



## Effect Of Organizational Culture And Work Environment On Employee Performance Of PT.Nafasindo Medan

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### ABSTRACT

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This study aims to determine the effect of organisational culture and work environment on the employee performance of PT. Nafasindo Medan. The decline in employee performance is due to corporate culture and work environment. The population in this study was: 75 employees. The number of samples in this study was 75 employees. The sampling technique used is total sampling. Data collection techniques are by distributing questionnaires and interviews. Data analysis uses multiple linear regression analysis. The study concludes that Organizational Culture has a positive and significant effect on the Employee Performance of PT. Nafasindo Medan. Partially, the Work Environment has a positive and significant impact on the Employee Performance of PT. Nafasindo Medan. Simultaneously Organizational Culture and Work Environment have a positive and significant effect on the Employee Performance of PT. Nafasindo Medan.

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## 1. Introduction

The company is a system held and designed to achieve things that cannot be achieved individually. In facing business competition, companies need workers ready to support the company's efforts in carrying out various tasks so that high performance is achieved and facilitates the achievement of company goals.

(Gorondutse, 2016) Perceived ethics is a business adoption desired ethical standard and practices, some business encourage an ethical culture by establishing positive values that influence organization members, ethical believes and actions; (Jin et al., 2013); (Trevino & Nelson, 2004); (Valentine & Fleischman, 2008), other business advance organization ethics with codes that provide ethical values and behavioral requirement (Valentine & Fleischman, 2008). Similarly, some business recognized training to provide workers guidance about ethics (Jin & Drozdenko, 2010); (Jin et al., 2013); (Perrini & Minoja, 2008); Valentine & Fleischman, 2008)

According to (Pabundu, 2008), performance has several meanings, namely, a function of motivation, skills, and role perception. Performance is the result of work obtained by an employee in carrying out all the duties and responsibilities given by the company, both in quality and quantity. The performance also defines an employee's achievement of the duties and responsibilities provided by the company with the ability and actions in certain situations. According to (Stephen, 2015), organisational culture spreads patterns of shared values and beliefs that provide meaning and behavioural rules for corporate members. Organisational culture can be a powerful instrument of competitive advantage. Many studies show that a strong culture will guide behaviour and give meaning to organisational activities so that the performance produced by employees is also optimal. It is significant to support achieving an organisation's success because corporate culture realistically affects employee performance. Awareness of company leaders or employees of the influence of organisational culture can provide a solid spirit to maintain and develop the organisational culture, which strongly supports the organisation's progress. A strong corporate culture will create a great sense of



responsibility in employees to motivate them to display the most satisfactory performance, achieve better goals, and encourage all members to improve performance.

(Ipinazar et al., 2021) Due to its influence over the way employees think, act, and respond (J. . Lee et al., 2016) and consequently, its ability to create an environment that would impact on both business and operational performance (Valmonhammad & Rozhanzamir, 2015), the handling of Culture in Organizational theory discipline giving rise to Organizational Culture, has become a field of interest and the object of study for many authors in recent years (Belias et al., 2015) ; (Bortolotti et al., 2015); (Cujar et al., 2013).

(Rodriguez et al., 2021) In any case, Industry 4.0 requires organizations to create disruptive business models and decision-making processes that impact the customer experience (C. Lee et al., 2018); (Wang et al., 2016a) and that demand greater competitiveness and improvement of work (Drewniak & Gabrys, 2017); (Wang et al., 2016).

According to (Nitisemito, 2009), the work environment is everything around the workers that can affect them carrying out the tasks assigned to them. A good work environment will undoubtedly make employees carry out and spend all their energy and thoughts to work optimally. Working environment conditions are good if employees can carry out activities optimally, healthy, safe and comfortable and create a harmonious relationship between employees in the work environment. The work environment is everything around employees at work, both physical and non-physical, directly or indirectly, that can affect themselves and their work at work. The company’s work environment is said to be good if it can motivate and provide comfort in the position so that it impacts employee performance that is getting better as well.

