

# The Influence of Organizational Culture and Social Capital to Improve Employee performance

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## ABSTRACT

This study aims to examine the influence of organizational culture and social capital on employee performance. The method used in this research is explanatory research with a quantitative approach. The sample used was 110 respondents. The sampling technique used was purposive sampling. Analysis of the data used in this study using descriptive statistics and the SPSS program. The results showed that organizational culture has a positive and significant effect on employee performance, and social capital has a positive and significant effect on employee performance. Organizational culture and social capital simultaneously have a positive and significant effect on employee performance.

**Keywords:** Organizational Culture, Social Capital, Employee Performance

## INTRODUCTION

Human resources are one of the important factors as an organizational driving force in realizing organizational existence. Human resources are complex, so a management system that handles human resources is needed. The human element is an important element because humans are planners, actors and also as determinants of the realization of organizational goals (Noerchoidah, Eliyana, & Christiananta, 2020).

Organization is a place of interaction between humans where each human being has a different character. The organization becomes a container for these humans to achieve their goals. An organization certainly has a goal when the organization is founded, the goals of the organization can be achieved if the organizational culture within the organization works well and is supported by the performance of its members (Lastianti et al., 2018).

An organization certainly has an organizational culture that is different from every other organization. Organizational culture will certainly have various impacts on Human Resources (HR), so that employees of an organization must be able to respond to organizational culture well. An organizational culture that works well will certainly lead the organization to achieve its goals. The role of culture in the organization is very important, where culture can characterize an organization and differentiate it from other organizations (Robbins & Judge, 215: 355).

Organizational culture contains values that are understood, imbued, and practiced together by an individual or group involved in the organization (Noerchoidah & Harryono, 2019). Organizational culture is formed from the organizational philosophy and values held by human

resources in the organization. After organizational culture is understood by members of the organization, culture can be used as a tool that can be categorized as a competitive advantage if the organizational culture supports the organizational strategy, and if the organizational culture can respond to or overcome environmental challenges quickly and appropriately. Organizational culture can also affect employee performance in the organization.

Over time, the organizational culture will change as well. Cultural change can be seen from the political system, customs and language. The cultural change in one organization indicates a better desire and purpose. The changes that occur will certainly make the organizational culture shape the way employees work which will affect the performance of the employees themselves. The existence of employee social capital is important because it affects employee performance which in turn affects organizational performance (Akdere, 2005). According to Harjanti & Noerchoidah (2017) social capital is a form of capital because there are resources or assets that can be invested and in the future it is expected to generate income, which can be used for various purposes.

Social relations that are based on trust so as to generate a high spirit of togetherness that has a positive impact on improving economic welfare and development. The existence of social capital can foster a positive behavior in the organization that can encourage individuals to behave more in order to achieve company goals. Performance is something that must be taken into account if an organization or company wants to achieve its goals, a good organization will certainly consider every ability of its employees to achieve maximum performance so that it can achieve the goals of the organization or company. Performance is measured in different ways from one company to another, so that the benchmarks of performance may be different and provide different performance appraisal results. Performance is the result of work over a certain period compared to various possibilities. Performance can be said as an action that can be seen and observed and can be made possible for the achievement of goals.

A banking organization is an organization whose purpose is to serve the public. In the current era of globalization, many demands from the community regarding the improvement of services provided by banks can be fulfilled. To realize this desire, of course, an increase in employee work is needed. The better the employee's performance, the better the service to the community.

Research by Edy, Maupa, & Edy (2013) and Pudawawan & Sutarlan (2018) found that social capital has a positive effect on employee performance. The results of research conducted by Ali, Hussain, & Azim (2013) state that social capital has no effect on employee performance. These findings indicate the inconsistency of the results which constitute a research gap. Therefore,

the current research is comprehensive about organizational culture and social capital that affect employee performance.

