dots Y_n$, and independent variables, which are typically represented by the characters X_1 , X_2 , $X_3 \dots X_n$ (Juanim, 2004, p. 17). Path analysis is used to show the linkages by considering the direct and indirect levels of influence of particular factors. Put differently, route analysis is a tool for analysis that is used to create a model of the causal links between variables.

Results and Discussion

The study has outlined the attributes of participants by examining various essential variables.

Table 1. Respondent Characteristics

No.	Characteristics	Frequency	Presentation
1.	Gender		
	- Woman	16	66,6%
	- Man	34	33,4%
2.	Age		
	- < 30 year	22	42,10%
	- 31-40 year	26	52,63%
	- > 50 year	2	5,27%
3.	Education		
	- SMA	12	24%
	- D3	6	12%
	- S1	24	48%
	- S2	8	16%
4.	Years of service		
	- < 1 year	2	4%
	- 1-3 year	12	24%
	- 4-5 year	4	8%
	- 6-10 year	32	64%

The data above analysis highlights the wide range of traits that survey participants possessed. Regarding gender, women comprise 66.6% of the responses, while men comprise 33.4%. This might reflect the demographic trend in the studied business, which shows a greater dominance of women. Within the age range, those between the ages of 31 and 40 make up the highest percentage (52.63%), followed by those under 30 (42.10%) and those over 50

(5.27%). According to these figures, most responders are in the productive age group, which might enhance creativity and work dynamism.

When it comes to education, respondents with a Bachelor's degree (S1) lead with 48% of the sample, followed by those with a high school diploma (24%), a Master's degree (S2) (16%), and a Bachelor's degree (D3) (12%). The organization has a well-educated staff that can contribute to various operational capacities based on the high availability of graduates holding bachelor's degrees. Last but not least, when it comes to tenure, 64% of respondents have worked for six to ten years, while only 4% have worked for less than a year. This suggests a high degree of experience and stability within the personnel, which can help the firm function. Future human resource development initiatives can benefit significantly from the insightful knowledge this data offers on the makeup and traits of the workforce.

Table 2. Validity and Reliability Test

Organizational Culture		Compensation		Employee Performance	
Item	Correlation	Item	Correlation	Item	Correlation
1	0,280	1	0,649	1	0,385
2	0,580	2	0,451	2	0,542
3	0,591	3	0,531	3	0,488
4	0,580	4	0,665	4	0,729
5	0,425	5	0,538	5	0,729
6	0,331	6	0,308	6	0,635
7	0,514	7	0,566	7	0,710
8	0,528	8	0,703	8	0,756
9	0,627	9	0,552	9	0,696
10	0,472	10	0,327	10	0,321
11	0,687	11	0,504	11	0,617
12	0,700	12	0,712	12	0,381
13	0,359	13	0,739	13	0,535
14	0,476	14	0,614	14	0,395
15	0,745			15	0,345
				16	0,404
Cronbach Alhpa					
X1	0,877				
X2	0,882				
Y	0,886				

There are fifteen statement items in the organizational culture variable instrument, fourteen in the salary variable, and sixteen in the employee performance variable. The results of the variable tests show that the test findings satisfy the required threshold, which is >0.279 . Consequently, the statement items are legitimate and can be utilized to measure employee performance characteristics accurately. According to the reliability test findings above, all

variables are deemed reliable because the scores exceed 0.700. Therefore, the research instruments utilized in this study for each variable are trustworthy and genuinely function as trustworthy measuring tools with high stability. Otherwise, the instrument testing results will remain the same if the measuring tools are used again.

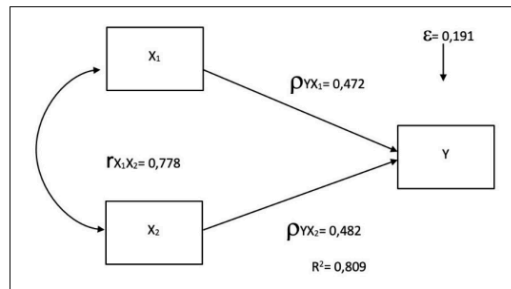


Figure 1. Path Analysis

Figure 1 demonstrates that although there is a correlational relationship between X_1 and X_2 , there is a causal relationship between X_1 and X_2 to Y . Employee performance (Y) is the dependent variable in this study, and there are two independent variables (X): organizational culture (X_1) and compensation (X_2).