PT NAFASINDO Medan is a private company engaged in the plantation business, management and marketing of plantation products. The company’s business activities include cultivating and processing oil palm plantations (palm oil-CPO = Crude Palm Oil and palm kernel-PKO = Palm Kernel Oil).

**TABLE 1**  
Employee Turnover Data PT. Nafasindo Medan

Year	Number of employees	Out	In
2018	80	10	4
2019	74	4	6
2020	76	9	4

From Table 1, it can be seen that employee turnover data has fluctuated in the last three years. The table shows that employees do not understand the organisational culture to become members of the organisation at PT. Nafasindo Medan, which results in employee performance, will decrease because they have to teach new employees with existing jobs in the company.

In this study, researchers examined organisational culture and work environment. If the corporate culture is good, the mutation is good, and the work environment is good, the resulting performance will also be good. But if the organisational culture and work environment are not good, then the employee’s performance will also not be good. The poor corporate culture is because employees at PT NAFASINDO Medan are not disciplined and lack timeliness in completing work. The phenomenon related to the organisational culture at PT NAFASINDO Medan is the lack of a sense of belonging of employees to the organisation. According to the HR Manager’s information, employees are not involved in various decisions or policies, thus causing a low sense of belonging. The phenomenon in terms of working environment conditions from initial observations can be indicated that employees are in unsupportive working conditions. There are still complaints from employees about the uncomfortable conditions of the workplace.

Employee work comfort is one of the essential aspects that need to be considered by the leadership to improve the quality of employees. If work comfort can be fulfilled, employees will have enthusiasm at work. On the contrary, work discomfort will cause employees to be challenging to concentrate, easily emotional, lazy, and act - negative actions that can harm the institution.

H<sub>1</sub> : Organizational Culture affects Employee Performance of PT. Nafasindo Medan

H<sub>2</sub> : Work Environment affects Employee Performance of PT. Nafasindo Medan

H<sub>3</sub> : Organizational Culture and Work Environment affect Employee Performance of PT. Nafasindo Medan



## 2. Method

Based on the results of these calculations, the number of samples in this study is 75 employees. The sampling technique used is total sampling. According to (Sugiyono, 2017), total sampling is a sampling technique in which all population members are used as samples. In this study, the samples were the production department employees at PT. Nafasindo Medan totals 75 people." The analysis used in this study is multiple linear regression, which determines whether there is a partial or simultaneous significant effect between two or more independent variables on one dependent variable.

## 3. Result and Discussion

### 3.1 Result

#### a. Validity Test Results

Validity testing was carried out at PTPN IV for 30 customers. The results of validity testing for the Organizational Culture, Work Environment and Employee Performance variable in this study are as follows.

**TABLE 2**  
Validity Test Results

Variable	Statement	r-stat	r <sub>table</sub>	Description
<i>Organizational Culture (X1)</i>	Statement 1	0.838	0.360	Valid
	Statement 2	0.683	0.360	Valid
	Statement 3	0.671	0.360	Valid
	Statement 4	0.670	0.360	Valid
	Statement 5	0.642	0.360	Valid
	Statement 6	0.661	0.360	Valid
	Statement 7	0.722	0.360	Valid
	Statement 8	0.679	0.360	Valid
	Statement 9	0.838	0.360	Valid
	Statement 10	0.680	0.360	Valid
<i>Work Environment (X2)</i>	Statement 1	0.834	0.360	Valid
	Statement 2	0.648	0.360	Valid
	Statement 3	0.601	0.360	Valid
	Statement 4	0.640	0.360	Valid
	Statement 5	0.887	0.360	Valid
	Statement 6	0.875	0.360	Valid
	Statement 7	0.875	0.360	Valid
	Statement 8	0.910	0.360	Valid
	Statement 9	0.834	0.360	Valid
	Statement 10	0.648	0.360	Valid
<i>Employee Performance (Y)</i>	Statement 1	0.845	0.360	Valid
	Statement 2	0.668	0.360	Valid
	Statement 3	0.650	0.360	Valid
	Statement 4	0.676	0.360	Valid
	Statement 5	0.650	0.360	Valid
	Statement 6	0.669	0.360	Valid
	Statement 7	0.776	0.360	Valid
	Statement 8	0.684	0.360	Valid
	Statement 9	0.845	0.360	Valid
	Statement 10	0.694	0.360	Valid