The purpose of this study is to analyze the influence of organizational culture and social capital on the performance of Bank employees in Kediri, East Java, either partially or simultaneously. Organizational culture is a thought, reason, or a number of certain patterns of attitudes, beliefs, and feelings that underlie and give meaning to a person's behavior Sweeney & McFarlin (2002: 334). Organizational culture can be understood in three ways, namely as artifacts including symbols, missions, and vision statements; the underlying assumptions; beliefs held; and values. Organizational culture determines behavior and determines identity of organizational members (Schein, 2010).

Organizational culture means a unique system of values, beliefs, and norms that are shared by members of an organization. Culture can be an important cause for effectiveness. The characteristics of organizational culture are innovation and risk taking, attention to detail, people orientation results orientation, aggressiveness, and stability that have captured the essence of organizational culture. the main function of culture is to help understand the environment and determine how to respond to it, thereby reducing anxiety, uncertainty and confusion. External and internal problems are intertwined, and organizations must deal with them. As solutions are developed through experience, they become shared assumptions passed on to new members. Thus the function of organizational culture is as a social glue in achieving organizational goals in the form of provisions and values that must be carried out by members of the organization. Organizational culture can also be a control over the behavior of organizational members (Yukl, 2009: 335).

The concept of social capital actually arises from the idea that it is impossible for members of society to individually solve the various problems they face. Togetherness and good cooperation of all community members who have an interest in overcoming this is needed. Social capital regarding social ties or cohesion. The central idea of social capital regarding social bonds is that networks are a very valuable asset - the basis for social cohesion because it encourages a climate of cooperation to benefit from Syahra (2003) and Field (2010). In fact, using relationships to work together helps people improve their lives.

Social capital in the form of norms and networks of links is a precondition for economic development. Besides that, it is also an absolutely necessary prerequisite for the creation of good and effective governance. There are three important reasons for Putnam (1993) to say this. First, the existence of a social network allows for coordination and communication that can foster mutual trust among fellow community members. Second, trust has positive implications in social life. This is evidenced by the fact that the relationship of people who have mutual trust in a social

network reinforces norms regarding the need to help each other. The three successes achieved through cooperation in previous times in this network will encourage the continuity of cooperation at a later time.

The dimensions of social capital according to Nahapiet & Ghoshal (1998), namely structural, cognitive and relational, are further detailed as follows:

1) Structural Dimensions

The structural dimension is the pattern of relationships between network behavior and can be analyzed from the viewpoint of network ties and network stability. The social bonding network of actors creates opportunities for social capital transactions. The structural dimension of the employees' social capital always gives greetings, maintains good relations and is involved in every activity.

2) Cognitive Dimensions

The cognitive dimension presents resources that provide meaning and understanding among network members. The two sides of this dimension share a common goal and culture between members. Objectives represent the degree to which network members share a common understanding and approach in achieving the desired network actions and outcomes.

3) Relational Dimensions

The relational dimension focuses on the role of direct ties between behaviors and results of rational interactions, as opposed to structural. Employees help friends if they have difficulties, believe co-workers will keep their promises and believe in the abilities of colleagues.

### **Employee Performance**

Assessment of work results is mandatory, however, in conducting job appraisals, formal and informal suggestions and infrastructure, such as setting work standards and providing feedback to employees can motivate so that performance deterioration can be avoided. In company organizations, employee performance really needs to be assessed and this is very useful for determining the giving of rewards and punishments for employees.

Performance is the work result in quality and quantity achieved by employees in carrying out their functions in accordance with the responsibilities assigned to them (Mangkunegoro, 2010: 22). Employee performance factors according to Hasibuan (2012) are the ability and interest of a worker, the ability and acceptance of task delegation explanations, as well as the role and level of motivation of a worker. Employee performance is what affects how much they contribute to the organization which includes (1) quantity of output, (2) quality of output, (3) duration of output, (4) attendance at work, (5) cooperative attitude. The quality of work is judged by the responsibilities and initiatives possessed by employees in completing their duties, while the

quantity of work can be assessed from the target work performance and the timeliness of completing work. The quality of work includes the implementation of tasks according to procedures, accuracy, skills, and acceptance of outputs. Job quantity includes job targets, timeliness and contributions. Employees' initiatives in completing their duties and jobs greatly affect work results. The higher the initiative power in completing tasks and work, the work results are also optimal.