Discussion

The Influence of Organizational Culture on Employee Performance

The study's findings show that for organizational culture to be at its best, there needs to be a rise in work outcomes. This has a significant bearing on how well employees perform. The remark that received the highest score, "I am always enthusiastic about work," represents the company culture's support. This relates to the claim that "I feel that the quality of work is in line with each job description," which states that to maximize task performance and produce high-quality work outputs, employees must be passionate about their jobs and in line with their job descriptions.

The Influence of Compensation on Employee Performance

The study's results show that pay increases are necessary to significantly improve employee performance. The ideal level of employee performance may be impacted if their pay is out of proportion to their job. The findings of the study demonstrate that employee performance improvement is supported by job remuneration. This is because remuneration plays a critical role in improving worker performance, and the support it offers is essential.

The Influence of Organizational Culture and Compensation on Employee Performance

The results demonstrate that both variables contribute considerably to employee performance, suggesting that these two variables significantly shape high employee

performance in a West Javan government institution. This study shows that remuneration significantly influences worker performance more than the organizational culture at one of the government institutions in West Java. Since good organizational culture is established through teamwork and collaboration and cannot be achieved alone, institutions should always consider organizational culture. Institutions must, therefore, be able to enhance organizational culture.

Organizational culture plays a crucial role in enhancing employee performance by fostering an environment that motivates and engages staff. A positive culture encourages collaboration, open communication, and shared values, which can lead to increased job satisfaction and productivity. When employees feel aligned with their organization's culture, they are more likely to be committed to their work, resulting in higher performance levels.

Research by Manik and Sidharta (2017) highlights that motivation, ability, and role perception are significant factors influencing employee performance. A strong organizational culture can enhance these elements by providing a supportive framework that empowers employees to excel in their roles. Similarly, Machmud and Sidharta (2021) emphasize that working conditions, shaped by organizational culture, significantly impact employees' quality of life, which directly correlates with their performance outcomes. Fridan and Maamari (2024) highlight how both positive and negative cultural aspects can shape employee performance, indicating that a supportive culture is essential for maximizing potential.

Furthermore, Sidharta (2023) discusses how affective commitment and employee engagement, both nurtured by a robust organizational culture, lead to improved task performance and quality. When employees are emotionally connected to their organization and feel valued, they are more likely to contribute creatively and effectively, ultimately driving overall performance. Machmud and Sidharta (2021) point out that working conditions influenced by organizational culture and compensation directly affect employees' quality of life, which in turn impacts their performance. Thus, cultivating a strong organizational culture is essential for organizations aiming to boost employee performance and achieve their goals. Compensation is another critical factor that influences performance. Fair and competitive pay structures not only attract talent but also retain skilled employees. When employees believe that their compensation reflects their efforts and contributions, they are more likely to exhibit commitment and dedication to their work. Mishra and Kasim (2023) illustrate the connection between **team culture, employee commitment, and job performance**, suggesting that a collaborative and rewarding environment enhances overall productivity.

Anh Vu et al. (2022) discuss how traditional culture and leadership within organizations can impact performance management in the public sector. This indicates that aligning organizational culture with appropriate compensation strategies can create a holistic approach to improving employee performance. By integrating a strong culture that promotes collaboration and recognition with equitable compensation, organizations can cultivate a

workforce that is not only high-performing but also deeply committed to achieving collective goals. Thus, the interplay between organizational culture and compensation is vital for driving employee performance and organizational success.

Conclusion

One of the West Javan government institutions' organizational cultures is rated comparatively good. Nonetheless, according to the employees' comments, several areas still need to be viewed as subpar in terms of offering good service to coworkers and the public. Although respondents believe that certain areas are still not at the best—such as employees' productivity not being maximized, unfulfilled demands and workspaces, and employee pay being deemed insufficient—compensation is rated as reasonably excellent overall. Although respondents' feedback indicates that some aspects of employee performance are still considered suboptimal, overall performance is rated relatively good.

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