Based on the validity table 2 above, it can be seen that all statement items used in this research are valid, which is indicated by the rcount value of each statement item having a value greater than rtable with a value of 0.360

#### b. Reliability test results

Reliability testing is carried out on as many as 30 employees. The results of reliability testing on the variables used in the study are:

**TABLE 3**  
Reliability Test

No.	Variable	Cronbach's Alpha	Description
1.	Organizational Culture (X <sub>1</sub> )	0.890	Reliable
2.	Work Environment (X <sub>2</sub> )	0.917	Reliable
3.	Employee Performance (Y)	0.892	Reliable

Source: Research Results, 2022 (Data processed)

The results of the reliability test in table 3 above show that the two research instruments have met the elements of good reliability. The reliability value achieved for each variable is greater than 0.7. Where the calculation results obtained the value of Cronbach alpha of Organizational Culture (X<sub>1</sub>) of 0.890, Work Environment (X<sub>2</sub>) of 0.917 and Employee Performance (Y) of 0.892, meaning that the instrument used is reliable and very strong.

**c. Classical assumption test results**

1) Normality test

**TABLE 4**  
Normality Test Output Results

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		75
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	1.42575796
	Absolute	.178
Most Extreme Differences	Positive	.134
	Negative	-.178
Kolmogorov-Smirnov Z		1.544
Asymp. Sig. (2-tailed)		.017

a. Test distribution is Normal.  
b. Calculated from data.

Source: Research Results, 2022 (Data processed)

From the table above, the value of sig 0.017 > 0.05 means that the residual value is normally distributed

2) Multicollinearity test

The test results of multicollinearity calculations can be seen in Table 5. Here is this

**TABLE 5**  
Multicollinearity test

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Organizational Culture	.443	2.256
Work Environment	.443	2.256

Table 5. Demonstrating that each independent variable in organisational culture and work environment has a value of 0.443 > 0.01 and the VIF value of the independent variable organisational culture and work environment of 2.256 < 10, it can be concluded that there is no multicollinearity in this study.

3) Multiple linear regression analysis

The following are the results of testing multiple linear regression analysis, namely



**TABLE 6**  
The results of multiple linear regression analysis

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.146	2.422		1.299	.198
1 Organizational Culture	.720	.082	.711	8.756	.000
Work Environment	.206	.076	.221	2.727	.008

Source: Research Results, 2022 (Data processed)

$$Y = 3,146 + 0,720 X1 + 0,206 X2$$

From the regression equation above, it can be predicted how much influence the Organizational Culture (X1) and Work Environment (X2) variables have on Employee Performance (Y). It shows that the constant (a) is 3.146. While the simple regression coefficient (b) of 0.720 and 0.206 can be concluded that Organizational Culture and work environment positively affect employee performance.

**d. Determination coefficient**

The results of the coefficient of determination can be seen in Table 7. below this:

**TABLE 7**  
Determination Coefficient

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.889 <sup>a</sup>	.790	.784	1.44542	

a. Predictors: (Constant), x2, x1

b. Dependent Variable: Employee Performance

Source: Research Results, 2022 (Data processed)

The table above shows that the value of the determinant coefficient (R Square) of 0.790 means that organisational culture and the work environment can explain employee performance by 79.0%. Another 21.0% can be explained by factors not examined in this study, such as motivation, commitment, workload and working conditions.

**e. Simultaneous hypothesis testing (Test-F)**

The following are the results of the hypothesis testing table simultaneously, namely:

**TABLE 8**  
Simultaneous Test Results (Test F)

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	564.241	2	282.120	135.034	.000 <sup>b</sup>
	Residual	150.426	72	2.089		
	Total	714.667	74			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), x2, x1

Based on the output above, it is known that the significance value for the simultaneous influence of X1 and X2 on Y is  $0.000 < 0.05$ , and the calculated F value is  $135,034 > 3.12$ . It can be concluded that the Alternative Hypothesis is accepted, which means that there is an influence of Organizational Culture and Work Environment on employees. Performance.