### **Organizational culture on employee performance**

Each individual (in this case an employee) is certainly equipped with discipline and adherence to the norms, values, habits (or better known as the organizational culture) that has been formed by the organization. If the organizational culture is strongly embedded in the minds of all elements of the organization, the performance of all employees / components of the organization will certainly run optimally.

Organizational culture influences individual attitudes about results, such as commitment, job satisfaction, and employee performance. Employee performance and favorable work results depend on the suitability of individual characteristics and organizational culture. Organizational culture plays an important role in improving performance (Muhammad & Mukzam, 2017). Successful performance is always associated with a strong culture in the organization. This is because organizational culture has a great impact on employee attitudes.

According to Robins & Judge (2015: 373) a strong culture will show a high agreement about the goals of the organization among its members. Thus it will affect performance in achieving organizational goals. A strong culture will be able to increase consistent behavior that can create organizational effectiveness that is influenced by employee performance. Based on the explanation above, the hypothesis is formulated as follows: H1: Organizational culture has a positive and significant effect on employee performance

### **Social capital on employee performance**

Social capital is as any relationship that occurs and is bound by trust, mutual understanding, and shared values that create value by facilitating successful collective action (Harjanti & Noerchoidah, 2017). This relationship is usually documented by the job description and organizational structure or people getting to know and helping each other regardless of their rank, function or position). Nahapiet & Ghoshal (1998) stated that social capital owned by a company can provide a competitive advantage. Social capital discusses how the social relationships that an organization has can affect its resources and performance. The results of previous research by Cendani & Tjahjaningsih (2016) and Ben-Hador (2019) found that social capital has a positive influence and relationship with organizational performance. Based on the explanation above, the

hypothesis can be presented: H2: Social capital has a positive and significant effect on employee performance

### **Organizational culture and social capital on employee performance**

A strong culture is often said to help the organization's business performance because it can increase employee motivation. Common values and behaviors make employees feel comfortable working in the organization and in turn make employees try harder. Strong culture as a means of competing with competitors. Lower performance can be attributed to the organization's inability to maintain culture in the business environment.

Social capital is developing nowadays. The development of this concept is based on the understanding that social capital will affect performance (Rusdiana & Wijayanti, 2014). Research has shown that a supportive work climate tends to lead to higher organizational performance. In particular, it has been claimed that social capital is related to employee performance (Nahapiet & Ghoshal, 1998). Thus the following hypothesis is proposed: H3: Organizational culture and social capital have a positive and significant effect on employee performance.

## **RESEARCH METHODS**

This type of research is an explanatory study with a quantitative approach. This study is to examine the influence of organizational culture and social capital on employee performance. A quantitative approach is more focused on proving hypotheses empirically that examines a particular population or sample. This research was conducted at Bank BRI Kediri, East Java. The determination of the number of samples refers to Hair et al (2010) that the number of samples is at least 5 times the number of indicators. In this study there are 20 indicators so that the minimum sample size required is 100 respondents. This study used 110 respondents.

The sampling technique used in this study is nonprobability sampling with purposive sampling type. The samples are employees who have worked at Bank BRI Kediri for at least 1 year. The data were collected using a questionnaire which was analyzed using multiple linear regression with the SPSS program. The variables in this study are divided into two variables, namely the independent variable and the dependent variable. The independent variable is organizational culture and social capital, while the dependent variable is employee performance. Measurement of variables in the study using a Likert scale with a value of 1-5, ranging from categories strongly disagree, disagree, doubt, agree and strongly agree.

Organizational culture (X1), organizational culture is the behavior of members in an organization to try to create efficiency, creativity, error-free and focus on the results to be achieved. Indicators of organizational culture adopted from Tampubolon (2008: 233) as many as 5 items, such as: "In carrying out work, I coordinate with colleagues and leaders". Social capital

(X2), a form of capital that contains resources or assets owned by employees with reference to company norms and is carried out in groups that can be invested in the future which is expected to achieve a variety of objectives. 9 items of social capital indicators were adopted from Kurnianto Tjahjono (2017), namely Structural, such as: "I often participate in activities around me". Relational, such as: "I have many friends who can help me when I have difficulties". Cognitive, such as: " I enjoy working on behalf of my organization". Employee performance (Y) is employee performance is the result of work in quality and quantity in carrying out services that are charged as the responsibility of the workload to achieve the work provided by the company where they work. Employee performance indicators are adopted from Hakim & Wuryanto (2004), while the indicators used by employee performance to measure employee performance are 6 items. Such as: "I am able to complete work according to the standards set by the company".

## RESULTS AND DISCUSSION

Testing instruments with validity and reliability tests on the questionnaire.

### Validity Test

The validity test is used to measure whether a questionnaire is valid or not with a significance level of 0.05.

**Table 1. The Result of Validity**

Variable /Item	r value	r table	Explanation
<b>Organizational Culture (X1)</b>			
X1.1	0.675	0.2542	Valid
X1.2	0.816	0.2542	Valid
X1.3	0.432	0.2542	Valid
X1.4	0.709	0.2542	Valid
X1.5	0.514	0.2542	Valid
<b>Social Capital (X2)</b>			
X2.1	0.760	0.2542	Valid
X2.2	0.639	0.2542	Valid
X2.3	0.693	0.2542	Valid
X2.4	0.587	0.2542	Valid

X2.5	0.621	0.2542	Valid
X2.6	0.644	0.2542	Valid
X2.7	0.475	0.2542	Valid
X2.8	0.534	0.2542	Valid
X2.9	0.629	0.2542	Valid
Y1.1	0.534	0.2542	Valid
Y1.2	0.437	0.2542	Valid
Y1.3	0.568	0.2542	Valid
Y1.4	0.662	0.2542	Valid
Y1.5	0.416	0.2542	Valid
Y1.6	0.643	0.2542	Valid

Source: Processed by Researchers

### Reliability Test

The level of reliability of a research construct / variable can be seen from the statistical results of Cronbach Alpha ( $\alpha$ ). A variable is said to be reliable if it provides a Cronbach alpha value  $> 0.60$  (Sugiyono, 2014).

Table 2. The Result of Reliability

Variable	Cronbach's Alpha	Explanation
Organizational Culture	0.875	Reliabel
Social Capital	0.784	Reliabel
Employee Performance	0.911	Reliabel

Source: Processed by Researchers

Table 2 shows that all statements on the questionnaire are considered reliable because the value of Cronbach's Alpha based on standardized item on each variable is  $> 0.6$ .

### Hypothesis Test

#### Partial Test (t test)

The t test shows how far the influence of one independent variable partially in explaining the variation of the dependent variable. The results of data processing using the SPSS program are presented in Table 3 below:

Table 3. Partial Test (t test)

Model	t value	Sig.
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(Constant)	.736	.411
X1	.389	.001
X2	.753	.000

Source: Processed by Researchers

Based on Table 3 for the organizational culture variable (X1), the t value of 0.389 is greater than t table 1.96 with a significance of 0.001 smaller than the significance level of 0.05. Thus it can be concluded that hypothesis 1: organizational culture has a positive and significant effect on employee performance is accepted.

Hypothesis test 2 from the calculations in Table 3 shows that the t value for social capital (X2) is 0.753, greater than the t table value of 1.96 with a significance of 0.000 smaller than the significance level of 0.05. This shows that social capital (X2) has a positive and significant effect on employee performance. Thus hypothesis 2 is accepted.

### Simultaneous Test (Test F)

The F test is used to determine the relationship between organizational culture variables (X1) and social capital (X2) to simultaneously influence employee performance variables (Y).