**f. Partial Hypothesis Testing (t-Test)**

The following table shows the results of partial hypothesis testing, namely:

**TABLE 9**  
Partial Test Results (t-Test)

Model	Unstandardised Coefficients		Standardised	t	Sig.	
	B	Std. Error	Beta			
	(Constant)	3.146	2.422		1.299	.198
1	Organizational Culture	.720	.082	.711	8.756	.000
	Work Environment	.206	.076	.221	2.727	.008

The results of the t-test can be explained as follows:

- 1) The results of the partial hypothesis calculation obtained the value of count (8.756) > table (1.993) and a significant value of 0.000 < 0.05, then H1 is accepted, namely: Organizational Culture has a positive and significant effect on Employee Performance of PT. Nafasindo Medan.
- 2) The results of the partial hypothesis calculation obtained the value of count (2.727) > table (1.993) and a significant value of 0.008 < 0.05, then H2 is accepted, namely: Work Environment has a positive and significant effect on the Employee Performance of PT. Nafasindo Medan.

### 3.2 Discussion

#### a. The Influence of Organizational Culture on Employee Performance of PT. Nafasindo Medan

The results of the partial hypothesis calculation obtained that the value of count (8.756) > table (1.993) and a significant value of 0.033 < 0.05, then H1 is accepted, namely: Organizational Culture has a positive and significant effect on Employee Performance of PT. Nafasindo Medan. It means that the organisational culture of PT Nafasindo has an essential role in improving employee performance. It is supported by ((Kotter & Heskett, 1997)) that an organisation that has an excellent organisational culture will be able to improve employee performance. Corporate culture can be a crucial factor that determines the success or failure of the company in achieving its goals. Organisational culture influences employee performance, so it can be concluded as follows:

- 1) Organisational culture has a significant impact on organisational performance in the long term.
- 2) Organisational culture may be an even more critical factor in determining the success or failure of an organisation in the decades to come. A culture that does not prioritise performance has a negative impact for various reasons. The main reason is the tendency to prevent organisations from accepting the changes in tactics and strategy needed.
- 3) There are quite some organisational cultures that hinder long-term financial performance. These cultures are easy to develop even in organisations full of intelligent and sensible people.
- 4) Although challenging to change, organisational culture can be more performance-enhancing.

It is in line with the research conducted by (Sagita, 2018) under the title The Effect of Organizational Culture on Employee Performance With Work Motivation as a Mediator Variable. This study concludes with the hypothesis that organisational culture positively affects employee work performance. Meanwhile, different results were found from (Girsang, 2019) research, which stated that organisational culture did not affect employee performance.

#### b. The Influence of Work Environment on Employee Performance of PT. Nafasindo Medan

The results of the partial hypothesis calculation obtained the value of count (2.727) > table (1.993) and a significant value of 0.008 < 0.05, then H2 is accepted, namely: Work Environment has a positive and significant effect on Employee Performance of PT. Nafasindo Medan. The work environment is crucial for employees because it is directly related to an activity carried out by employees. Organisations must pay attention to the work environment to create a good work environment and working conditions that can motivate employees to improve performance. The work environment is the overall work facilities and infrastructure around employees carrying out work that can affect the work itself (Gouzali, 2010).

It is in line with research conducted by (Sitepu, 2020). The results showed that the Physical and Non-Physical Work Environments positively and significantly affected employee performance. If the work environment is implemented correctly and adequately, employee performance will also increase. Different results were found in (Setyani, 2014) (2014) which stated that the work environment did not affect employee performance.



#### 4. Conclusion

Partially, Organizational Culture has a positive and significant effect on Employee Performance of PT. Nafasindo Medan and Work Environment have a positive and significant impact on the Employee Performance of PT. Nafasindo Medan Meanwhile, Organizational Culture and Work Environment simultaneously have a positive and significant effect on the Employee Performance of PT. Nafasindo Medan.

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