**Table 4. Simultaneous Test (Test F)**

Model	Sum of Squares	Mean Square	F	Sig.
1 Regression	68.897	24.321	23.478	.000 <sup>b</sup>
Residual	54.186	.975		

Source: Processed by Researchers

Table 4 shows the calculated F value of 23,478 with a significance (p value) of 0.000 smaller than  $\alpha = 0.05$ . Thus it can be said that organizational culture (X1) and social capital (X2) have a significant influence together on employee performance (Y).

### Coefficient of Determination

The results of the coefficient of determination are presented in Table 5 below:

**Table 5. Result of the Coefficient of Determination**

Variable	R	R <sup>2</sup>
Regression	.789	.622
Organizational Culture		
Social Capital		

Source: Processed by Researchers

Based on Table 5, it is obtained that the R number is 0.789 ( $> 0.5$ ), indicating that the variable organizational culture (X1) and social capital (X2) has a strong relationship with employee performance (Y), the R square number is 0.622 indicating that the percentage of influence from cultural variables organization (X1) and social capital (X2) on employee performance (Y) at Bank BRI Kediri amounted to 62.2%, while the remaining 37.8% was influenced by other variables outside the independent variables in this study.

### The Influence of Organizational Culture on Employee Performance

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The results obtained from this study state that there is a positive and significant influence between organizational culture on employee performance. This means that the organizational culture applied by Bank BRI Kediri to employees at high levels will increase employee performance. It can be concluded that organizational culture has an attachment and affects employee performance. The results of this study also show a significant effect by showing that so far the company has provided in accordance with the indicators used in this study, and as long as the company is able to maximize and improve its organizational culture, employee performance will increase.

The results of this study are consistent with research conducted by Muhammad & Mukzam, (2017) and Lanjar, Hamid, & Mukzam (2017) that organizational culture has a significant influence on employee performance.

### **The Influence of Social Capital on Employee Performance**

The results obtained from this study state that there is a positive and significant influence between the two variables. This is based on cooperation and collaboration between employees in providing services to the community. Employees participate among colleagues so that they work together in carrying out their duties to serve the community. Employees also need to have relationships with competitive co-workers by participating in teamwork trainings so that the higher the opportunity to exchange knowledge, technology, expertise, and other benefits, the higher the chance to improve their performance.

The results of this study support the results of research by Cendani & Tjahjaningsih (2016) and Ben-Hador (2019) which state that social capital has a positive and significant effect on employee performance. However, the results of this study do not support the research conducted by Ali et al. (2013) stated that social capital is not significant towards employee performance.

### **The Influence of Organizational Culture and Social Capital on Employee Performance**

Based on the phenomenon that occurred at Bank BRI Kediri, the services provided to the customer were in good category, but internal improvements to increase customer satisfaction, there are several parts that need to be improved in increasing customer satisfaction in the following years.

From the respondents' answers, the average answer is "agree". Social capital between employees goes well with one another which supports active participation of employees with colleagues so that there will also be commitment in the organization that supports the process of employee performance and the survival of the organization itself. Service is given priority and gets a lot of attention in handling service delivery in order to create customer satisfaction. Employees are required to be able to serve the customer as much as possible in the workplace environment.

## **CONCLUSION**

Organizational culture has a positive and significant influence on employee performance. Social capital has a significant relationship to employee performance at Bank BRI Kediri-Jawa Timur. Organizational culture and social capital simultaneously have a significant influence on employee performance at Bank BRI Kediri-Jawa Timur. Social capital has the most influence on employee performance.

### **Recommendation**

For Bank BRI Kediri, it is hoped that employees can maintain a high level of organizational culture and social capital so that employee performance can also increase. Based on statistical tests, it is known that social capital has the most influence on employee performance, so it requires the availability of support at work, a sense of security and meaning in the workplace. With this, employees can feel involved with the company and can improve their performance.

### **Research Limitations**

This study has limitations. Future research should be carried out on a different research object with a more expanded research sample coverage. A broad sample coverage and a longer study time will provide more room for generalization of future research results.

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